

1. Virus of US Unilateralism Threatens WTO

Context:

- The US' persistent efforts to deny special and differential treatment to developing countries has destabilised the Institution

Brief Background:

- The virus, stemming from unilateral trade measures and muscular trade policies, is as dangerous to the global trading system.
- The collapse of the Appellate Body, the attack on the principles we have held dear, like non-discrimination and special and differential treatment, have cast a pall of hopelessness on the WTO.

What is Special and Differential Treatment?

- The WTO Agreements **contain special provisions which give developing countries special rights and which give developed countries the possibility to treat developing countries more favourably than other WTO Members.**

The Special Provisions Include:

- longer time periods for implementing Agreements and commitments,
- measures to increase trading opportunities for developing countries,
- provisions requiring all WTO members to safeguard the trade interests of developing countries,
- support to help developing countries build the capacity to carry out WTO work, handle disputes, and implement technical standards, and
- Provisions related to least-developed country (LDC) Members.

USA's Unilateralism:

- Washington has put two proposals on the table for discussion at the General Council, which is the highest decision-making body after the ministerial conference.
- The first proposal seeks to bring about "differentiation" for availing special and differential treatment (S&DT) among developing countries in current and future trade negotiations.
- The second proposal intends to bring market-based conditions at the WTO based on the arbitrary interpretation of the Marrakesh Agreement.
- The US proposal establishes objective criteria for determining whether a WTO member may continue to avail itself blanket S&DT in current and future Trade Negotiations.

- The four-point objective criteria is whether the country is a member of the Paris-based OECD; a member of the G20; a WTO member that is designated as a “high income” country by the World Bank, and that accounts for no less than 0.5 per cent of the global merchandise trade.
- Members who meet at least one of the four criteria” will forego blanket S&DT, adding that developing countries “would retain the ability to negotiate the flexibilities they need to defend their interests”
- India’s response to the unilateral move:
- S&DT is a treaty-embedded right at the WTO, an entitlement which developing countries have paid for, and that cannot be taken away based on certain arbitrary assumptions, including creative interpretations of the basis of G20 membership.
- The parameters used by the US are “unrelated to development, (and) to target certain members.
- More disturbingly, “new divides, especially in the digital and technological spheres” have become more pronounced in the US decision.

Conclusion:

- The S&DT, in favour of developing countries and LDCs is, required today as it was in 1995 (when the WTO was established) in order to improve and safeguard the developing and the least countries.

Source: The Business line