

Global Marketing Management
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Module - 1
Lecture - 4
Global Economic Environment - Part II

Let us start with the next module, that is module number 4.

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And we were talking about the economic environment in order to understand the global marketing environment. In module 3 we have seen how integrate the world economy is, the various kinds of economic systems and the stages of market development. In this module, we will talk about

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Module Overview

1. Introduction
2. General Agreement on Tariffs and Trade (GATT)
3. World Trade Organization (WTO)

The general agreement on tariffs and trade that was called as GATT. And we will also talk about the World Trade Organization. Now, the basic assumption or the basic reality is that, when countries, they export and import; recall various theories from module 2 of globalization. When the countries trade, when the countries, they export and import, both the countries are better off. But the only problem here is that, as you can see from this example;

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INTRODUCTION

- Strong economic arguments support unrestricted free trade.
- While many governments have recognized the value of these arguments, they have been unwilling to unilaterally lower their trade barriers for fear that other nations might not follow suit.
- Lets consider a problem- Brazil and Argentina.
 - ✓ In principle, Brazil might favour lowering trade barriers.
 - ✓ But is unwilling to do so for fear that Argentina will not do the same.
 - ✓ The Argentinean government might believe that it faces the same dilemma.
 - ✓ Thus **the essence of the problem is "lack of trust"**.

The problem between Brazil and Argentina. Brazil wants to reduce the tariff barriers, but it fears that, if it reduce the tariff barriers, then more the import will increase, the imports will increase, unless Argentina also increase reduce tariff barriers. So, although both these countries, they want to reduce tariff barriers so that exports and import between these 2 country can increase.

But, the problem is that both of them think that, if I reduce other may not. So, there is a basic lack of trust. Now, go back to the post World War II era. As you can visualize, the world was destroyed and there were several countries that were involved in the Second World War. But then, there was a strong desire in the citizen and their leaders to reveal this world.

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Development of the World Trading System

- Post WWII there was a uncertainty and trust deficit.
- The Bretton Woods Conference of 1944, which established an international institution for monetary policy, recognized the need for a comparable international institution for trade to complement the International Monetary Fund and the World Bank.
- Bretton Woods was attended by representatives of finance ministries and not by representatives of trade ministries, the proposed reason why a trade agreement was not negotiated at that time.

So, there was a conference that was held in Bretton Woods in 1944. And which established and international institution for monetary policy and they recognized the need for a comparable international institution for trade to compliment International Monetary Fund and the World Bank. This Bretton Woods was attended by the finance ministries and not by representative of trade ministries, because the problem was related to finance and not with trade.

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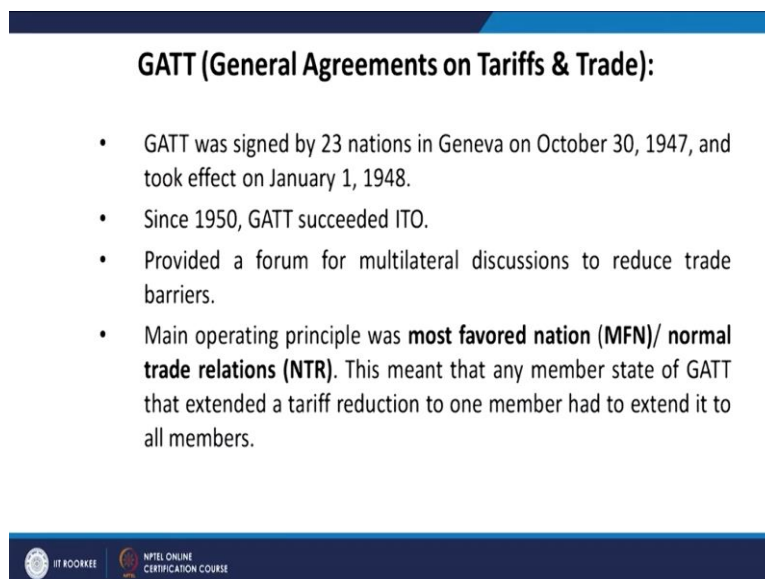
Development of the World Trading System

- In the immediate aftermath of World War II, US and the then allied powers met to establish the International Trade Organisation (ITO) with statutory enforcement powers to promote free trade among nations through negotiated reductions in trade barriers.
- The effort to form the ITO lasted between 1945 to 1948.
- Lack of US government support (1950 announcement) saw this fall through. Instead the signatories agreed to operate under the informal aegis of GATT.

And after the, after immediately after World War, the various countries, they came together in or, with the spirit to increase the World Trade so that the world can become a better place to live. And they established International Trade Organization. That is ITO. This ITO was supposed to have statutory enforcement powers to promote free trade among nations through negotiated reductions in trade barriers.

