

Assignment: LAL202 International Trade

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1 Functions of the World Trade Organization (WTO)

The World Trade Organization (WTO) serves as the principal international body governing global trade. Its primary functions include:

1. **Administering WTO Trade Agreements:** Ensures the implementation and monitoring of agreed-upon trade rules among member countries.
2. **Forum for Trade Negotiations:** Provides a platform for member nations to negotiate trade agreements and resolve trade-related issues.
3. **Handling Trade Disputes:** Offers a structured process for resolving trade disputes between countries.
4. **Monitoring National Trade Policies:** Conducts regular reviews of individual countries' trade policies to ensure transparency and adherence to WTO rules.
5. **Technical Assistance and Training:** Provides support to developing countries to help them build their trade capacity.
6. **Cooperation with Other International Organizations:** Collaborates with institutions like the IMF and World Bank to ensure coherence in global economic policy-making.
7. **Ensuring Non-Discrimination:** Upholds the principles of Most-Favored-Nation (MFN) and National Treatment to promote fair competition.
8. **Promoting Economic Stability:** Aims to reduce trade barriers and foster economic growth and stability worldwide.

2 Eight Important Free Trade Agreements (FTAs) of India

India has entered into several FTAs to enhance its trade relations. Below are eight significant agreements:

Agreement	Members/Countries	Purpose
India–ASEAN FTA	India and 10 ASEAN countries	To promote trade and economic integration between India and Southeast Asian nations.
India–Japan CEPA	India and Japan	To eliminate tariffs and promote investment and services trade.
India–South Korea CEPA	India and South Korea	To enhance bilateral trade and investment flows.
India–Sri Lanka FTA	India and Sri Lanka	To promote free trade in goods and services.
India–Bhutan Trade Agreement	India and Bhutan	To facilitate duty-free trade and economic cooperation.
India–Nepal Trade Treaty	India and Nepal	To promote trade and economic integration.
India–UAE CEPA	India and United Arab Emirates	To boost trade in goods, services, and investments.
India–Australia ECTA	India and Australia	To enhance bilateral trade and economic cooperation.

3 India's Major Export and Import Partners

3.1 Top 5 Export Partners (2023)

1. **United States** - \$80.23 billion
2. **United Arab Emirates** - \$31.32 billion
3. **Netherlands** - \$18.50 billion
4. **China** - \$15.08 billion
5. **Bangladesh** - \$13.83 billion

3.2 Top 5 Import Partners (2023)

1. **China** - \$102.25 billion
2. **United Arab Emirates** - \$53.85 billion
3. **United States** - \$51.77 billion
4. **Saudi Arabia** - \$46.18 billion
5. **Russia** - \$40.62 billion

4 Current Developments in the U.S.–China Trade War (As of April 2025)

The U.S.–China trade tensions have seen several developments:

- **China's Tariff Adjustments:** China has exempted certain U.S. semiconductors from its 125% retaliatory tariffs and is considering further exemptions on medical equipment and industrial chemicals.
- **China's Economic Measures:** President Xi Jinping announced plans to boost domestic demand and support enterprises to counteract the trade war's impact.
- **U.S. Policy Uncertainty:** President Trump's inconsistent statements on tariffs have created global economic uncertainty.
- **Market Reactions:** These developments have led to cautious optimism in Asian markets, with some recovery in stock indices and currencies.