

Differences between GATT and WTO

General Agreement on Tariffs and Trade (GATT) was made in the year 1947 that aimed at initiating an international trade, by liberalizing policies and removing tariffs. GATT is a multilateral agreement, between several nations of the world that regulates international trade. Its primary objective is to reduce tariffs to a substantial amount along with abolishing other trade barriers. But, in the year 1995, **World Trade Organization (WTO)** replaced GATT. WTO, which is a global organization encourages and facilitates inter-country trade and also helps in resolving trade disputes. The WTO is designed to provide a common institutional framework for the conduct of trade relations amongst its members. The WTO's creation, as a result of Uruguay Round, marked the biggest reform of international trade since after World War II.

The Differences between GATT and WTO

The points given below explain the difference between GATT and WTO in detail:

1. GATT was ad-hoc and provisional. The WTO and its agreement are permanent with WTO having a sound legal basis because members have ratified the WTO agreements.
2. GATT refers to an international multilateral treaty to promote international trade and remove cross-country trade barriers. On the contrary, WTO is a global body, which superseded GATT and deals with the rules of international trade between member nations.
3. While GATT is a simple agreement, there is no institutional existence, but have a small secretariat. Conversely, WTO is a permanent institution along with a secretariat.

4. The participating nations are called as contracting parties in GATT, whereas for WTO, they are called as member nations.
5. The grandfather clause in the Protocol of Provisional Application in GATT 1947 has not been carried forward to WTO. WTO contains an improved version of original GATT rules-**GATT Rules 1994**.
6. GATT commitments are provisional in nature, which after 47 years the government can make a choice to treat it as a permanent commitment or not. On the other hand, WTO commitments are permanent, since the very beginning.
7. The scope of WTO is wider than that of GATT in the sense that the rules of GATT are applied only when the trade is made in goods. As opposed to, WTO whose rules are applicable to services and aspects of intellectual property along with the goods.
8. GATT agreement is primarily multilateral, but the plurilateral agreement is added to it later. In contrast, WTO agreements are purely multilateral.
9. The domestic legislation is allowed to continue in GATT, while the same is not possible in the case of WTO.
10. The dispute settlement system of GATT was slower, less automatic and susceptible to blockages. Unlike WTO, whose dispute settlement system is very effective.