

## WTO and Nepal Opportunities and challenges

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The World Trade Organization (WTO) deals with the rules of trade between nations at a global or near-global level. It is an organisation for liberalising trade and a forum for governments to negotiate trade agreements and to settle trade arguments. It also operates a system of trade rules. The WTO began life on 1 January 1995, but its trading system is half a century older. Since 1948, the General Agreement on Tariffs and Trade (GATT) had provided the rules for the system. The WTO agreements cover a wide range of activities such as agriculture, textiles and clothing, banking, telecommunications, government purchases, industrial standards and product safety, food and sanitation regulations and intellectual property. Under the WTO agreements, countries cannot normally discriminate between their trading partners. Imported and locally produced goods should be treated equally. The same should apply to foreign and domestic services, and to trademarks, copyrights and patents.

In WTO, when countries agree to open their markets to foreign goods or services, they "bind" their commitments. For goods, these bindings amount to ceilings on customs tariff rates. Sometimes, particularly developing countries tax imports at rates that are lower than the bound rates. In developed countries the rates actually charged and the bound rates tend to be the same. WTO is a system of rules dedicated to open, fair and undistorted competition. Meanwhile, developing countries need flexibility in the time they take to implement the system's agreements. And the agreements themselves inherit the earlier provisions of GATT that allow for special assistance and trade concessions for developing countries.

The WTO Agreements cover goods, services and intellectual property. They spell out the principles of liberalisation, and the permitted exceptions. They include individual countries' commitments to lower customs tariffs and other trade barriers, and to open and keep open services markets. They set procedures for settling disputes. They prescribe special treatment for developing countries. They require governments to make their trade policies transparent by notifying WTO about laws in force and measures adopted, and through regular reports by the secretariat on countries' trade policies. But it is important to remember that the rules are in fact agreements that governments negotiated.

The WTO agreements comprise several provisions giving developing and least-developed countries special rights or additional leniency, i.e. "special and differential treatment." These provisions also allow developed countries to treat developing countries more favourably than other WTO members. The General Agreement on Tariffs and Trade (GATT, which deals with trade in goods) has a special section (Part 4) on Trade and Development which includes provisions on the concept of non-reciprocity in trade negotiations between developed and developing countries.

Other measures concerning developing countries in the WTO agreements include: extra time for developing countries to fulfil their commitments (in many of the WTO agreements); provisions designed to increase developing countries' trading opportunities through greater market access (e.g. in textiles, services, technical barriers to trade); provisions requiring WTO members to safeguard the interests of developing countries when adopting some domestic or international measures (e.g. in anti-dumping, safeguards, technical barriers to trade); provisions for various means of helping developing countries (e.g. to deal with commitments on animal and plant health standards, technical standards, and in strengthening their domestic telecommunications sectors). The least developed countries receive extra attention in WTO. All the WTO agreements recognise that they must benefit from the greatest possible flexibility, and better-off members must make extra efforts to lower import barriers on least developed countries' exports.

Developing countries can benefit from the changes, but only if their economies are able to respond. This depends on a combination of actions: from improving policy-making and macroeconomic management to

boosting training and investment. All major decisions are made by the members as a whole, either by ministers (who meet at least once every two years) or by their delegates (who meet regularly in Geneva). Decisions are normally taken by consensus. Many WTO agreements say member states have to notify the WTO secretariat of new or modified trade measures.

As a member of WTO, Nepal undertook various obligations such as tariff reductions on industrial and agricultural goods, protection of intellectual property rights and so on. If discriminatory domestic policies on agriculture are removed, it is expected that the agreements on agriculture will make Nepal's agricultural products more competitive in future. The trade related intellectual property rights have laid down very stringent criteria for the protection of the rights of patent holder or processor. The WTO member states cover more than 90 per cent of the world trade and 95 per cent of world's population. It depends on Nepal's capability to explore opportunity of the huge and significant global market and to meet the challenges successfully.

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