The efforts to form ITO lasted between 1945 to 1948. Because U.S. government did not supported ITO. And they announced in 1950 that they do not want to be the part of ITO. And that saw the demise of this organization. But still other countries, they still wanted to continue with the, continue with this effort. And they agreed to operate under an informal arrangement of GATT. GATT is, the full form of GATT is General Agreements On Tariffs and Trade.

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GATT (General Agreements on Tariffs & Trade):

- GATT was signed by 23 nations in Geneva on October 30, 1947, and took effect on January 1, 1948.
- Since 1950, GATT succeeded ITO.
- Provided a forum for multilateral discussions to reduce trade barriers.
- Main operating principle was **most favored nation (MFN)/ normal trade relations (NTR)**. This meant that any member state of GATT that extended a tariff reduction to one member had to extend it to all members.

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GATT was signed by 23 nations in Geneva on October 30th 1947. And that took effect on January 1, the first January 1948. Since 1950, GATT has succeeded ITO, that is International Trade Organization. It provides, it provided a forum for multinational discussion to reduce trade barriers. And the main operating principle of GATT is most favored nation clause. It means that any member state of GATT, when they extend a tariff reduction to 1 country to 1 member, it will automatically get extended to all other members of GATT.

So, that is MNF clause. However, without, however this GATT did not had any enforcement mechanism. And in the absence of these enforcement mechanism, many countries they negotiated;

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GATT

- However, without an enforcement mechanism many countries negotiated separate bilateral agreements for various products:
 - ✓ Agricultural Products
 - ✓ Textiles
 - ✓ Automobiles
- GATT handled 300 trade disputes- many involving food and was successful in lowering trade barriers.
 - ✓ Average tariffs on manufactured goods fell from 40% to 4% over the period 1948-1994.
 - ✓ Average tariffs declined by nearly 92% in the US, between the Geneva round(1947) and the Tokyo round(1973-79).

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Separate bilateral agreement for various products like agriculture product, textiles and automobiles. GATT handled 300 trade disputes, many involving food and was successful in lowering trade barriers. Average tariff on manufactured goods fell from 40% to 4% over the period of 1948 to 1994. Average tariff declined by nearly 92% in the U.S. between the Geneva round 1947 and the Tokyo round 1973 to 1979.

Now, you see the outcome of this, of GATT. It is generally consistent with the Ricardian theory and that the free trade appears to stimulate economic growth.



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GATT

- Consistent with the Ricardian theory- free trade appeared to stimulate economic growth.

	1953-63	1963-73
World Trade	6.1	8.9
World Income	4.3	5.1

Figure: Comparison of Economic Growth (%).

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You see that the World Trade between 1953-63 to 1963 and 73. It increased from 6.5% to 8.9%. And similarly, the world income has also increased.

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GATT Rounds			
Year	Place/name	Subjects covered	Countries
1947	Geneva	Tariffs	23
1949	Annecy	Tariffs	13
1951	Torquay	Tariffs	38
1956	Geneva	Tariffs	26
1960-1961	Geneva Dillon Round	Tariffs	26
1964-1967	Geneva Kennedy Round	Tariffs and anti-dumping measures	62
1973-1979	Geneva Tokyo Round	Tariffs, non-tariff measures, "framework" agreements	102
1986-1994	Geneva Uruguay Round	Tariffs, non-tariff measures, rules, services, intellectual property, dispute settlement, textiles, agriculture, creation of WTO, etc	123

Now, the various subjects that were covered under various GATT rounds. In 1947, the GATT round was held in Geneva and there were, they talked about reduction in tariffs, 23 countries participated in that. Similarly, in 1973 to 79, the rounds went on in Geneva and Tokyo. The subjects covered were tariffs, non-tariff measures and framework agreements. 102 countries participated.

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GATT: Tokyo Round	
<ul style="list-style-type: none">Continued GATT's efforts to progressively reduce tariffs.Average one-third cut in customs duties in the world's nine major industrial markets, bringing the average tariff on industrial products down to 4.7%.Mixed results:<ul style="list-style-type: none">✓ farm trade✓ agreement on "safeguards""Codes"- a series of agreements on non-tariff barriers did emerge from the negotiations, in some cases interpreting existing GATT rules, in others breaking entirely new ground.Not accepted by the full GATT membership.	

In GATT's Tokyo round, they continued to progressively reduce tariffs. Average one third cut in custom duties in the world's 9 major industrial markets, bringing the average tariffs on the industrial products down to 4.7%. The results were mixed for farm trade and they also went into agreement on safeguards. Codes or series of agreements on non-tariff barriers did

emerge from the negotiations in Tokyo and in some cases interpreting existing GATT rules in other breaking entirely new round new grounds.

