

## THE WORLD TRADE ORGANIZATION

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### **The World Trade Organization**

Since it was established in 1995, the World Trade Organization has engaged in various dispute settlement among nations. According to the organization, it has handled approximately 300 disputes since 1995. In fact, the organization has been proposed to be one of the most vigorous mechanisms of implementing the international rule of law. The primary objective of the WTO is to make sure that international trade runs in a smooth, predictable, and freeway. The WTO functions enable them to address disputes related to trade proceedings by giving countries a constructive as well as a regular outlet. Although it does not make countries equal, the organization tries to reduce the inequalities existing between nations. Like most international organizations, the WTO has both followers and critics. Supporters state that it has facilitated the prevention of trade wars between nations and seeks to protect the rights of minor countries.

Critics, on the other hand, claim that the organization only allows powerful states to argue their cases and can make judgments that invade national authority.

### **Strengths and Weaknesses of the WTO as Portrayed in the Dispute between the United States and European Communities**

For instance, the dispute between the United States and Greece was related to the enforcement of intellectual property rights in the film industry. While the discussion, the United States filed a complaint stating that television stations in Greece were airing motion pictures as well as television programs that were copyrighted without the knowledge or authorization of the creators (Petridis, 2014, 282). As a result, the United States wanted Greece to enforce intellectual property rights in the country to prevent the violation of the copyrights of film creators. The United States also blamed the Greece government for not implementing effective measures to prevent the infringement of copyrights in the country. The dispute was solved with an agreement between the two parties. The agreement required Greece to make the demanded changes in its film industry legislation to prevent the violation of copyrights (Petridis, 2014, 282). The case was filed on 30<sup>th</sup> April 1998 and the notice for a mutually agreed solution issued on 26<sup>th</sup> March 2001. The mutual agreement was based on the TRIPS protocol on intellectual property.

### **Ways, the Dispute Showed WTO, is a Well-Designed Institution**

Various aspects of the dispute between the United States and Greece revealed that the WTO is a well-designed institution. By a well-designed institution, it means that the WTO has a reliable mechanism for solving disputes between countries. Also, the organizations are equipped sufficiently to deal with issues in different trade sectors (Matsushita et al., 2016, 65). In such context, the WTO can address trade issues ranging from the manufacturing to film industry.

Further, the organization's dispute settlement system results in the best trade environment for involved nations. Some of the strengths of the WTO's dispute settlement show that the organization is a well-designed institution. The strengths include:

1. The dispute settlement system of the organization was based on law, not the power. In most cases involving dispute settlement across nations, international organizations can

be accused of using their authority to influence decisions. However, the WTO applies a set of

rules and regulations to make sure that all decisions were based on pre-established laws ((Petridis, 2014, 283). The organizations tend to promote a peaceful trading environment across the world and minimize trade wars between nations by utilizing regulations. Also, using laws to make decisions, reduces the possibility of biasness as all rulings are facilitated by the law. In the dispute, the organization made the decision that Greece needed to develop legislation that enhanced the protection of copyrights in the film industry (Petridis, 2014, 284). The decision cannot be said to have been biased to favor the United States. The TRIPS agreement led to the conclusion that Greece needed to enhance legislation to discourage the violation of copyrights across its television channels.

Additionally, the presence of laws to guide the settlement process of the dispute shows that the WTO had established unique laws to cater for different trade sectors. For instance, the discussion relating to the film industry was guided by rules that specifically addressed issues existing in the industry (Petridis, 2014, 285). As a result, the WTO portrays an aspect of being a well-designed institution. Similarly, the WTO had laws covering all the issues that could arise in the film industry. In article 41 of the Enforcement of Intellectual Property Rights, there is a clear description of laws that guide the decisions related to a wide range of issues in the film industry. For instance, the laws cover the establishment of common ground between the complainant and respondent while putting in consideration the fact that different states have distinct laws relating to intellectual property rights (Petridis, 2014, 286). In such context, the WTO provides for the unification of different nations by providing for a universal ground of dispute settlement.

1. A well-established guide of making decisions

WTO portrayed an aspect of having a well-organized system of decision making and performance of duties. In order to solve the intellectual property dispute between the two nations, the WTO did not have to engage in many consultations of the laws that would apply to the debate. As a result, the organization suggested that it had a well-established system of working that enhance its effectiveness in performing its duties (Petridis, 2014, 289). Also, the

organization's system seemed to have facilitated the creation of a well-established guide to be used in the decision-making process. As a result, the organization had laws that specified the procedure that each party had to take to facilitate a successful dispute resolution.

