

THE IMPACT OF WORLD TRADE ORGANIZATION ON GLOBALIZATION TRADE POLICY IN INDIA

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ABSTRACT

This paper deals about the impact of world trade organization on globalization trade policy in India. The roots of newly emerging forces of globalization exist in specific economic and political development in the late 1980s and early 1990s. From other regulatory measures to correct the prevailing distortions in the Indian economy, government of India introduced Structural Adjustment Programmers (SAPs) in July 1991. The World Trade Organization (WTO) which came into existence on January 1, 1995 with a view to ensure global cooperative trade environment, to raise incomes and to create ample job opportunity for the nations through fair and open trade. In order to estimate growth of Indian exports as well as Gross Domestic Product (GDP) for the period 1985-86 to 2004-05 keeping view the structural reform of 1991 and WTO Settlement in 1995, we have employed OLS technique based on dummy variables.

KEYWORDS: economic, globalization, impact, growth, world trade organization

OBJECTIVES:

- To analyses WTO on GTP in India
- To know difference WTO and GTP in India

- To study about WTO and GTP in India and U.S.A

HYPOTHESIS:

Indian economic achieve higher growth after adopting WTO and GTP

Indian economic is not achieve higher after adopting WTO and GTP

RESEARCH METHODOLOGY:

The In this paper the research has opted for doctrinal research methodology and the sources act collected mainly through secondary data.

LIMITATION:

The research is unable to trace the primary sources needed to write about the topic as the topic demands research in the archives which is not available to the research as admission to the government archives is not allowed to undergraduate students.

INTRODUCTION

World Trade Organization (WTO), found in 1995 and headquarters is in Geneva, has its clearly main purposes since its beginning that to promote economic and trade development all over the world. Up to the end of 2008, there are more than 135 members in the organization. In particularly, with the expansion of globalization trade, international business is more often than any time in the history. As one of the most crucial carrier of economic globalization, WTO establishes a set of international trade rules focusing on the liberalization, which play a strong role of encouraging and guiding in the process of economic globalization (Pauwelyn, 2005).

This essay will mainly discuss WTO's influence on the rules of globalization trade in combination with the current reform of trade policy. It will explain the topic from the following four aspects in detail: first, the basic rules WTO set up for the international trade, then, rules on e-commerce, the new rising global business, third, the preferential rules made by WTO for

developing countries, and at last, it will discuss the impacts of WTO's regulations on environmental issues when doing global trade. ([WTO Secretariat and Secretariat](#))

Basic Rules WTO set up for the Global Trade

WTO's main objective is to provide adequate competitive opportunities for the trade among the members, which needs recognized common rules and principles for members to abide. There are two basic principles, namely the MFN principle (referred to as MFN) and national treatment principle. MFN can ensure that all members enjoy equal opportunities for competition, and national treatment guarantees the products of exporter and importer have equal opportunity to compete.

The relevant WTO provisions require that the members of different countries need to open their markets to the others; when developing foreign trade, there should not be unfair competitions among the members, especially dumping and subsidies cannot be the way to sell their domestic products. The trade policy regulations of different member countries must be transparent (Wallach, 2002). Through these, WTO can supply strong policy assure for forming an opening international market with fair competition and transparency principles.

In the aspect of specific global trade, WTO makes out rules mainly on tariff and non-tariff measures to ensure the normal goods flow within different countries. WTO commits rules on reduction of tariffs and tariff ceilings of different products. Non-tariff measures are not allowed to use widespread. For instance, usually, a member country shall not have the right of prohibiting or restricting import or export goods.

