

INTERNATIONAL ORGANISATIONS

International Monetary fund (IMF)

- ◆ IMF is an international monetary organization.
- ◆ It was established on the recommendations of "Bretton woods conference."

Objectives of IMF :-

- (i) To promote international monetary co-operation.
- (ii) To ensure balanced international trade.
- (iii) To ensure exchange rate stability.
- (iv) To grant economic assistance to member countries for eliminating the adverse imbalance in balance of payments.

IMF		
Estd.	—	Dec. 27, 1943
H.Q.	—	Washington D.C. (U.S.A.)
Membership	—	188
Director	—	Christine Lagard

IMF is controlled and managed by a board of governors. Each member governors make the board of governors. Each country also nominates an alternative governor who casts his vote in the absence of the governor. Each governor is allotted a number of votes which is determined by the quota allotted to the respective country in the capital of IMF.

Rank	Country	Quota%
1.	USA	17.69
2.	Japan	6.56
3.	Germany	6.12
4.	U.K.	4.51
5.	France	4.51
6.	China	4.00
7.	Italy	3.31
8.	India	2.44
9.	Saudi-Arabia	2.93
10.	Canada	2.67
11.	Russia	2.50

- ◆ India is set to become 8th largest share holder in IMF from its present 11th position.

International bank for reconstruction & development (IBRD)

- ◆ IBRD and its associate institutes as a group are known as the "world bank."
- ◆ Established on the recommendation of "Bretton wood conference". That is why IMF & IBRD are called "Bretton wood twins."

World Bank Group

IBRD	—	1945 Dec. (188 members)
IFC	—	1956 July (184 members)
IDA	—	1960 Sep. 24 (188 members)
MIGA	—	188 Apr, 12 (155 developing 25 developed)
H.Q.	—	Washington D.C.
President	—	Jim yong kim (12th) (on July 1, 2012)

Objectives of world bank :-

1. To provide long-run capital to member countries for economic reconstruction & development. World bank provides capital mainly for following purpose.
 - (a) To rehabilitate was ruined economies.
 - (b) To finance productive efforts according to peace time requirements.
 - (c) To develop resources & production facilities in underdeveloped countries.
2. To induce long-run capital investment for assuring BOP equilibrium & balanced development of international trade. (This objective was adopted to increase the productivity of member countries & to improve economic conditions & standard of living among them).
3. To promote capital investment in member countries.
4. To provide guarantee for loans granted to small and large units & others projects of member countries.
5. To ensure the implementation of development projects so as to bring about a smooth transference from a war time to peace economy.

Membership of the world bank & the voting right -

Generally every member country of the IMF automatically becomes the members of the world bank. Similarly, any country which quits IMF is automatically expelled from the world bank's membership. But under a certain provision a country leaving the membership of IMF can continue its membership with world bank if 75% members of the bank give their vote in its favour.

International development Association (IDA)

- ◆ IDA is an Associate institution of world-bank known as soft loan window of world-bank.
- ◆ IDA was established on sept 24, 1960. It kept its membership open to all members of world bank.

- ◆ At present 188 countries are its members.
- ◆ IDA provides loan to its member countries and no interest is charged on these long-term loans. These soft loans are provided to the poor countries of the world.

International finance corporation (IFC)

- ◆ Established in July 1956.
- ◆ This corporation provides loan to private.
- ◆ Industries of developing nations without any government guarantee and also promotes & additional capital investment in these countries.

Objectives :-

- To provide loans to private sector.
- To co-ordinate capital & management.
- To induce capitalist countries to invest in developing countries.

Multilateral investment guarantee Agency (MIGA)

- ◆ Established in April 1988.
- ◆ Its mission is to promote foreign direct investment (FDI) into developing countries to help support economic growth, reduce poverty & improve peoples lives.
- ◆ MIGA's operational strategy plays to its foremost strength in the market place-attracting investors & private insurers into difficult operating environments.
- ◆ MIGA's membership is 155 developing countries & 25 developed countries.

General Agreement on Tariffs and trade (GATT)

- ◆ During great depression of 1930s the international trade was badly affected & various countries imposed import restrictions for safe guarding their economies.
- ◆ This resulted in a sharp decline in the world trade.
- ◆ In 1945, USA put forward many proposals for extending international trade & employment.
- ◆ On October 30, 1947, 23 countries at Geneva, signed an agreement related to tariffs imposed on trade.
- ◆ This agreement is known as general Agreement on tariffs & trade (GATT).
- ◆ It came into force on Jan. 1, 1948.
- ◆ Initially GATT was established in the form of a temporary arrangement but later on its look the shape of a permanent agreement.
- ◆ GATT's headquarter was in geneva.

- ◆ On december, 12, 1995, GATT was abolished & replaced by world trade organisation (WTO) which came into existence on Jan 1, 1995.