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GATT: Tokyo Round

- Several codes were eventually amended in the Uruguay Round and turned into multilateral commitments accepted by all WTO members.
- Only four remained “plurilateral” — related to:
 - ✓ government procurement,
 - ✓ bovine meat,
 - ✓ civil aircraft and
 - ✓ dairy products.
- In 1997 WTO members agreed to terminate the bovine meat and dairy agreements, leaving only two.

Several codes were eventually amended in the Uruguay round that was held after the Tokyo round and turned into multilateral commitment accepted by all WTO members. The only 4 remained plurilateral related to government procurement, bovine meet, civil aircraft and dairy product.

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Shortcomings Limiting GATT's Effectiveness

- Initial rounds of GATT focused only lowering tariff barriers on **goods**. Trade in **services** wasn't covered by GATT.
- GATT focused on **tariff barriers**. Many countries used **nontariff barriers (NTBs)** such as quotas, standards, customs regulations to avoid infringing GATT.
- **Intellectual property** was not part of the initial GATT rounds.
- **Loopholes in the multilateral system** were heavily exploited, and efforts at liberalizing agricultural trade met with little success.

Now, there were certain shortcomings that limited the GATT's effectiveness. 1 was GATT focused on lowering tariff barriers on goods. And trade in services was not covered in that. But you see that over a period of time, the trade in goods is started reducing and trade in services is started increasing. GATT focused on tariff barriers, but by then, many country

used non-tariff barriers, such as quotas, standards, custom regulations to avoid infringing GATT.

Intellectual property was not a part of initial GATT rounds. And the loopholes in the multilateral system very heavily exploited. And efforts to liberalize agriculture trade met with little success.

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Uruguay Round

- It took seven and a half years, almost twice the original schedule.
- Finally on 15 April 1994, the deal was signed by ministers from most of the 123 participating governments at a meeting in Marrakesh, Morocco.
- It covered almost all trade,
 - ✓ from toothbrushes to pleasure boats,
 - ✓ from banking to telecommunications,
 - ✓ from the genes of wild rice to AIDS treatments.
- It was quite simply the largest trade negotiation ever, and most probably the largest negotiation of any kind in history.

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The last round of GATT, that is called as Uruguay round. It took 7 and half years, almost twice the original schedule to complete. Finally, on 15th April 1994, the deal was signed by ministers from most of the 123 participating countries at a meeting in Morocco. It covered almost all trade. From toothpaste to pleasure boat, from banking to telecommunication, from genes of wild rice to AIDS treatment. It was quite simply the largest trade negotiation ever and most probably the largest negotiation of any kind in the history of mankind.

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WTO (World Trade Organization)

- The eighth and last round of GATT talks – called the Uruguay Round (1986-1994) established an international body called the WTO which took effect on January 1, 1995.
- As of July 2016, WTO had 164 member countries.
- WTO has statutory powers to adjudicate trade disputes among nations and has its own secretariat.
- WTO is the new legal and institutional foundation for a multilateral trading system.

The eighth and the last round of GATT talks were called the Uruguay round. The Uruguay round lasted from 1986 to 1994. They established an international body called the WTO and that took effect on January 1, 1995. So, in the last round of GATT, that went on from 1986 to 1994. They decided to do away with GATT and to continue with the spirit of increased trade under the aegis of WTO, which came into effect on January 1 1995.

As of July 2016, WTO has 164 member countries. WTO has statutory powers to adjudicate trade dispute among nations and has its own secretariat. So, it is an independent body which has its own secretariat and that can adjudicate in trade disputes. WTO is the new legal and institutional foundation for a multinational trading system.

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WTO: Main functions

- Administering WTO trade agreements
- Forum for trade negotiations
- Handling trade disputes
- Monitoring national trade policies
- Technical assistance and training for developing countries
- Cooperation with other international organizations

The main functions of WTO are to administer WTO trade agreements; it provides the forum for trade negotiations; it handles trade disputes; it monitors national trade policies; it provides technical assistance and training to developing countries and cooperation with other international organizations.

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THE AGREEMENTS: Agriculture

- The original GATT did apply to agricultural trade, but it contained loopholes.
 - ✓ Use of non-tariff measures - import quotas, and
 - ✓ Subsidize
- Uruguay Round produced the first multilateral agreement—a significant first step towards order, fair competition and a less distorted agri sector.
- The Uruguay Round agreement included a commitment to continue the reform. These were launched in 2000, as required by the Agriculture Agreement.

