

The WTO Appellate Body going into an inactive state is a serious setback for the global, rules-based multilateral trading order. Examine

Since GATT was replaced WTO in 1995, the role of its dispute settlement body, called Appellate Body (AB) was very significant in solving global trade disputes & upholding international rule of law

Defunct AB

- Settling disputes is the responsibility of AB after the following stages:

i) 1st Stage: Trade members (disputes) can consult b/w themselves.

ii) 2nd Stage: If consultation fails, panel is set up & report submitted within 6 months

iii) Appeal Stage: If panel's report is rejected by trade members then AB, a permanent body of 7 members, out of which 3 members required to hear the case will hear the case. Judgement is binding on the countries. It can only be rejected by consensus of both countries

Since Dec 10, 2019, Out of 3 members in AB, two were retired leaving the AB inactive.

Impact of WTO without AB

- There is a uncertainty in global trade due to i) Protectionism
ii) trade war
- Non-functional AB would give way for protectionism by developed countries & global trade disputes will be frequent
- India: pursuing large no. of cases such as export incentive schemes, Steel tariff with WTO $\Rightarrow$ which will remain unsolved till AB has Quorum.

Way forward

- Currently USA is blocking the appointment of new members to AB ~~due to~~ because it believes AB is going out of its mandate and countries such as China is dumping their products. Global members must come together and acknowledge the role of WTO. Without USA & its budget, WTO is facing existential crisis. If we do not resolve this issue, we might have to go back to GATT days.