- Ability to make trade decisions that promote fairness in the international trading. In relation to the conflict, Greece and the United States did not appear to have a common

ground regarding the enforcement of intellectual property rights. For instance, the United States

has always had strict laws forbidding the use of another person's creation without their consent or permission. However, Greece did not appear to accord much attention to infringement of intellectual rights, primarily because television stations aired programs without consulting the creators. In most cases, it would be difficult to solve a conflict between the two countries in the film industry. However, the WTO utilized its objective of making trade fair across the globe to define the best solution to the dispute. Although Greece did not pay much attention to the protection of intellectual property rights, it is obvious that utilizing a person's idea for profit purposes, while denying them any share of the resulting financial benefits is unfair (World Trade

Organization, 2017, 20). In such context, solving the conflict would require the establishment of a decision that is fair to all involved parties. In such cases, the WTO made the most suitable decision to promote fair trade between the two nations.

1. Respect for governmental proceedings in the countries involved in a dispute

It is often good to avoid interfering with matters that concern government administrations in countries for an international body to succeed. In the case of the debate involving the United States and Greece, it was highly advisable for the WTO to define the decision and allow both governments to make any required changes. In most cases interfering with the internal structure of a country's administration could result in increased instability (World Trade Organization, 2017, 25). In other occasions, interference could occur in increased complexity in the issues creating the dispute. The WTO portrayed the element of a well-designed institution by making sure that it did not interfere with the national activities in any of the countries involved in the discussion.

The lack of interference by the WTO allowed Greece to make adjustments that would work best with its existing government structure in the film industry. Also, the lack of interference in any of the countries enables them to undergo a period of transition to familiarize with the new trade systems created by the agreements (World Trade Organization, 2017, 30). For instance, Greece had enough time to adjust its laws and reduce the rate at which the infringement of intellectual property was occurring. Also, the country decided to issue criminal convictions for people found guilty of engaging in television piracy. The laws developed by Greece made sure that trade in the film industry would continue between the two countries besides having a conflict. In such cases, the WTO achieved its goal of promoting smooth trade activities between nations. Being able to achieve its goals is another aspect showing that the organization was well-designed.

1. Ability to solve disputes successfully

When addressing disputes involving different countries across the globe, it may be difficult to engage in a successful settlement process. However, resolving trade conflicts between countries is one of the central objectives of the WTO (World Trade Organization, 2017, 21).

Having a system established enough to address issues related to the international setting portrays an aspect of a well-designed organization. For instance, in the case of the General Agreement on Tariffs and Trade (GATT), the organization did not engage in any dispute settlement activities. Instead of it, GATT only focused on the promotion of free trade across its member nations.

Therefore, the fact that the WTO considers the settlement of disputes between nations shows that the organization is actually well-designed to the point of engaging in successful dispute solving (World Trade Organization, 2017, 23). In other words, the WTO should be a well-designed

organization in order to acquire enough influence and power to address issues between nations. Also, the organization engages in the successful settlement of conflicts, which implies that it is usually well-designed to facilitate the success of its processes.

1. The WTO appears sure of its solutions to presented disputes

During the proceedings of the debate between the United States and Greece, there was no mention of a solution that had been performed before and failed to work for both countries. In such cases, the proceedings portray the WTO as an orderly and effective institution in solving disputes associated with the trade of its member countries (Matsushita et al., 2016, 56). For a conflict establishment system in an organization to manage the presentation of a practical solution such that it works for both parties, it should be well-designed to complete its tasks. In such context, it is possible that the system in the WTO is structured in a way that is effective enough to facilitate the development of effective solutions to disputes. In such cases, the organization would most likely have advisors that are familiar with the economies as well as governments of member countries to make sure that the recommended solution can work with the existing system of government in the country.

Also, the organization portrayed a sense of responsibility when it solved the dispute between the two countries. Although most international institutions may claim certain responsibilities, some do not achieve them due to factors such as poor planning and unreliable organizational designs (Matsushita et al., 2016, 68). However, the WTO showed a sense of responsibility when it involved in a successful dispute settlement between the two countries. Having a sense of obligation to its members suggests that the organization is well-designed to perform its functions such that its members can feel the benefits associated with their association. Also, the WTO portrays a sense of responsibility and preparedness to complete its duties following the way in which it engages the right laws to solve the dispute. Such an aspect shows the characteristic of a well-designed organization.