GATT Rounds :-

- ◆ Between 1947 & last year of GATT there were 8 rounds of negotiations.
- ◆ The first six rounds were related to curtailing tariff rates. The seventh round was related to the non-tariff obstacles.
- ◆ The eight round was entirely different from all the previous round because it included a number of new subjects for consideration.
- ◆ The eight round is known as the **uruguay round** which was the most controversial one.
- ◆ The discussions in this round gave birth to world trade organisation (WTO).

Uruguay Round Agreement :-

- ◆ The uruguay round began in december 1986 at "punta-del- Este" (Uruguay) & was supposed to have concluded at brussels in 1990. The talks failed & were resumed in geneva in Jan. 1991 & finially ended on december 15, 1993. The round originally involved 105 participants but 117 countries were in the end.
- ◆ The urugvay round was special because it resulted in pacts in two sectors that were completely new to GATT.
 - Services
 - Intellectual property right.
- ◆ There were differences among participating countries on certain critical area; no agreement could be reached.
- ◆ To break this deadlock Mr. Arthur Dunkel director general of GATT, compiled a very detailed document known as Dunkel proposals.
- ◆ India signed this proposal in Marrakesh Morocco in Apr. 1994.

Uruguay round contained the mandate to have negotiations ins the following areas.

Part I of the declaration include the 17 areas, as given below :

1. Tariffs
2. Non-tariff measures
3. Agriculture
4. Textiles and clothing trade.
5. GATT-articles
6. Subsidies
7. National resources based products
8. Tropical products
9. Safeguards

10. Trade related aspects of intellectual property rights (TRIPS)
11. Trade related investment measures (TRIMS).
12. Dispute settlement.
13. Functioning of GATT system.
14. Multilateral trade agreement & arrangements.

Part-II of the declaration included trade in services & re-classified the part-I of the declaration as follows.

1. Market Access
2. TRIPs
3. TRIMs
4. Agriculture
5. Textiles
6. Trade in services
7. Institutional matters.

World trade organisation (WTO)

- ◆ The Uruguay round of GATT gave birth to WTO. The members of the GATT signed on an agreement of Uruguay round in Apr. 1994 in Morocco for establishing a new organisation named WTO.
- ◆ It was officially constituted on January 1, 1995 which took the place of GATT as an effective formal organisation.
- ◆ The headquarter of WTO is in Geneva.
- ◆ Contrary to the temporary nature of GATT, WTO is a permanent organisation which has been established on the basis of an international treaty approved by participating countries.
- ◆ WTO is not an agency of the UNO
- ◆ WTO has a general council for its administration, which includes one permanent representative of each member nation. Generally it has one meeting per month which is held at Geneva.
- ◆ The present strength of WTO membership is 159.

Objectives of WTO :

1. To improve standard of living of people in the member countries.
2. To ensure full employment & broad increase in effective demand.
3. To enlarge production & trade of goods.
The above 3 objectives were also included in GATT, but WTO also included some other objectives which are -
4. To enlarge production and trade of services.
5. To ensure optimum utilisation of world resources.
6. To accept the concept of sustainable development.
7. To protect environment.

Functions of WTO : -

1. To provide facilities for implementation, administration & operation of multilateral & bilateral agreement of the world trade.
2. To provide a platform to member countries to decide future strategies related to trade & tariff.
3. To administer the rules & processes related to dispute settlement.
4. To implement rules and provisions related to trade policy review mechanism.
5. To assist IMF and IBRD for establishing coherence in universal economic policy determination.
6. To ensure the optimum use of world resources.

United Nations conference on trade and Development (UNCTAD)

- ◆ UNO declared 1960-70 as development decade. In 1961, UNO attempted to increase the income of developing countries with a growth rate of 5% p.a. during that development decade.
- ◆ In July 1962, a conference of developing countries was held at Cairo which resolved to convene a world conference for this purpose.
- ◆ Economic & social council of the UNO organized a world trade & development conference from March 31, 1964 to June 16, 1964.

Objectives of UNCTAD : -

1. To promote international trade especially with a view to accelerating the economic development of underdeveloped countries.
2. To determine policies and principles for international trade and economic development.
3. To propose the strategy for implementing pre-approved principles and policies.
4. To assist economic & social council of the UNO.
5. To provide a suitable platform for trade dialogues.

Asian development Bank (ADB) : -

- ◆ ADB was established on the recommendations of ECAFE (Economic commission for Asia & for East).
- ◆ The aim of this bank is to accelerate economic & social development in Asia & Pacific region.
- ◆ The bank started its functioning on Jan. 1, 1967. The head office of the bank is located at Manila, Philippines.

