

WTO Crisis

What is the issue?

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The 2017 Trade Policy Agenda of the US has created a crisis for the WTO.

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What is WTO?

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- The World Trade Organization (WTO) is an intergovernmental organization which regulates international trade, headquartered in Geneva.

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- It was officially commenced under the Marrakesh Agreement replacing the General Agreement on Tariffs and Trade.

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What the Trade Policy Agenda says?

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- It emphasises that a major thrust of future US trade policy would be resisting efforts by other countries or Members of international bodies like the World Trade Organization (WTO) to advance interpretations that would weaken the rights and benefits of the various US trade agreements.

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- It spells out that the new administration would firmly defend American sovereignty in trade policy issues.

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- This makes it clear that WTO's rulings would not necessarily lead to changes in US policies.

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- The Trump administration disregards multilateral and regional trade frameworks and prefers bilateral trade deals.

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- It has little interest in projecting itself as committed to multilateral and regional initiatives.

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- The earlier US administrations, while ensuring US remains the major driver of global trade policy, didn't abandon collective rule-making.

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What will be the consequences?

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- The WTO has just got its biggest success in several years by implementing the Trade Facilitation Agreement (TFA) in goods.

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- If the world's largest economy begins disrespecting the WTO's dispute settlement, it might encourage others to follow suit and the progress made would be reversed.

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- This would also mean a **decline in commitment to economic multilateralism.**

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How China reacted?

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- China has affirmed its faith in the WTO and the multilateral trade framework soon after the US went public with its trade policy.

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- China move to position itself **as a supporter of multilateralism and global trade order** would enable it to attract considerable political capital, particularly support from poor and small economies.

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\nSource: The Financial Express

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