

Marrakesh Agreement, Background, Need, Objectives, Significance

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The Marrakesh Agreement is an important international agreement that was signed in 1994 to make global trade fairer and easier. It marked the creation of the World Trade Organization (WTO), which helps countries work together, reduce trade barriers, and settle disputes. The agreement aims to promote cooperation between nations, encourage economic growth, and create rules that make trading goods and services smoother for everyone.

Marrakesh Agreement Background

- The background of the Marrakesh Agreement goes back to the **General Agreement on Tariffs and Trade**, which was signed in 1947 and came into force in 1948. It was created to reduce tariffs and remove import quotas, helping countries trade more freely. For many years, it guided international trade, but it had some limitations, such as limited membership and weak institutional structure.
- To improve the system, countries held several rounds of negotiations, the most important being the **Uruguay Round (1986-1994)**. These discussions aimed to make global trade rules more effective and inclusive.

- As a result, the **Marrakesh Agreement was signed on April 15, 1994**, leading to the creation of the **World Trade Organization on January 1, 1995**. It also introduced an updated version of GATT, called **GATT 1994**, making the global trade system more structured and organized.

Marrakesh Agreement Need

- The Marrakesh Agreement was needed because the earlier system of global trade, based on the General Agreement on Tariffs and Trade, was no longer enough to handle the growing and changing nature of international trade. Over time, trade became more complex, involving not just goods but also services and intellectual property, which were not properly covered under the old system.
- There was also a need for a stronger and more organized system. GATT did not have a proper institution to manage trade rules or enforce them effectively. This often led to confusion and unfair practices between countries.
- Another important need was to create a fair platform where countries could resolve their trade disputes peacefully. Without a proper system, disagreements could turn into trade conflicts, affecting global economic stability.

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Marrakesh Agreement Key Objectives

- **Trade Liberalization:** One of the main objectives of the Marrakesh Agreement is to promote free trade by reducing barriers like tariffs, quotas, and other restrictions. It also aims to remove discrimination in trade so that all countries are treated fairly.
- **Dispute Settlement:** Another important objective is to provide a clear and binding system for solving trade disputes. Through the **WTO**, countries can settle disagreements peacefully using agreed rules, which helps avoid trade conflicts and maintains stability in global trade.
- **Sustainable Development:** The agreement also focuses on linking trade with sustainable development. It encourages countries to use natural resources wisely and balance economic growth with environmental protection, so that development can continue in the long term.
- **Supporting Developing Countries:** A key objective is to support developing and least-developed countries by giving them fair opportunities in global trade. It aims to ensure that these countries benefit from trade growth according to their economic needs and are not left behind.
- **Expanding Global Trade:** Overall, the agreement works to increase global trade and economic growth. By making trade easier and more predictable, it helps raise income levels, create jobs, and improve living standards across countries.

Marrakesh Agreement Key Aspects

- **Establishment of the WTO:** One of the most important aspects of the Marrakesh Agreement was the creation of the World Trade Organization. It replaced the earlier temporary system under GATT and became the main organization responsible for managing global trade rules and cooperation among countries.

- **Signatories and Scope:** The agreement was signed by 123 countries, showing a collective effort to promote free and fair trade. Its main aim was to reduce tariffs, remove trade barriers, and encourage smoother flow of goods and services across borders. Over time, more countries have joined, making it a global system.
- **Legal Structure:** The Marrakesh Agreement has a well-defined legal framework. It includes a main agreement and several annexes that cover different areas of trade:
 - Annex 1A deals with trade in goods, including GATT 1994.
 - Annex 1B covers trade in services under GATS.
 - Annex 1C focuses on intellectual property through the TRIPS agreement.
 - Annex 2 includes the Dispute Settlement Understanding (DSU), which provides rules for resolving trade disputes.
- **Functions of the WTO:** The WTO works to make international trade smooth and fair. It helps countries negotiate trade agreements, monitors their trade policies, and provides a system to settle disputes peacefully. This ensures stability and transparency in global trade.
- **Organizational Structure:** The agreement also sets up the structure of the WTO. The top body is the Ministerial Conference, which meets at least once every two years to take major decisions. Below it are councils and committees that handle specific areas like goods, services, and intellectual property.

Marrakesh Agreement Significance

- **Birth of the WTO:** The Marrakesh Agreement led to the creation of the World Trade Organization, turning the earlier loose trade system into a proper and permanent international organization with clear rules and structure.
- **Comprehensive Scope:** It brought different areas of trade under one system. This included trade in goods through GATT, trade in services under GATS, and intellectual property rights through TRIPS, making the framework more complete and modern.
- **Dispute Settlement Mechanism:** The agreement introduced a strong and legally binding system to resolve trade disputes. This helps countries settle disagreements fairly and prevents conflicts from escalating.
- **Lowered Trade Barriers:** It focused on reducing tariffs and other trade restrictions, making it easier for countries to trade with each other and boosting global commerce.
- **Focus on Sustainable Development:** The agreement also aimed to improve living standards and promote economic growth while encouraging the proper use of global resources. It supports expanding trade in services and ensuring long-term development benefits for countries.

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