South Asian Free trade area : (SAFTA) -

- ◆ The most significant aspect of the 12th SAARC summit (Jan. 4-6 - 2004) at Islamabad, the capital city of Pakistan was the signing of a historic Agreement on free trade.
- ◆ The leaders of India, Pakistan & Sri-lanka have agreed upon to create a "south Asian free trade area" (SAFTA).
- ◆ SAFTA has come into force since Jan. 1, 2006 replacing South Asian preferential trade agreement (SAPTA) which was operative among SAARC countries, since December 7, 1995.

South Asian Association for Regional co-operation (SAARC)

- ◆ India, Maldives, Pakistan, Bangladesh, Sri-Lanka, Bhutan, Nepal and Afghanistan constituted an organisation known as SAARC on the recommendations of Dhaka conference on Dec. 7-8, 1985.
- ◆ Its head quarter has been established at Kathmandu.
- ◆ A conference of heads of the countries is held every year but conferences were generally delayed for one reason or the other.

Association of South-East Asian Nations (ASEAN) -

- ◆ ASEAN is a union of southeast Asian Nations. Indonesia, philippines, Malaysia, Singapore & Thailand & constituted this association on August 8, 1967.
- ◆ Brunei also joined ASEAN in 1984. In July 1995, vietnam was also given its membership in 1997. Cambodia also became its member in 1999. Its headquarter is in Jakarta.

Organisation of the petroleum exporting countries (OPEC) -

- ◆ OPEC was constituted in baghdad in 1960. Iran, Iraq, Kuwait, Saudi Arabia and venezuela were its founder member.
- ◆ The objective of OPEC was to control production & price of petroleum so as to safeguard the interests of oil exporting countries.
- ◆ OPEC also attempts not only to stabilize oil prices but also to seek the maximum oil prices from the oil importing countries.
- ◆ At present 12 countries are the members of OPEC. Iran, Iraq, Kuwait, Saudi Arabia, venezuela, Quator, Libya, Indonesia, Ecuador, UAE, Algeria, Nigeria and Angola.
- ◆ Angola was last one to join OPEC on Jan. 1, 2007.
- ◆ Its headquarter is in vienna (Austria).

G-8 (Formerly G-7) -

- ◆ G-7 was an organization of seven non-socialist countries which are highly industrialized in the world.
- ◆ G-7 included USA, canada, Germany, Britain, france, Italy and Japan.
- ◆ After adopting free market policies in the economy, Russia was also made a member of the organisation on June 21, 1997.
- ◆ At present it is known as G-8.

G-15

- ◆ G-15 is an organisation of 19 non-aligned developing countries.
- ◆ It was established in Sep. 1989 in non-aligned summit (NAM).
- ◆ The secretariat of G-15 is in geneva.

European Economic Community (EEC) or European Common Market (ECM)-

- ◆ European countries known as "Inner Six" (france, belgium, Netherland, Luxemburg, west germany and Italy). Constituted EEC on the basis of Rome Treaty (1957).
- ◆ The success of OECD played an important role in inducing these countries to establish EEC.
- ◆ The aim of EEC was to ensure complete free trade among member countries. Jan. 1, 1973, britain denmark & Ireland got its membership.
- ◆ Greece, spain and portugal also became its members. Thus, the total membership EEC went upto 15 on Jan. 1, 1995 after the induction of Austria, finland & sweden to this organisation.
- ◆ The 10th Nations in eastern europe officially joined world's largest regional economic community european union on May 1, 2004. They are poland, Hungary, the czech republic, slovakia, slovenia, Lithuania, latvia, estonia, cyprus and Malta. Out of these Lithuania, Latvia and estonia are new states created by disintegration of USSR; poland & hungary.
- ◆ After the joining of total 12 new-nations the present membership of european union has become 27.

North American free trade Agreement (NAFTA) :

- ◆ On **August 12, 1992**, a trilateral agreement between USA. Canada & Mexico took place which declared North American region as free trade Area. This agreement is known as NAFTA.

Asian pacific economic co-operation (APEC) :

- ◆ APEC was founded in Nov. 1989 to devise programmes of co-operation between member nations through the establishment of meeting of economic leaders trade & foreign ministers. It was institutionalized in Bangkok and agreed to set up a secretariat in Singapore.

IMPORTANT INTERNATIONAL ORGANISATIONS			
Organisation	Year	Head Quarter	Membership
IMF & IBRD	1945	Washington D.C.	188
European union	1958	Brussels	27
OPEC	1960	Vienna	12
OECD	1961	Paris	34
ADB	1966	Manila	67
ASEAN	1967	Jakarta	10
ACU	1975	Tehran	9
SAARC	1985	Kathmandu	8
G-15	1989	Geneva	17
APEC	1989	—	21
NAFTA	1992	—	3
WTO	1995	Geneva	159
MERCOSUR	1995	—	5
ASEM	1996	—	51