In the original agreement on GATT did apply to agricultural trade, but it contains several loopholes, like the use of non-tariff measures, import quotas and subsidize. Uruguay round produced the first multinational agreement. A significant first step towards order, fair competition and less distorted agri-sector. Uruguay agreement included commitment to continue the reform. These were launched in 2008 required, as required by the agriculture agreement.

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THE AGREEMENTS: Agriculture

Objective: To reform trade in the sector and to make policies more market-oriented.

The new rules and commitments apply to:

- **Domestic Support** — subsidies and other programmes, including those that raise or guarantee farmgate prices and farmers' incomes
 - ✓ **Amber box**-policies that have a direct effect on production and trade have to be cut back
 - ✓ **Green Box**-measures with minimal impact on trade can be used freely
 - ✓ **Blue Box**-direct payments to farmers where the farmers are required to limit production

Objective of this agreement was to reform trade in the sector and to make policies more market oriented. The new rules and commitment applied to domestic support;

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THE AGREEMENTS: Agriculture

- **Market Access** — various trade restrictions confronting imports
- **Export Subsidies** and other methods used to make exports artificially competitive.

Exceptions:

- governments to support their rural economies
- Developing countries
- Least-developed countries
- countries that rely on imports for their food supplies

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To market access and to export subsidies. Domestic support means subsidies and other programs including those that raise or guarantee farmgate prices and farmers income. So, there are 3 types of boxes. 1 is called as amber box, green box and blue box. In amber box, policies that have a direct effect on production and trade have to be cut back. Green box means, measures with minimal impact on trade can be used freely.

And blue box means direct payment to farmers where farmers are required to limit production. Market access means, various trade restrictions confronting imports and export subsidies and other methods used to make export artificially competitive. Now, it also provided exemptions. It exempts government to support their rural economies. It exempts a developing countries, least-developed countries and countries that rely on import for their food supplies.

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THE AGREEMENTS: Services

- **GATS (General Agreement on Trade in Services)**
Covers all internationally-traded services —e.g. banking, telecommunications, tourism etc.
- The agreement defines four ways (or “modes”) of trading services:
 - ✓ **Mode 1:** Services supplied from one country to another (e.g. international telephone calls), officially known as “**cross-border supply**”.
 - ✓ **Mode 2:** Consumers or firms making use of a service in another country (e.g. tourism), officially “**consumption abroad**”.

There was an agreement on services also. Then that is, General Agreement on Trade in Services. It covers all international traded services. Example, banking, telecom and tourism, etcetera. Agreement defines 4 ways or modes of trading services. Mode 1, services supplied from 1 country to another. For example, international telephone calls, officially known as cross-border supply. Mode 2, consumers or firms making use of a service in another country. That is tourism, which is called as, officially called as consumption abroad.

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THE AGREEMENTS: Services

- ✓ **Mode 3:** A foreign company setting up subsidiaries to provide services in another country (e.g. foreign banks setting up operations in a country), officially “**commercial presence**”.
- ✓ **Mode 4:** Individuals travelling from their own country to supply services in another (e.g. fashion models or consultants), officially “**presence of natural persons**”.

Mode 3, A foreign company setting up subsidiary to provide services in another country, which is called as commercial presence. And mode 4, individuals travelling from their own country to supply services in other. That is, fashion models or consultant. Officially these are called as presence of natural person.

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THE AGREEMENTS: Intellectual Property

- **TRIPS(Trade Related aspects of Intellectual Property)** includes:
 - ✓ Copyright and related rights
 - ✓ Trademarks, including service marks
 - ✓ Geographical indications
 - ✓ Industrial designs
 - ✓ Patents
 - ✓ Layout-designs (topographies) of integrated circuits
 - ✓ Undisclosed information, including trade secrets



There was an agreement on intellectual property. That is called as Trade Related aspects of Intellectual Property. That includes, copyright and related rights; trademarks including service marks; geographical indication; industrial design; patents; layout design and undisclosed information including trade secrets. These trade related aspects of intellectual property, they are becoming more significant and more complex. Why?

As the countries, they move from manufacturing to services to knowledge. Now, you will find many companies, they are earning lots of money on the business models that are based on information, gathering storage, analysis and manipulation. For example, we people across the world, they spend lots of time in a day and lots of time in their lives on the brands or with the brands such as Google, Yahoo, Facebook and WhatsApp, Twitter.


And then, there are others like Amazon and so on so forth. I will take another example. There is a fruit by the name of apple that is grown and eaten across the world since times immemorial. Then a U.S. company came, a company that manufactures computers, desktops and laptops and mobile phones and smart watches to name the few product. And it named itself as Apple. And it also got some kind of production on the same.


