

# Urgency Of World Trade Organizations (WTO) In Trade Relationship Between States

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**Abstract**—The World Trade Organization (WTO) is an international body that regulates trade problems between countries and encourages an orderly and fair trade. In carrying out its duties, the WTO applies several principles which are the pillars of the WTO. One of the main objectives of the WTO is to try to reduce or eliminate trade barriers. Basically developed countries are those who benefit most from trade liberalization because developed countries have advantages in various things that are not owned by developing countries while developing countries are weak parties in the liberalization of this trade. For countries that are ready, free trade can be an advantage because their products can get new markets without boundaries, but not with countries that are not ready. The enactment of free trade may be a burden on the domestic industrial sector. The existence of the WTO is expected to provide guarantees for the State to prosper its domestic industry, but the fact is that increasing free trade does not increase welfare and development for developing countries and poor countries. In this paper, we discuss how the WTO policy and the implementation of WTO policies for developing countries. The type of research used in this study is normative legal research that examines the juridical aspects with the regulatory approach (Statue Aproach), which is to examine the problems based on WTO provisions relating to trade policies for developing countries. The results of this study stated that the WTO has provided special provisions and privileges to developing countries called Special and Differential Treatment. Thus developing countries have different treatment with developed countries in the field of trade. The implementation of a special policy made by the WTO for developing countries is one of them is Indonesia, which has ratified a special policy made by the WTO into Republic of Indonesia Law Number 17 of 2006 concerning Customs.

**Keywords**—Urgency, WTO, trade, between countries;

## I. INTRODUCTION

The World Trade Organization (WTO) is an international organization formed by countries that aims to regulate trade relations between countries. The WTO contains the basic rules of international trade created by member countries. These basic rules are binding for States that have signed to comply, but even though they have been signed by the state, the main purpose of the WTO is to assist States in the trade sector which includes producers of goods and services, exporters and importers. Thus the WTO is a

trade rule that crosses State borders in the field of export and import between countries or corporate backgrounds.

One of the ways the WTO works is to encourage free trade between countries. In its implementation the WTO applies several principles which are the basis of WTO implementation, so that member countries will comply with WTO rules.[1]

Through the WTO Countries begin to carry out trade relations between members without barriers and begin to abandon trade relations domestically and begin to embrace the broadest market economic system, so that the State as a business actor can take free decisions in the field of trade.[2]

With the economy globalization, more and more trade activities happened among different countries, so with this a great deal of disputes arises. The WTO dispute settlement system plays an essential role in settling the disputes. It is vital to show the significance and the shortage of the remedies under the DSU of WTO, to illustrate the effect of them on different categories of WTO Member States, the developing countries in particular.[3]

Basically developed countries are those who benefit most from trade liberalization because developed countries have advantages in various things that are not owned by developing countries such as economic stability, high technology, productive industries, etc. Developing countries are weak parties in the liberalization of this trade. Developed countries have expertise in applying methods so that developing countries are bound by a free trade system. The methods that are often used are, among others, requests for reduction in import tariffs on import duty on products and services from developed countries in developing countries. Industrial countries without obstacles mean that it will be easier to sell goods and services to developing countries. Therefore, at the same time, globalization will create a grouping of people and countries into new classes based on economic capabilities.

For countries that are ready to face it, free trade can be an advantage because the products can get new markets without boundaries, but not with countries that are not ready. The enactment of free trade may be a burden on the domestic industrial sector. Regarding free trade, a country that is ready to face it will benefit because its products can enter new markets without limits, but for countries that are not ready for free trade, it will be a burden for their business

activities. This is where the WTO plays a role in providing guarantees to the State to include its products in other countries. But the fact is that increased world trade does not guarantee that a country will also increase its welfare, especially in developing countries, its welfare will decrease and experience obstacles in its development, its products will also find it difficult to enter the market in developed countries.

Based on the description above, then a legal problem can be formulated namely; What is the WTO policy for developing countries? What is the implementation of the WTO policy for developing countries.

## II. RESEARCH METHOD

This research is a descriptive analytical study, namely research which describes the situation or fact. From the data obtained it is analyzed by starting from the laws and regulations, existing theories, which aim to find and get answers to the main problem. The approach method used is a normative juridical method, namely research that emphasizes secondary data, namely by studying and reviewing the principles of law and positive legal principles derived from library materials contained in laws and regulations as well as legal provisions International about WTO.

## III. RESULTS AND DISCUSSION

### A. WTO Policy On Developing Countries

The WTO has provided guarantees for the benefit of developing countries through a provision called Special and Differential Treatment (SDT). In this Special and Differential Treatment, the WTO provides special rights and privileges to developing countries. The provisions of Special and Differential Treatment are intended to facilitate developing countries into the world trade system, and to help developing countries overcome difficulties in implementation WTO provisions. Whereas related to dispute resolution, the WTO dispute resolution system has worked very well, no exception to dispute resolution for developing countries.[4]

Thus the development interests of developing countries can be accommodated and the provisions in the WTO can be fully implemented. The establishment of SDT provisions in the WTO agreement is not a goal but a means to an end, namely economic growth and development for all its members

In addition, the Special and Differential Treatment provisions show recognition that differences in the level of development achieved by WTO member countries require the existence of policy tools in achieving different economic growth and development.

