

As vacancies in WTO's dispute settlement body remain unfilled, a parallel to arbitration procedure is a must. Justify (2)

WTO has evolved from GATT as the most successful, focussed trade resolution body, widely accepted by all countries of the world. Currently, its Dispute settlement wing is in crisis situation due to blocking of members from being appointed by US's vested interests.

Features of Dispute Settlement Mechanism

- 1) Rules of conduct for conduct of trade
- 2) Enforcement / compliance body
- 3) Two tier appeal system
- 4) Multilateral enforcement for fairness.

Derailing of a dispute settlement mechanism has severe repercussions on global trade

1) Disrupt the structure of settlement body:-

In open market economy, trade is bound to disagreements. Without a mediating body, arbitrary measures would be adopted by countries.

2) Trade war and unsolved disputes:-

Developing countries have several unresolved disputes at bay. Delay in resolution aggravates the need for sanction imposition by rival parties. Trade war pushes the economic deceleration.

3) Affects Trade discipline:-

Multilateralism, without a regulator, can morph into unilateralism. Each country would be interested to act on its own economic politik strategy, due to absence of enforcement system.

4) Retrogression to 'GATT style' body:-

Upgrade to GATT was a 'enforceable dispute settlement body'. The void created in current crisis defeats the purpose of CAWTO.

Obligations would be broken, creating plurilateral groupism for collective security

5) Influential party domination - lose-lose situation ②

No option for negotiation. Thus results gets determined by the economic strength of two parties.

Imbalance created between developed, developing, least developed country further marginalises, socio economic condition

6) Impact on India

- India faces dispute from important trading partners.
- Hesitancy in solving dispute would make India vulnerable to arbitrary retaliatory measures, as each country would be inclined to take own measures.
- Pull India into trade war, eroding developing economy.

NO treaty leads to NO trade. Thus, to establish continuity of a process.

- (i) Alternative arbitration mechanism can be encouraged eg. EU-Canada's model
- (ii) Reform the dispute settlement board
- (iii) Free, fair, transparent election procedure for appointment of members
- (iv) Reduce the capping of number of judges for functional board.
- (v) Bilateral engagements
- (vi) 'Singapore Convention' adoption.

Consensus among member countries must be developed to amicably solve dispute, to prevent trade war getting blown into geopolitical dramatic