While Apple is a fruit that is being produced and consumed across the world and also in India. When a child starts learning English, the first thing that he learns is A for apple. Now, how this has happened? Also, you will not find many big names, many big companies having names like pineapple or guava or banana or plum. To understand the complexities involved, let us look at each of them in some more details. So, what is a copyright?

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Copyright

- Protects literary/artistic works of human intellect
- **Literary works**
 - ✓ Story, Plays, Poems, Novel, Letter etc.
 - ✓ Maintenance/ Instruction manuals
 - ✓ Published edition of works
 - ✓ Photographs
- **Artistic works**
 - ✓ Works of fine arts: Paintings, Sculptures, Cartoon, Logo
- **Electronic database**
- **Computer programs**

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It protects literary or artistic work of human intellect like stories, plays, poems, novel, letters, etcetera; maintenance and instruction manual; published edition of works; photographs. Artistic works are works of fine art, painting, sculptures, cartoon, logo. Electronic databases and computer programs. What are trademarks? Bonafide intentions to use in commerce;

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Trademarks


- For bonafide intention to use in commerce
- Words, letters, symbols, sound, smell that distinguishes products of a producer from those of others
- Stylized presentation possible
- Indicates producer & signals quality
- Consumer protection
- Helps in advertising
- Easy order processing
- Renewable forever

Coca Cola

not COCA COLA

Examples:
KINLEY
Mc Donald's

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Words, letters, symbols, sound, smell that distinguishes product of a producer from those of other producers. Stylized presentation, it indicates producer and signals quality. It is also used for consumer protection. It helps in advertising. It helps in easier order processing. And they can be renewed forever. For example, Coca Cola, not in capital. And they have a font also that they have a copyright on. Kinley is another trademark. Mc Donald is another trademark.

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Geographical Indication

- Indications which identify a good as originating in the territory or region or locality where a given quality, reputation or other characteristic of the good is attributed to the geographical origin
- GI is used to identify goods having special characteristics originating from a definite geographic territory

Example:
Champagne, ✓
Darjeeling Tea,
Alphonso Mango ✓
etc.

Geographical indications. Look, indications which identify a good as originating in the territory or region or locality where a given quality reputation on or other characteristics of good is attributed to a geographical origin. For example, Himachal apples and Darjeeling tea. So, GI is used to identify goods having special characteristics originating from a defined geographical territory. So, you have Alphonso mango and Champagnes coming from France.

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Industrial Design

- Ornamental/aesthetic aspects of useful article
- Shape, pattern, color combination
- Must have a visual appeal
- Article must be reproducible by industrial means
- **Examples:**
 - ✓ Pencils (cross section: Triangular, Circular, Hexagonal etc.)
 - ✓ Water or Soft/Hard drink bottles
 - ✓ Coffee Mugs (different shapes)

What are industrial designs? Ornamental aesthetic aspects of useful articles; shape, pattern, color combination; they must have a visual appeal and articles must be reproducible by industrial means. Examples are pencil, cross-section; so, they can be triangular, circular or hexagonal. Water or in hard and soft drink bottles; coffee mugs in different shapes.



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Patents

- What is a Patent?
 - ✓ Right on First Disclosure on an Invention
- Conditions for Patentability
 - ✓ Novelty
 - ✓ Non-obviousness (inventiveness)
 - ✓ Utility
- Why Patents
 - ✓ Knowledge Generation
 - ✓ Stimulation of Creativity
 - ✓ Technology Transfer

Some Important Patents:

- Calculator
- Computer
- Automobile
- Printing Press
- Elevator
- Air Conditioning
- Camera
- Radio
- TV



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Then, what is a patent? It is right on the first disclosure of an invention. There are certain conditions for patentability. One is novelty, another is inventiveness and the third is utility. Why patents are required? For knowledge generation, stimulation of creativity and technology transfer. Some important patents are that of a calculator, a computer, automobile, printing press, elevators, air conditioning, camera, radio and television. What is a trade secret? It is a closely guarded secret related to production process. For example, Coca Cola.


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Trade Secret

- This is a closely guarded secret related to production process (Coca Cola)

Advantages:

- ✓ No defined term of protection.
- ✓ Recommended if you can manage to keep the process or formulation as secret.



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Note, the advantage are: there are not defined terms of protection; recommended if you can manage to keep the process or formula a secret.

