WTO – An opportunity to frame new rules

Why in news?

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The upcoming visit of Director General of the WTO to India, comes at a juncture when the framework of global trade rules is undergoing a shake-up.

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Why WTO is becoming irrelevant?

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The developing world has largely been questioning the relevance of the WTO for some years now because,

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- The richer nations gained the upper hand in setting the priorities for the organisation.
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- The efforts of the developing countries to amend several important agreements have been seriously undermined.
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- The issues of the least developed countries like, their inability to increase their presence in the global markets, have been ignored.
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- The Trans-Pacific Partnership (TPP) found itself in a good position after the then U.S. administration had orchestrated the move to make the WTO virtually irrelevant. But now, the TPP itself has been given a death blow by the new U.S. administration.
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What is the issue of food stockholding?

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- India flagged the important issue of food security and argued that the

sovereign states must have the right to decide the manner in which the poor should be provided subsidised food.
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- This issue arose after questions were raised as to whether public stockholding of food (PDS), meets the WTO disciplines on agricultural subsidies.
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- After India countered the viewpoints, an understanding was reached where even if India breached agricultural subsidies' disciplines, no penal action would be taken against it through what is commonly called a **"peace clause".**
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- But India's insistence on a **permanent solution** to the problem of food stockholding has been met with deafening silence.
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What happened to trade facilitation agreement?

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- Trade facilitation is the area that didn't excite the developing countries because their shares in global trade are at very low levels.
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- Moreover, by accepting the commitments under the trade facilitation agreement, they were **required to undertake changes in their customs procedures and facilities,** which seemed a overwhelming task for many of the poorer countries.
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- There were also issues regarding thr availability of financing facilities for undertaking the modifications.
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- However, despite their initial opposition, the developing countries eventually accepted the Agreement at the end of the Bali Ministerial Conference in 2013.
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What is the 'WTO package' on e-commerce?

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- The issues that have been identified for 11th WTO Ministerial Conference,

Buenos Aires is e-commerce and investment.
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- Their inclusion has been supported by the International Chamber of Commerce (ICC) and the B-20 (Business 20, representing the business groups of G-20 countries) as they tabled a proposal for the adoption of a "WTO package" on e-commerce.
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- This proposal speaks of promoting micro, small and medium enterprises (MSMEs) through the better adoption of e-commerce.
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- It argues that **an effective e-commerce environment would level the playing field between large and small businesses,** thus enabling the latter to overcome the hurdles in accessing markets.
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- However, the biggest challenge for the WTO is to **garner financial resources,** since it does not have a financing arm. Another challenge is the **Internet penetration.** It is very low in least-developed and low income countries.
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Why the issue of investment is divisive?

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- Almost since the inception of the organization, the issue of including investment in the WTO has been a deeply divisive one.
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- While previous attempts to include an investment agreement have been met with resistance from the developing countries, the latest bid comes at a time when the investor-friendly bilateral investment treaties (BITs) are under process.
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- The focus is on the **investor state dispute settlement process** – using this, investors can sue their host states in private international panels.
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- India has unilaterally revoked 73 BITs that it was a party to. In place, it has adopted a new model BIT that would be the basis of its future BITs, which truncated the powers of the foreign investor and their right to initiate disputes.
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- The existing model of globalisation has thus provided a historic opportunity to frame new rules that give equal opportunities to all countries and their

citizens in the global marketplace.
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