ANALYSING THE REGULATORY PROVISIONS OF OIL AND OPEC'S PRACTICES UNDER WTO

Mr R.P. Choudhary, Dept. of Law

Dr. C.V. Raman University, Bilaspur

ABSTRACT

Energy goods and services are the largely traded commodities in the world, but the doctrines of multi layered governance are not been applied on them. Crude Oil being volatile in nature treated as any other goods or commodity. The organisation like OPEC which controls the oil markets mis-uses it due to absence of any authoritative control over it.

Keywords: OIL, OPEC'S, WTO.

INTRODUCTION

Oil is one of the major player in a country's economy and the world trade. Even in the list of 500 fortune companies' of 2019, petroleum refining company 'Exxon Mobil' is placed at no. 2. Treated as normal goods, which is misused by OPEC.The scope of this research is to analyse the position of crude oil under WTO and checking the accountability of OPEC under WTO.

OIL UNDER WTO

It is being considered as goods and treated as any other commodity. Given HS 2710.Crude Oil (oil) is an inelastic commodity and there are only few producers and suppliers of it in world. General articles of WTO applies on oil like MFN provisions, prohibitions on restriction on quantity, etc. Also governed under bodies like: OECD, Energy Charter Treaty, OPEC, Multilateral Environment Treaty, NAFTA[1]

Organization of Petroleum Exporting Countries was founded in the year 1960 in Baghdad, with 5 signing countries. Currently there are 14 members. Objective proclaimed by them: unify oil policies, stabilize oil prices. As per September 2018, OPEC holds 81.5% of the total oil reserves of the world and produces 44% of the global oil. Intention of creating it was -to take back the control of its oil reserves. It forms a successful cartel – dominant position and in elastic commodity.Puts restriction on production quota to control the price.

OPEC AND HOW IT IS ANTI-COMPETITIVE

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Restriction on production quota can be challenged under Article XI.1 of GATT.

Article XI.1: "No prohibitions or restrictions other than duties, taxes or other charges, whether made effective through quotas, import or export licenses or other measures, shall be instituted or maintained by any contracting party on the importation of any product of the territory of any other contracting party or on the exportation or sale for export of any product destined for the territory of any other contracting party."

The GATT panel broadly interpreted this Article and said anything which restricts export or sales for export will attract Article XI.1.

EXCEPTION under Article XX (g).

Article XX (g) exempts the restrictions which are made to conserve the exhaustible natural resources.

SHRIMP TURTLE CASE

AB states that any action taken to protect environment (living creature and natural resources) is justified under Article XX (g) of GATT.The control over production quota on crude oil and petroleum by OPEC then falls under this Article. [3]

CONCLUSION

Due to inclination of International Governing bodies towards environment protection and climate change, OPEC's acts under Article XX (g) gains much importance over their accountability under Article XI. So no action can be brought against their anti-competitive practice.

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