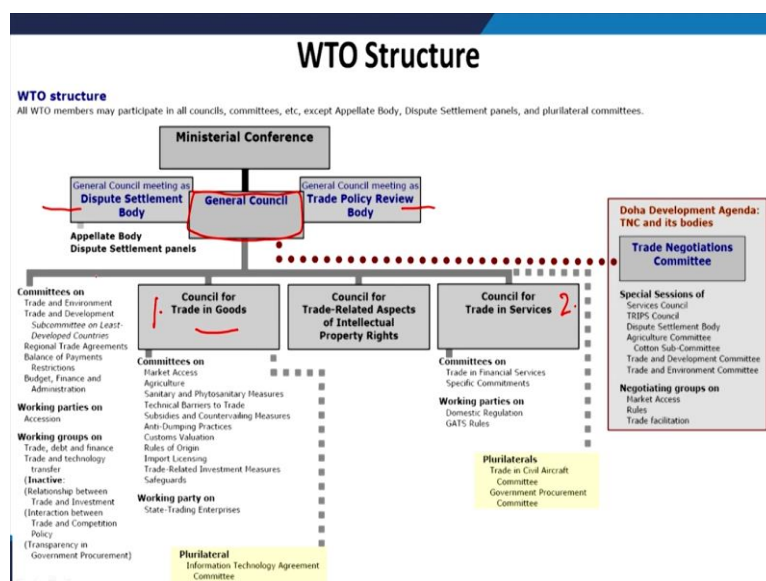
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THE AGREEMENTS: Intellectual Property

- The TRIPS Agreement covers five broad areas:
 - ✓ how general provisions and basic principles of the multilateral trading system apply to international intellectual property
 - ✓ what the minimum standards of protection are for intellectual property rights that members should provide
 - ✓ which procedures members should provide for the enforcement of those rights in their own territories
 - ✓ how to settle disputes on intellectual property between members of the WTO
 - ✓ special transitional arrangements for the implementation of TRIPS provisions.

This TRIPS agreement covers 5 broad areas. How general provisions and basic principles of multinational trading system applied to international property rights. And it goes on and it also have special arrangements for the implementation of TRIPS provision.

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Now, as we have, we have talked about earlier, WTO has its own structure, it has its own secretariat and it has its own dispute settlement forum mechanism. So, look at this slide, it gives the structure of WTO. So, this is the ministerial conference. Now, it has a general council meeting that is called as trade policy review body. It has another general council meeting which is called as dispute settlement body.

And then there is this the, in between is the general counsel and these 2 are part of this. And then, there are councils on goods, for trade in goods, council for trade related aspects of

intellectual property and council for trade in services. Now you see that, on the 2 extreme, on 1 extreme we have council for trade in goods, on the other extreme we have a council for trade in services and in between comes the council for intellectual property rights. It also has a dispute settlement mechanism. And these are the various committees and how they work within these.

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Doha Development Agenda

- WTO's ninth round---called the **"Doha Development Agenda" (Doha Round)** was launched in Doha, Qatar in November 2001. Interim deal in December 2005 to end farm export subsidies by 2013 prevented collapse of the latest round of the talks.
- The Doha Round of 2001 facilitated the way for China and Taiwan to get full membership in the WTO.

WTO meetings are called as development agenda. So, the Doha development agenda, that is WTO's ninth round called as Doha development agenda or Doha's round was launched in Doha, Qatar, in November 2001. Interim deals in December 2005 to end farms export subsidies by 2013 prevented collapse of the last round of talks. Doha round of 2001 facilitated the way for China and Taiwan to get full membership in the WTO.

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Agenda for the Doha Round

- Implementation-related issues and concerns
- Agriculture
- Services
- Market access for non-agricultural products
- Trade-related aspects of intellectual property rights (TRIPS)
- Relationship between trade and investment
- Interaction between trade and competition policy
- Transparency in government procurement
- Trade facilitation
- WTO rules: anti-dumping
- WTO rules: subsidies
- WTO rules: regional trade agreements
- Dispute Settlement Understanding
- Trade and environment
- Electronic commerce
- Small economies
- Trade, debt and finance
- Trade and transfer of technology
- Technical cooperation and capacity building
- Least-developed countries
- Special and differential treatment

These are the various items that formed agenda for Doha round. Implementation related issues and concerns; agriculture; services; market access for non-agricultural product; TRIPS; relationship between trade and investments; interaction between trade and competition policy. Then there are items for anti-dumping and subsidies and regional trade arrangements.

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WTO: Takeaway

- The WTO **dispute settlement mechanism** is faster, more automatic and less susceptible to stalling than under GATT.
- Once a country brings a complaint against another member state there is a limited time in which the dispute can be settled.



The takeaway is that this WTO dispute settlement forum is faster, more automatic and less susceptible to stalling than that was under GATT. Once a country brings a complaint to WTO against another member state, there is a limited time in which this dispute has to be settled.

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WTO : Major achievements

Over the past 20 years, WTO members have agreed on major issues to improve the flow of global trade. It's membership has expanded to **164 members**, representing over 98% of international trade.

