



1. India, China no longer 'developing nations', won't let them take WTO 'advantage': Trump

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GS paper 2 (Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests.)

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**In this video, you can find detailed answers for all
the above questions.**

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What is the context about?



On Tuesday, addressing a gathering at Pennsylvania, Trump said India and China—the two economic giants from Asia—are no longer developing nations and as such they cannot take the benefit from the WTO.



US President Donald Trump said that, “India and China have “already grown” and it was unfair of them to take advantage of the “developing countries” tag by the World Trade Organisation (WTO)”.



In July, Trump had empowered the US Trade Representative (USTR) to start taking punitive actions if any advanced economies are inappropriately taking benefits of the WTO loopholes.



What is the significance of being a WTO member?



The Geneva-based WTO is an intergovernmental organisation that regulates international trade between nations.



The WTO grants each member Most Favored Nation status, which means that WTO members must treat each other the same. They give no preferential trade benefit to any one member without giving it to all.



Second, WTO members have lower trade barriers with each other. That includes tariffs, import quotas, and regulations. Lower trade barriers allow members larger markets for their goods. Larger markets lead to greater sales, more jobs, and faster economic growth.



How do WTO helps developing and under developed countries?



Around two-thirds of WTO members are developing countries. Their membership gives them immediate access to developed markets at the lower tariff rate. This gives them time to catch up with sophisticated corporations and their mature industries.



They don't have to remove reciprocal tariffs in their markets until later. As a result, developing countries don't immediately have to open their markets to overwhelming competitive pressure.



Thirty-six WTO members are categorized as least-developed countries or LDCs. The United Nations grants that status to low-income countries with severe blocks to sustainable economic growth. The U.N. and other agencies provide them extra assistance in development and trade.



Why WTO is facing existential crisis?



WTO is facing existential crisis during a time when developed economies have adopted protectionist attitude.



The U.S. has systematically blocked the appointment of new Appellate Body members (“judges”) and de facto impeded the work of the WTO appeal mechanism



With only four working members out of seven normally serving office in July 2018, the institution is under great stress. If no appointment is made, it will simply be destroyed by December 2019, with only one remaining member to tackle a massive number of disputes that are also increasingly hyper technical.



What is the WTO's Appellate Body, and why is it important?



The Appellate Body, set up in 1995, is a standing committee of seven members that presides over appeals against judgments passed in trade-related disputes brought by WTO members.



With over 500 international disputes brought to the WTO and over 350 rulings issued since 1995, the organisation's dispute settlement mechanism is one of the most active in the world, and the Appellate Body is the highest authority in these matters.



How does it affect India?



This does not bode well for India, which is facing a rising number of dispute cases, especially on agricultural products. In the last four months alone, four cases have been brought to the WTO against India's alleged support measures for its sugar and sugarcane producers.



Also, the overall weakening of the WTO framework could have the effect of undoing over two decades of efforts to avoid protectionism in global trade. This is a major concern currently, as trade tensions, for example between the US and China and the US and India, are on the rise.