



# The GATT/WTO system: How the system works and a brief introduction to current (Doha) negotiation issues

ARTNet Capacity Building Workshop for Trade Research  
Phnom Penh, Cambodia  
2-6 June 2008





# Outline

- ◆ Historical reasons that led to the creation of GATT/WTO
- ◆ Principles underlying the WTO and the multilateral trading system
- ◆ Treatment of developing countries
- ◆ Functions of the WTO
- ◆ Decision-making in the WTO
- ◆ Doha negotiations and state of play



# Creation of GATT

- ◆ The General Agreement on Tariffs and Trade (GATT) was created in the aftermath of WWII and the Great Depression
- ◆ The GATT was intended to avoid the trade wars (beggar-thy-neighbour policies) of the interwar period
- ◆ It was intended to lay the basis for a liberal and non-discriminatory post-war international trading system



# Principles of the WTO

- ◆ Non-discrimination
  - Most-favoured Nation (MFN) treatment
  - National Treatment
- ◆ Predictability: through binding and transparency
  - Tariff bindings
  - Notification of measures and trade policy review mechanism
- ◆ Freer trade through:
  - Successive rounds of multilateral negotiations (8 rounds concluded)



# Treatment of developing countries

- ◆ Special and differential treatment (contained in Part IV of GATT, Enabling Clause and WTO agreements)
  - Preferential treatment of exports of developing countries (e.g. GSP)
  - Less than full reciprocity in trade negotiations
  - Longer implementation periods of commitments
  - Technical assistance



# Functions of the WTO

- ◆ Administers WTO trade agreements (GATT 1994, etc.)
- ◆ Forum for trade negotiations
- ◆ Handles trade disputes
- ◆ Monitors trade policies
- ◆ Conducts technical assistance and training for developing countries
- ◆ Contributes to global policy coherence



# Decision-making in the WTO

- ◆ Decision-making by consensus
- ◆ Decision-making bodies
  - ◆ Ministerial Conference
  - ◆ General Council, Dispute Settlement Body, Trade Policy Review Body
  - ◆ Goods, Services, TRIPS Councils
  - ◆ Subsidiary bodies
  - ◆ Trade Negotiation Council (during rounds)
- ◆ Dispute Settlement
  - ◆ Dispute settlement panels
  - ◆ Appellate Body



# Doha Round

- ◆ Adopted a work programme that included:
  - Implementation-related issues
  - Negotiations in agriculture (market access, domestic support and export competition)
  - Non-agriculture market access (NAMA)
  - Trade in services
  - Singapore issues (trade facilitation, competition policy, government procurement, investment)
  - TRIPS, rules, environment, DSU
  - S & D, Technical cooperation
  - Debt & finance, small economies, technology transfer





# State of Play

- ◆ Draft texts on modalities for agriculture and non-agriculture market access (NAMA) are currently being negotiated
- ◆ Possible mini-ministerial conference by 2<sup>nd</sup> half of June or July to approve modalities
- ◆ Schedules need to be drawn up subsequently
- ◆ Parliaments need to ratify
- ◆ Earliest implementation date: 1 Jan 2010