1. Revised WTO Agreement on Government Procurement enters into force.
2. WTO disputes reach 500 mark.
3. Expansion of the Information Technology Agreement.
4. TRIPS Agreement amended to ease access to affordable medicine.
5. Trade Facilitation Agreement enters into force.





Now, as every coin has 2 sides, similarly, there are many advantages and disadvantages of WTO. But let us for the time being concentrate on the outcomes or the achievements or the benefits that a WTO has been able to achieve. So, over the last 20 years WTO members have

agreed on major issues to improve the flow of global trade. It's membership has expanded to 164 countries. And that represents over 98% of international trade. These are some of the major achievements. Revised WTO agreement on government procurement. It enters into force on 6 April 2014.

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WTO : Major Achievements

- **Revised WTO Agreement on Government Procurement (GPA) enters into force**
 - ✓ The revised WTO Agreement on GPA was enforced on 6 April 2014.
 - ✓ The revised GPA will see gains in market access of an estimated US\$ 80 billion to US\$ 100 billion annually.
- **WTO disputes reach 500 mark**
 - ✓ The WTO's dispute settlement system enjoys tremendous confidence among the membership.
 - ✓ It is perceived to be a fair, effective and efficient mechanism to solve trade problems.



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The revised GPA will see gains in market access of an estimated US\$ 80 billion to US\$ 100 billion annually. The second achievement is that WTO dispute reached 500 marks. The WTO's dispute settlement system enjoys tremendous confidence among the members. It is perceived to be fair, effective and efficient mechanism to solve the trade problems.

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WTO : Major Achievements

- **Expansion of the Information Technology Agreement**
 - ✓ WTO members agreed at the WTO's Tenth Ministerial Conference, in Nairobi, 2015 on the timetable for implementing a landmark deal to eliminate tariffs on 201 IT products valued at over \$1.3 trillion per year.
- **TRIPS Agreement amended to ease access to affordable medicine**
 - ✓ An amendment to the agreement on intellectual property entered into force on 23 January, 2017 securing for developing countries a legal pathway to access affordable medicines under WTO rules.

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Yet another achievement of WTO is the expansion of information technology agreement. WTO members agreed at the WTO's tenth ministerial conference in Nairobi in 2015 on the

timetable for implementing a landmark deal to eliminate tariffs on 201 IT products valued at over \$1.3 trillion per year. TRIPS agreement amended to ease access to affordable medicine. An amendment to the agreement on intellectual property entered into force on 23rd January 2017 securing for developing countries a legal pathway to access affordable medicines under the WTO rules.

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WTO : Major Achievements

- **Trade Facilitation Agreement (TFA) enters into force**
 - ✓ TFA came into force on 22 February 2017, as the first multilateral deal, in the 21 year history of the World Trade Organization.
 - ✓ TFA seeks to expedite the movement, release and clearance of goods across borders.

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Yet another major achievement of WTO is the trade facilitation agreement that is also called as TFA. It came into force on 22nd February in 2017. As the first multilateral deal in the 21 year history of World Trade Organization. The TFA seeks to expedite the movement, release and clearance of goods across borders. Now, after full implementation of TFA, it will reduce trade cost by an average of 14.3% with the developing countries having the most to gain.

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WTO : Major Achievements

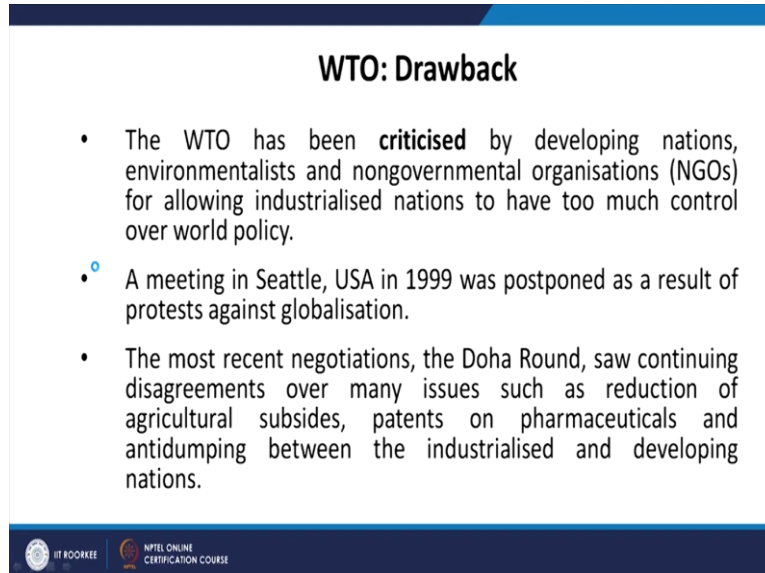
Full implementation of the TFA is estimated to :

- ✓ Reduce trade costs by an average of 14.3 per cent, with developing countries having the most to gain.
- ✓ Reduce the time needed to import goods by over a day and a half and to export goods by almost two days, representing a reduction of 47 per cent and 91 per cent respectively over the current average.