There are 145 Special and Differential Treatment provisions in various WTO agreements, 107 of which were adopted in the Uruguay Round, and 22 specifically for

underdeveloped countries The WTO Secretariat classifies Special and Differential Treatment provisions into six categories:

- Provisions aimed at developing country trade opportunities.
- Provisions that require WTO member countries to protect the interests of developing countries.
- Provisions that provide flexibility in commitment, action, and use of policy instruments.
- Provisions that provide a transition period.
- Provisions regarding technical assistance.
- Special provisions for underdeveloped countries.

The provisions of the Special and Differential Treatment are large and comprehensive, it is reasonable if developing countries have high hopes that the provisions of Special and Differential Treatment will help them as intended.

Regarding the existence of the SDT, so that the provisions of Special and Differential Treatment can be implemented, Peter Kleen and Sheila Page put forward some of the main principles of SDT.[5]

1. SDT must increase the benefits for developing countries from trade and ease the burden given to them;
2. SDT cannot be used to solve all developing country problems;
3. An organization that will be created related to SDT, must be formed with flexibility;
4. SDT must be consistent with the country's involvement in its interests;
5. SDT must promote the integration of countries into a world trade system and support the underlying objectives of the WTO;
6. SDT must avoid excessive costs for other countries and for the international system;
7. SDT must be binding.

As happen in China, after the accession to WTO, the total import and export volume of China's service trade per year is increasing. But on the whole, the international competitiveness of China's service trade is relatively weak.[6]

### B. Implementation Of WTO Policy For Developing Countries

The WTO that takes over the role of GATT aims to maintain an open and free international trade system. This organization is the most important organization when compared to other international organizations. The reason is that the WTO has a very clear mission and the rules and regulations issued apply equally to each member country, without differentiating between developing and developed countries. In addition, the WTO is responsible for the implementation of multilateral provisions on international trade which consist of three main legal instruments and dispute resolution mechanisms, namely:

- Agreement on trade in goods.
- Agreement in Services

- Agreements on Trade-Related Aspects of Intellectual Property Rights
- Agreements of Intellectual Property Rights
- Dispute Settlement Understanding (DSU).

These agreements are an annex of the WTO establishment agreement which has been ratified through the Republic of Indonesia Law No. 7 of 1994 and has been renewed with the Law of the Republic of Indonesia Number 17 of 2006 concerning customs.

The concept of giving special treatment to developing countries had begun since the founding of the GATT in 1947 and reached its peak in mid-1950 when many colonies gained independence. There are two types of special treatment, namely: First, access to the markets of rich countries through special tariff treatment. Second, exceptions to the GATT provisions.

To explain the specific policies made by the WTO for developing countries, one of them is Indonesia, where Indonesia has ratified a special policy made by the WTO in the Law of the Republic of Indonesia Number 17 of 2006 concerning Customs and Excise.[7]

Special policies made by the WTO has become Indonesia's national law and was made to help developing countries in carrying out international trade activities in the multilateral system. These specific policies are explained as follows:

#### 1. Antidumping Import Duty

Antidumping import duties are subject to the import of goods in terms of:

- a. The export price of the item is lower than its normal value and,
- b. Import these items:

#### 2. Rewards Import Duty

Rewards Import Duty is imposed on imported goods in terms of:

- a. The discovery of subsidies given in the exporting country to the goods, and
- b. Import these items:
  - Causing losses to domestic industries that produce goods similar to those goods.
  - Threatening losses to the domestic industry that produces the goods.
  - Blocking the development of domestic similar industries.

#### 3. Safeguard Measures Import Duty

Safeguard import duties can be imposed on imported goods in the event that there is a surge in imported goods both in absolute terms and relative to similar domestic-produced goods or directly competing goods, and the surge in imported goods:

- a. Cause serious losses to domestic industries that produce goods similar to those goods and / or goods that directly compete, or

- b. Threaten serious losses to domestic industries that produce similar goods and / or directly compete.

#### 4. Revenge Import Duty

- a. Retribution import duties are imposed on imported goods originating from countries that treat Indonesian exported goods in a discriminatory manner.
- b. Embalming import duty as referred to is an additional import duty collected based on a tariff of no more than 40% of the customs value for the calculation of import duty.

#### 5. Arrangement and Determination of Import Duty

- a. Provisions regarding the requirements and procedures for the imposition of anti-dumping import duties, return on import duties, import duty on security measures, and import duty on retribution are further regulated by government regulations.
- b. The amount of antidumping import duty, import duty, security duty and retaliation import duty as referred to are tariffs as high as 40% of the customs value for the calculation of import duty set by the Minister of Finance.

The above policy is a policy made by the WTO specifically for developing countries and the implementation of the policy has been ratified into the Law by Indonesia so that it can help developing countries in facing international trade competition in multilateral systems that compete with developed countries, and these policies have been used in Indonesia's import-export system.

### IV. CONCLUSIONS AND SUGGESTIONS

1. The policy undertaken by the WTO towards developing countries, namely the WTO, has accommodated the interests of developing countries through various provisions called Special and Differential Treatment. This Special and Differential Treatment refers to the special rights and privileges granted by the WTO to developing countries. The establishment of SDT provisions in the WTO agreement is based on the principle that trade liberalization is not a goal but a means to an end, namely the growth and economic development of all member countries.
2. One of the special policies implemented by the WTO for developing countries is Indonesia, which has ratified the special policy made by the WTO in the Law of the Republic of Indonesia Number 17 of 2006 concerning Customs. The WTO policy which has become a national law can help developing countries in facing international trade competition in a multilateral system that competes with developed countries

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