

The GATT-WTO System: How it Works *and* The Challenges of Doha

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Functions

The WTO has several functions

- Negotiating:
 - Trade liberalization
 - Changes to the rules
- Keeper of the rules
- Settling disputes
- Reducing information asymmetries and increasing accountability

Objectives of the WTO

- Raising standards of living
- Ensuring full employment
- Ensuring a large and steadily growing volume of real income and effective demand
- Expanding the production of and trade in goods and services, while allowing for the optimal use of the world's resources
- ... seeking both to protect and preserve the environment and to enhance the means for doing so in a a manner consistent with the respective needs and concerns of Parties to the Agreement at different levels of economic development

Structure of the WTO

- Ministerial Conference
- General Council + DSB + TPR (Appellate Body)
- Councils on Goods, Services and TRIPS
- Committee on Trade and Development
- Subordinate Committees

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- Negotiating Structure

The WTO and Negotiations

- Geneva 1947 (23 participants)
- Annecy 1949
- Torquay 1950
- Geneva 1956
- Dillon Round 1960-61
- Kennedy Round 1964-67 (60 participants)
- Tokyo Round 1973-79 (99 participants)
- Uruguay Round 1986-93 (123 participants)
- Doha Round 2001- (> 140 participants – 153 so far)

GATT/WTO: Rules and Conventions

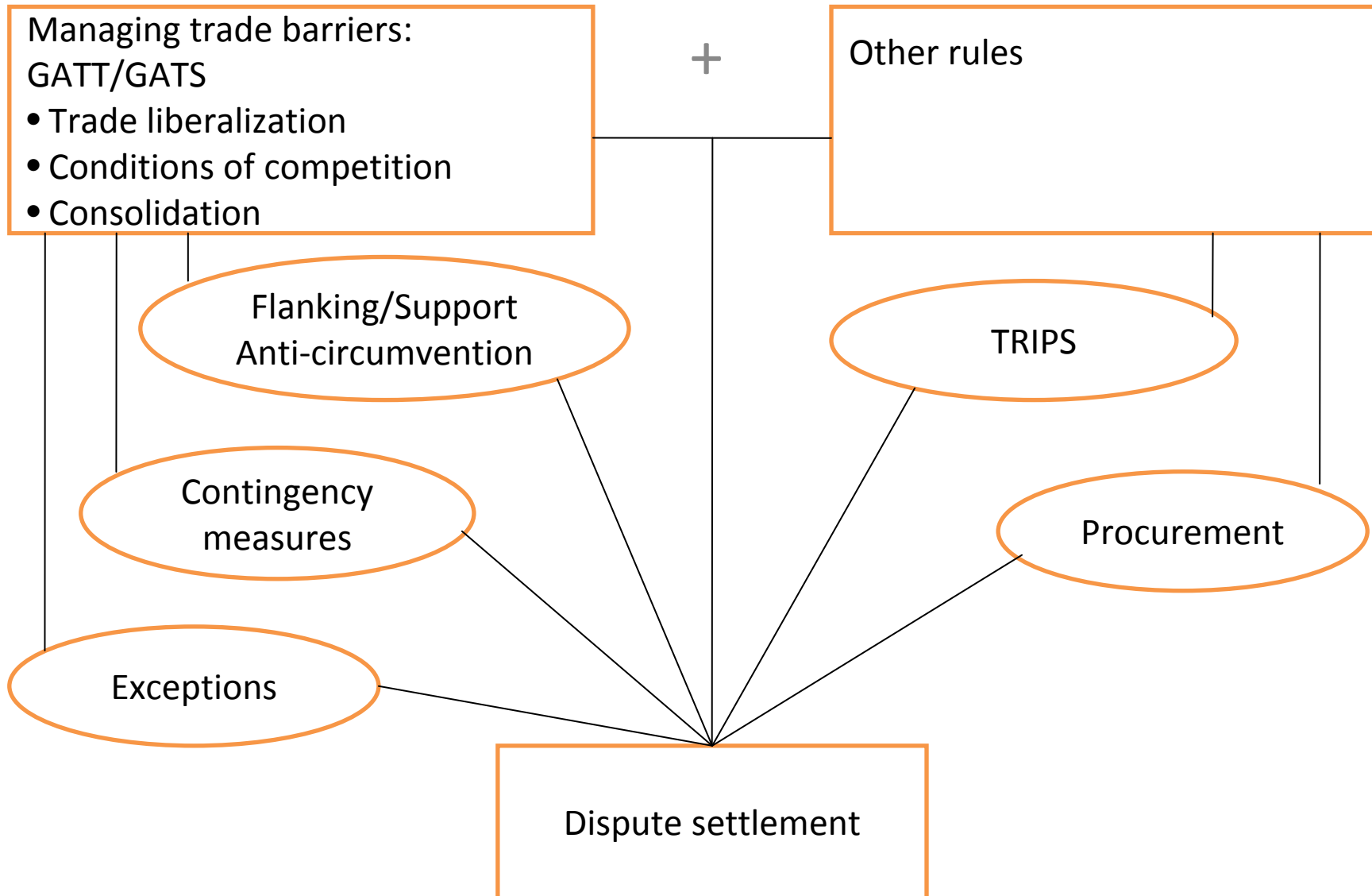
Basic Rules

- Non-discrimination (MFN and NT)
- Tariffs alone
- Contingency protection
- Subsidies
- General exceptions
- Transparency