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It will reduce the time needed to import goods by over a day and a half and to export goods by almost 2 days. This represents a reduction of 47% and 91% respectively over the current average. But the WTO has its own drawback. WTO has been criticized by developing nations;

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The slide is titled "WTO: Drawback" in bold black text. It contains three bullet points. The first bullet point states that the WTO has been criticised by developing nations, environmentalists, and nongovernmental organisations (NGOs) for allowing industrialised nations to have too much control over world policy. The second bullet point, marked with a blue circle, states that a meeting in Seattle, USA in 1999 was postponed as a result of protests against globalisation. The third bullet point states that the most recent negotiations, the Doha Round, saw continuing disagreements over many issues such as reduction of agricultural subsidies, patents on pharmaceuticals, and antidumping between the industrialised and developing nations. At the bottom of the slide, there are two logos: "IIT KOOBEE" and "NPTEL ONLINE CERTIFICATION COURSE".

- The WTO has been **criticised** by developing nations, environmentalists and nongovernmental organisations (NGOs) for allowing industrialised nations to have too much control over world policy.
- A meeting in Seattle, USA in 1999 was postponed as a result of protests against globalisation.
- The most recent negotiations, the Doha Round, saw continuing disagreements over many issues such as reduction of agricultural subsidies, patents on pharmaceuticals and antidumping between the industrialised and developing nations.

Various environmentalist, non-government organization for allowing industrialized nations to have too much control over the world policy. The meeting in Seattle, U.S. in 1999 was postponed as a result of protest against globalization. So, the basic idea of the consumers around the world is, WTO is giving rise to globalization and it means that it will have, the whole world look like 1, there will be no cultural differences, etcetera.

So, the most recent negotiations the Doha round saw containing disagreement over many issues such as, reduction of agriculture subsidies, patents on pharmaceuticals and antidumping between the industrialized and developing nations.

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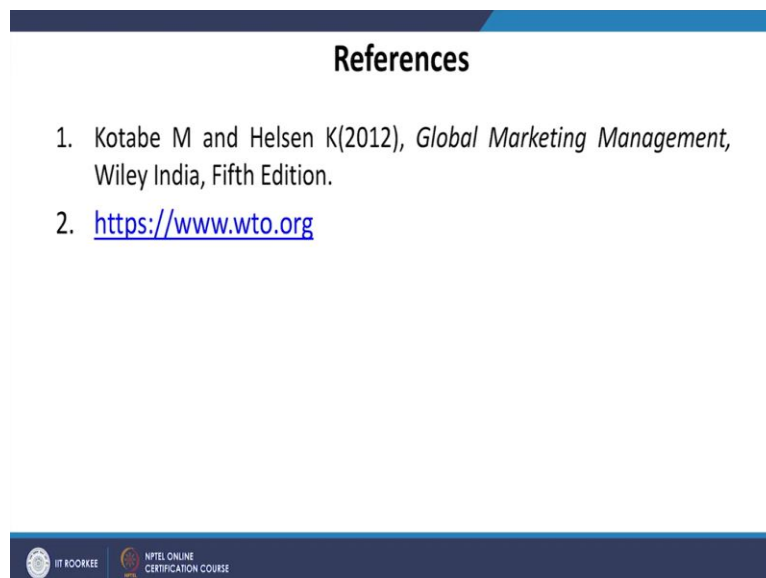


- *Where countries have faced trade barriers and wanted them lowered, the negotiations have helped to liberalize trade.*
- *But the WTO is not just about liberalizing trade, and in some circumstances its rules support maintaining trade barriers — for example to protect consumers or prevent the spread of disease.*

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So, to conclude, where countries have faced trade barriers and wanted them lowered, the negotiations have helped to liberalize trade. But the WTO is not just about liberalizing trade. And in some circumstances its rules support maintaining trade barriers. For example, to protect consumers or prevent the spread of disease. So, this was about the evolution of cooperative global trade agreements. And then, we will move on to the next module. That is module 5. And we are still continuing to understand the global economic environment.

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References

1. Kotabe M and Helsen K(2012), *Global Marketing Management*, Wiley India, Fifth Edition.
2. <https://www.wto.org>

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These are the references that were used for these slides and you can go through them for further understanding of these.