

# International trade organisations



The idea of creating international organisations to regulate trade policies, encourage international economic cooperation and settle trade disputes was born after World War II among the members of the United Nations. This idea also came from the general fear of repeating the economic policies that were partly responsible for the Great Depression that began in 1929. Therefore, several trade organisations were founded:

- The **World Bank** in 1944
- The **International Monetary Fund (IMF)** in 1944
- The **International Trade Organization (ITO)** in 1947, replaced by the **General Agreement on Tariffs and Trade (GATT)** from 1948-94 and succeeded by the **World Trade Organization (WTO)** in 1995
- The **Organisation for Economic Co-operation and Development (OECD)** in 1961.



Since many of these organisations were, and still are, often accused of favouring richer countries, it was also necessary to handle the problems of developing countries and integrate them into the world economy on an equitable basis. Thus, the **United Nations Conference on Trade and Development (UNCTAD)** was created in 1964, in order to maximise trade, investments and development opportunities in developing countries.

The IMF and the World Bank were both created at an international conference in Bretton Woods, New Hampshire, United States, in July 1944 and have their headquarters in Washington DC.

- The IMF promotes international monetary cooperation and provides policy advice and technical assistance to help countries build and maintain strong economies. It also makes short and medium term loans and helps countries to solve problems with balance of payments. IMF staff are primarily economists.
- The World Bank promotes long-term economic development and poverty reduction by providing technical and financial support to help countries reform particular sectors or implement specific projects, such as building schools and health centres, providing water and electricity, fighting disease, and protecting the environment. World Bank assistance is generally long term and its staff are often specialists in particular sectors.

The WTO is an international organisation of 162 members (of which 117 are developing countries or separate customs territories), with headquarters in Geneva, which deals with the global rules of trade between nations. With Russia's accession in August 2012, the WTO involves all major trading economies and its main function is to ensure that trade flows as smoothly, predictably and freely as possible. It also provides legal assistance to monitor agreements and settle disputes arising from mistaken interpretation and application.

The work of the IMF, the World Bank and the WTO is complementary, since a solid international financial system is needed to support international trade, while smoothly flowing trade helps reduce the risk of payments imbalance and financial crisis. These institutions work together to ensure a strong system of international trade and payments, which enables economic growth, raises living standards and reduces poverty.

The Organisation for Economic Co-operation and Development (OECD) is an economic organisation of 35 countries, with headquarters in Paris. Its members share experiences and seek solutions to common economic, social and environmental problems. They measure productivity and trade and investments, besides looking at issues that affect everyone's daily life, such as taxation and social security and different countries' school and pension systems.

**1 Answer these questions.**

1. Why were international organisations created?
2. What are international organisations often criticised for?
3. Why was UNCTAD founded?
4. What organisations deal with international financial support?
5. What is the WTO and its main function?
6. Why do the IMF, the World Bank and the WTO work together?
7. What is the aim of OECD?

**2 Fill in the gaps transforming the word in bracket into a suitable form (noun, adjective or verb).**

← → ↻

### The Bretton Woods Institutions

Both created at an **1.** ..... (nation) conference convened in Bretton Woods, New Hampshire, United States in July 1944, the International Monetary Fund (IMF) and the World Bank are institutions in the United Nations system. They share the same goal of raising **2.** ..... (life) standards in their member countries. They approach this goal **3.** ..... (cooperation): the IMF focuses on macroeconomic issues while the World Bank **4.** ..... (concentration) on long-term economic development and poverty **5.** ..... (reduce). The IMF and World Bank collaborate **6.** ..... (regular) to assist member countries and work together on several initiatives. Such collaboration mainly takes place during the annual **7.** ..... (meet) of the Board of governors of the IMF and of the World Bank, when they **8.** ..... (discussion) matters and put forward their countries' views on current issues in international economics and **9.** ..... (financial). The **10.** ..... (manager) director of the IMF and the president of the World meet **11.** ..... (regular) too, in order to consult on major issues. They occasionally also write joint articles and visit several regions and countries together. Such joint missions are necessary because the IMF **12.** ..... (assessment) a country's general economic situation and provides inputs to the World Bank, which can plan projects or reforms. Similarly, the World Bank can give **13.** ..... (advise) on possible future reforms to be considered by the IMF in its policy advice. The staff of the two institutions also cooperate on their respective **14.** ..... (loan) programmes. One of the main collaborative efforts between the IMF and the World Bank is reducing the external debt burdens of the most heavily **15.** ..... (debt) poor countries.

**3 Listen to the reasons why the WTO is often opposed. Complete the summarising table.**

Has the WTO abused its power?	
<b>WTO mission:</b>	encourages <b>1.</b> ..... among member states
<b>Benefits:</b>	only to <b>2.</b> ..... countries because developing countries still need <b>3.</b> ..... protection to start new <b>4.</b> ..... .
<b>Criticism:</b>	the WTO is <b>5.</b> ..... because it ignores the <b>6.</b> ..... of developing countries
<b>WTO aim:</b>	to increase the <b>7.</b> ..... despite its <b>8.</b> ..... consequences
<b>Consequences:</b>	global <b>9.</b> ..... and environmental <b>10.</b> .....
<b>Free trade:</b>	promotes a <b>11.</b> ..... market and destroys cultural <b>12.</b> .....
<b>Multinationals:</b>	<b>13.</b> ..... the market and prevent the development of <b>14.</b> ..... industries
<b>Criticism:</b>	the WTO is <b>15.</b> ..... because only <b>16.</b> ..... countries benefit from its policy

**4. Work in groups. Look for information online on the economic crisis of 1929 and prepare a presentation to show the class.**