Implementation of such non-tariff measures have a clear prerequisite, and can only be implemented through the provided procedures. WTO sets out the conditions and procedures for concrete implementation (Hoekman, 2002). For example, a member can raise tariffs or quantitative restrictions to protect their domestic industries from the impact of import surges. If encountering the balance of payments difficulties, the country may also take measures to reduce imports. Meanwhile, there are detailed provisions on the conditions and procedures in some related agreements when taking such actions. ([Westermeier 2008](#)) To ensure the continuity of competitive opportunities, WTO is strongly against unfair trade practices, and provides measures for the protection of fair trade. For example, if a member of country provides subsidies to its

export or production, or a company through lower product prices to unreasonably dumping, the members that are adversely affected, can take measures to offset the impact of unfair trade practices (Bhagwati, 2004).

In international trade, there are sometimes disguised barriers to trade, such as the provisions of unnecessarily high standards on product quality or performance, or overestimate the value of imports to impose unreasonably high tariffs, or by other means weakening the competitiveness of imported products. WTO has a clear preventive measures and provisions for these acts. WTO Agreement also set up trade rules in service business and has developed standardized basic rules for intellectual property protection.

Meanwhile, all of these areas have been implemented in a common unified framework through security, dispute settlement and trade policy review mechanism to ensure protection of the rights of the member states. At the same time, their obligations are ensured to be fulfilled. ([WTO Secretariat and Secretariat](#))

E-commerce rules in globalization trade

Currently, e-commerce provides strong technical support for economic globalization continuing to expand. Developed from information technology and network technology e-commerce expands the connotation and extension of the world market and changes the traditional way of trading. Not only the 24 hours continuous trading for accelerate the information transfer and cash flow in international trade, it more simplifies international trade procedures and process and reduce the cost of international trade, and greatly enhance international trade opportunities. However, facing such a new trade approach, without no special consideration and rules originally, WTO modified and set up new applicable rules for e-commerce issues.

In fact, thanks to the Internet in recent years, exponential growth of electronic commerce makes out the problem of Uruguay Round's insufficient concern and estimate on e-commerce, which has been aware of WTO. Held in Singapore in 1996, the first Ministerial Conference of WTO formally referred to e-commerce issues, and adopted the "trade and information technology products Ministerial Declaration" (referred to as ITA). According to the Declaration, WTO will strive to make the "world of information technology products to maximize the freedom of trade."

ITA canceled a series of tax on information and telecommunications products, including many closely related e-commerce infrastructure products. There were 42 countries signing for, accounting for 93% of the world's information technology products turnover (Panagariya, 2000).

WTO preferential rules for developing countries

Regulations on environment may bring in green trade barriers

As the acceleration of human beings utilization on the natural environment and natural resources, environmental pollution and global increasingly serious ecological damage, environmental issues have become the common challenges facing human society. To address environmental issues, the international community has taken a lot of measures. One of the important measures is to adopt environmental protection in trade. In dealing with the relationship between environment and trade, if too much emphasis on protecting the environment, and as a reason as non-compliance with international trade norms and standards, then there may be a trade barrier to protect the environment. In particular, some countries in the name of protecting the environment, in fact for trade protection, environmental barriers are literally formed.

Right and healthy environmental protection in international trade is necessary and compelling, while some countries, especially the developed countries, just use the environment name to act green trade barriers.

The green trade barriers have a wide range of impact, not only having made strict rules and restrictions on the areas of human health-related primary products, resource products and manufactured goods in the production, use, sale and processing, and it is gradually extending to the technology trade, tourism, trade in services and investment fields. Compared to the traditional tariff and non-tariff barriers, the protection green barriers have a broader impact slope. ([Hammami et al. 2017](#))

Conclusion

To sum up, WTO has a great influence on the rules of globalization trade and WTO has made a series of efforts to protect the real income and effective demand; the goal of sustainable development based on rational use of world resources, and expand production of goods and

services; to reach mutually beneficial agreements, a substantial reduction and elimination of tariffs and other trade barriers and the elimination of discriminatory treatment in international trade. Through those influences on international trade, it gradually expanded the scope of market access for all countries. The trade policies could contribute a lot to create more favorable conditions for regions to expand the international market, which greatly speed up the process of trade liberalization. But it is still needed improvement to refine the trade policy and reduce negative actions, such as the green trade barriers.

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