### **Ways in which the dispute showed that the WTO had Problems with its**

#### **Mechanisms**

Although the WTO managed to solve the controversy between the United States and Greece, there were various aspects in the proceedings that suggested that the organization had issues with its mechanisms. As a result, the elements indicated that the organization needed to review and solve the problems in its discussion settlement mechanism to increase its effectiveness in addressing disputes presented by members. Some of the ways the mechanism portrayed weaknesses include:

1. The discussion took a very long period of time to solve

One of the main aspects that characterized an insufficiency of the dispute-solving mechanism in the WTO was the fact that the dispute between the two countries took a very long time to solve. Although the United States filed a complaint in March 1998, the notice for an agreement was presented by the WTO in April 2001. The fact that the WTO took three years to solve the dispute between the United States and Greece showed that there was an aspect of negligence in its dispute settlement mechanism (VanGrasstek, 2013, 19). Based on the contents of the agreement notice, the dispute between the two countries did not consist of any complex processes such as a possible trade war or a violation of previous trade agreements.

In cases where one of the two countries involved in the dispute had violated a previous trade agreement, it would be expected that there would arise problems and complexities related

to conflict resolution. Also, there would most likely occur a process of addressing the issues contributing to both the old and the current dispute (VanGrasstek, 2013, 20). However, the two countries did not have an existing history of previous issues relating to trade disputes. Therefore, it means that the delayed dispute settlement was caused by the weak structure of the dispute settlement system in the WTO, which showed that its mechanisms needed to be reviewed for possible problems.

Additionally, the fact that the organization took three years to solve the dispute between the United States and Greece suggested that it was not effective enough in its role of promoting smooth international trade. First of all, three years is quite a long period of time that the owners of the copyrights had to wait before being recognized for their ideas or productions. In such a case, the organization failed in one of its primary objectives; to promote fair trade across the globe (VanGrasstek, 2013, 23). Such an occurrence suggested that the organization had a problem with its mechanism since it could not carry out its duties in time. Further, taking three years to solve the dispute can suggest that the organization has a lot of pending cases that it had to address before the intellectual property dispute. As a result, it would still mean that the organization is experiencing problems in its mechanism.

1. There was a possible event of discrimination in the final decision of the dispute

Although the decision made by the WTO appeared to have the ability to improve trade between the two countries in the film industry, it was not clear why the decision had to involve Greece making all adjustments in its legislation system (Matsushita et al., 2016, 71). In the complaint, Greece was reported to have violated the copyrights of the developers and producers of films based in the United States. As a result, the complaint triggered the decision that Greece had to legislate the use of films without the permission of the copyright holders. However, the settlement did not involve a statement of responsibilities that the United States government had to take to improve the state of trade between the two countries in the film industry. For instance, it would have been reasonable for the settlement to involve ways in which the United States would participate in minimizing the infringement of its citizens' copyrights (Matsushita et al., 2016, 72). Also, the solution did not seem to consider whether Greek film producers had a problem with the use of their products by television stations. Instead, the agreement required Greece to legislate the entire film industry and prevent incidences of copyright infringement.

Further, the decision did not appear to consider the economic needs of Greece. Being a developing country, Greece might have needed a little financial boost by using American produced films to generate more income in the economy. However, the WTO did not consider the fact that the infringement of American copyrights in Greece was not a significant problem since the American economy was experiencing steady economic growth (Matsushita et al., 2016, 73). Also, being a minor country, Greece could have been unable to defend its position in the case where the United States was given a priority in considering the situation. In such cases, it would have been unfair to stop Greece television stations from using American films, yet the practice did not have any negative impact on the United States economy.

### Conclusion

The WTO has played a significant role in improving the state of international trade since its creation in 1995. The organization focuses on developing fair terms of trade for all countries. Further, it seeks to enhance the ability of smaller as well as economically weaker countries to trade with other countries across the globe. Based on its settlement of the intellectual property dispute between the United States and Greece, the WTO showed that it was a well-designed institution by achieving its goal of promoting fairness in the international trade. However, some aspects suggested the organization, had problems with its mechanisms that are needed to address. Factors such as late time of dispute settlement and failure to give a weaker country the priority in the dispute suggested that the organization had problems in its mechanism.

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