US threats to WTO

Why in news?

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U.S is holding up the appointments to WTO's appellate body, its dispute settlement mechanism.

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What is the composition of the appellate body?

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- The appellate body is the court of appeal for issues of law and legal interpretation arising from decisions rendered by the dispute resolution panels.
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- It is composed of seven permanent members appointed by WTO members by consensus.
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- The initial appointment of an appellate body member is for a four-year term, with possible reappointment for a second term.
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- The appellate body members can continue to adjudicate an appeal even after expiry of their tenure, on cases to which they were appointed during their term.
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Why is its significance?

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- The body has been viewed as the central element in enforcing the rights and obligations of WTO members.
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- The appellate body had issued over 140 reports since 1995,which have been perceived to be fair and objective.
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- It is unique as its judgments are enforced through gentle suasion and the stick of authorised trade retaliation.
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- This makes it crucial for the continued survival of the rules-based multilateral trading system.
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What are the recent intimidations of U.S?

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- In recent months the US has blocked the selection of all new members of body.
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- US blocked the reappointment for a second term of one of its own nationals to the appellate body for the reason that she refused to comply with the U.S in some disputes.
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- If the U.S continues with such an approach, by the end of this month only 4 members will be left to serve the appellate body.
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- By January 2020, the appellate body would be left with only one member.
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What are the reasons behind U.S' move?

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- In many instances appellate body has imposed some restrictions on the ability of the U.S to resort aggressive unilateralism at the WTO.
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- U.S has not been able to reconcile itself with the findings of the appellate body against some of its domestic practices in anti-dumping, countervailing duty and safeguard proceedings.
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- The practice of the appellate body members continuing to adjudicate an appeal even after expiry of their tenure is also concerning US.
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- So it that the appellate body of overstepping its boundaries, leading to judicial activism in trade and environment disputes.
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Source: Business Line

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