Conventions

- Reciprocity and Non-reciprocity
- Consensus

The structure of the WTO



Managing Trade Barriers: GATT and GATS

- MFN (Article I GATT, Article II GATS)
- Lowering and binding tariffs (GATT - Article II) and scheduling specific commitments (GATS - Articles XVI, XVII XVIII, XIX, XX)
- Eliminating quantitative restrictions (GATT Articles XI and XIII)
- Subsidies (GATT Article XVI, GATS Article XV)
- Agreements of agriculture, textiles and clothing

Flanking and Anti-circumvention: GATT

Flanking regulation:

- Transit trade (Article V), customs valuation (Article VII), fees and formalities (Article VII), marks of origin (Article IX), publication and administration (Article X), import licensing, standards (TBT, SPS), trade facilitation

Anti-circumvention:

National treatment (Article III), elimination of QRs (Article XII), state trading (Article XVII), non-preferential rules of origin

Flanking and Anti-circumvention: GATS

- Transparency (Article III & III*bis*)
- Domestic regulation (Article VI)
- Mutual recognition (Article VII)
- Monopolies (Article VIII)
- Business practices (Article IX)
- Payments and transfers (Article XI)

Contingency

GATT & GATS

- Anti-dumping (Article VI)
- Countervailing duty (Article VI)
- Safeguards (GATT Article XIX, GATS Article X)
- Balance-of-payments (GATT Articles XII and XVIII:B)
- Infant industry protection (GATT Article XVIII:C)
- Withdrawal of concessions and modification of schedules (GATT Articles XXVII & XXVIII, GATS Article XXI)
- Waivers (WTO Agreement)

Exceptions

GATT

- General and security exceptions (Articles XX & XXI)
- Regional agreements (Article XXIV)
- Special and differential treatment (Enabling Clause)

GATS

- Economic integration (Articles V and *Vbis*)
- General and security exceptions (Articles XIV and *XIVbis*)

Summary: Achievements and Challenges

- The WTO as a vehicle for trade liberalization
- The WTO and a rule-maker
- The WTO and dispute settlement
- The WTO as a mechanism for ensuring transparency and accountability
- The WTO and agenda-setting
- New and old issues (climate change and trade, natural resources, NTBs, regionalism)

The Doha Round

Principal elements of the DDA

- Negotiations:
 - Agriculture (Cotton added in 2003)
 - Non-agricultural Market Access (NAMA)
 - Services
 - TRIPS (Register)
 - WTO Rules
 - Trade and Environment
 - Singapore Issues (Explicit consensus)
 - Dispute Settlement Understanding (outside SU)
 - Special and Differential Treatment for developing countries

Principal elements of the DDA

- Work under the General Council, but not part of Single Undertaking:
 - Electronic Commerce
 - Small Economies
 - Trade, Debt and Finance
 - Trade and Transfer of Technology
 - Relationship between TRIPS Agreement and the CBD, the protection of traditional knowledge and folklore.
- Process Issues:
 - Single Undertaking
 - Trade Negotiations Committee (TNC)
 - Doha Round conclusion 1 January 2005

Agriculture

- Key Issues in Agriculture under the three pillars
 - Market Access
 - Domestic Support
 - Export Competition

Agriculture: Market Access

- Formula with four tiers
- Sensitive products
- Special products
- Tariff-Quota expansion and administration
- Tariff simplification
- Special safeguard (SSG)
- Special safeguard mechanism (SSM)

Agriculture: Market Access

Domestic Support

- Three bands for OTdDS (Overall Trade-distorting domestic support)

Export Subsidies

- Elimination by 2013 (2016 for developing countries)

NAMA: Salient Issues

- Non-linear formula
- Treatment of unbound tariffs – non-linear mark up
- Flexibilities for developing countries
- Flexibilities for countries with low bindings, i.e. countries which have bound less than 35% of tariff lines
- Sectoral approach
- NTBs
- Flexibilities for LDCs, SVEs, RAMS, and others

Other Doha Round Issues

- Services
- Rules
 - Anti-dumping
 - Regionalism
 - Fishery subsidies
- TRIPS
- Trade and environment
- Trade facilitation
- Implementation and special and differential treatment