

# The WTO: an Overview

## The World Trade Organization

Serafino Marchese (Mr.)  
Visiting Lecturer, Foreign Trade University  
Former WTO Secretariat staff

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# WTO vs GATT: Main differences

- **Nature**
  - GATT: applied on a provisional basis with no institutional framework
  - WTO: permanent framework with a permanent organization
- **Scope**
  - GATT: trade in goods
  - WTO: trade in goods and services and TRIPS
- **Approach**
  - GATT: à la carte (many agreements selective)
  - WTO: single undertaking
- **Dispute settlement**

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# WTO: What is it? (1)



- International organization embodied in the results of the Uruguay Round
- **Established:** 1 January 1995
- **Membership:** ca 160 ---> *all* countries
- **The Secretariat:** around 650 staff, headed by a Director-General, based in Geneva
- **Budget (2019):** 190+ million Swiss francs

[www.wto.org](http://www.wto.org)

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# WTO: Objectives

Preamble  
WTO Agr.

- to raise standards of living
- to ensure full employment
- growing volume of real income and effective demand
- expanding the production of and trade in goods and services
- seeking both to protect and preserve the environment
- to secure for developing countries, and especially for LDCs, a share in the growth in international trade commensurate with the needs of their economic development

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# WTO: What is it? (2)

- Cornerstone of the multilateral trading system
  - Trade in goods: GATT
  - Trade in services: GATS
  - Protection of intellectual property rights: TRIPS
- The WTO contract
  - Rights and obligations
  - Dispute settlement
- Successor to GATT

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# WTO: Main functions

Art. III  
WTO Agr.

- Administering and implementing the multilateral and plurilateral trade agreements
- Forum for multilateral trade negotiations
- Dispute settlement
- Overseeing national trade policy
- Co-operation with the IMF and the World Bank (coherence in global economic policy-making)
- **Secretariat:** Trade-Related Technical Assistance and Capacity-Building (TRTA/CB)

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## WTO: Structure

Art. IV  
WTO Agr.

- Ministerial Conference
- General Council
  - Dispute Settlement Body
  - Trade Policy Review Body
- Councils
  - Council for Trade in Goods
  - Council for Trade in Services
  - Council for TRIPS
- Committees and other subsidiary bodies

## WTO: Developing Countries

- Part IV
- “Enabling” Clause
- Technical Cooperation and Training
- UNCTAD/WTO International Trade Center (ITC)
- Least Developed Countries (Ministerial Decision)

## WTO: How are decisions taken?

Art. IX  
WTO Agr.

- As far as possible, by *consensus* ....
- Otherwise, decisions are taken by a *majority of the votes cast* and on the basis of “one Member, one vote”, but ...
- Amendments to the provisions of the Agreements only take effect for those Members who accept them

## WTO: Other provisions

- Original Membership (Art. XI)
- Accession (Art. XII)
- Non-application (Art. XIII)
- Withdrawal (Art. XV)
- Miscellaneous Provisions (Art. XVI)
  - ensure conformity of national laws, regulations and administrative procedures

## WTO: Dispute Settlement

- Coverage: goods, services and intellectual property rights
  - Procedures: strict time-limits
  - Panel reports *automatically* adopted ... unless consensus against adoption
  - Parties can appeal to the Appellate Body
- In case of non application of recommendations
- compensation negotiated
  - obligations suspended

## WTO: Uruguay Round Results

### Final Act

- WTO Agreement (Marrakesh Agreement Establishing the WTO)
- Annex 1A: Multilateral Agreements on Trade in Goods
- Annex 1B: General Agreement on Trade in Services and Annexes
- Annex 1C: Agreement on Trade Related Aspects of Intellectual Property Rights
- Annex 2: Understanding on Rules and Procedures Governing the Settlement of Disputes
- Annex 3: Trade Policy Review Mechanism
- Annex 4: Plurilateral Trade Agreements

### Ministerial Declarations and Decisions

## WTO: Trade in Goods

- **GATT 1994**
- **Sector-specific agreements**
  - Agriculture
  - Textiles and Clothing → integrated into GATT on 1.1.2005
- **Rules**
  - Technical Barriers to Trade (TBT), Application of Sanitary and Phytosanitary Measures (SPS)
  - Customs valuation, pre-shipment inspection, rules of origin, import licensing procedures
  - Anti-dumping procedures, Subsidies and countervailing measures, safeguards
  - Trade-Related Investment Measures

## WTO: Other Sources of WTO Law

- **Authoritative interpretations (Article IX:2)**
- **Waivers (Article IX:3)**
- **New Agreements → Trade Facilitation, ITA**
- **Accessions**
- **Reports of WTO panels and Appellate Body → taken into account**
- **Customary International Law**
- **Other International Agreements → TRIPS, SCM**

## WTO: Trade in Services

- **GATS: objectives**
- **Scope and coverage**
- **Structure**
- **Universal commitments**
- **Specific commitments**
- **Sectoral issues**
- **Negotiations after the entry into force of the WTO Agreement**

## WTO Law and National Law

- **Article XVI:4 - ensure conformity - no more grandfathering**
- **Direct effect of international trade treaties?**

## WTO: TRIPS

- **The TRIPs Agreement**
- **Structure**
- **Intellectual Property Rights**
- **Levels of protection**
- **Enforcement**
- **Transitional arrangements**

## WTO: First years

- **Ministerial Conferences**
  - Singapore (1996)
  - Geneva (1998)
  - Seattle (1999)
  - Doha, Qatar (2001)
- **Other developments**
  - Post-Uruguay Round agreements: ITA, basic telecoms, financial services
  - Accessions
  - Dispute settlement

## DDA: Doha Ministerial Declaration

- Adopted by *all* WTO Members
- Overview of the MTS (Preamble, paras 1 - 11)
- “Broad and balanced” Work Programme launched (paras 12 - 44)
  - Implementation issues and concerns
  - Negotiations
  - Singapore issues
  - Establishment of Working Groups
- Development dimension

## MC10 and MC11

- MC10, Nairobi, Kenya, 15 – 19 Dec. 2015
  - Agriculture: i) Export competition; ii) Public Stockholding for Food Security Purposes; iii) Special Safeguard Mechanism (SSM); and, iv) Cotton
  - LDCs: i) Preferential Rules of Origin for LDCs; ii) Treatment in Favour of Services and Service Suppliers of Least Developed Countries and Increasing LDC Participation in Services Trade
  - ITA II: a landmark deal worth 1.3 trillion dollars
- MC11, Buenos Aires, Argentina, 11-14 Dec. 2017

## Issue

## Negotiating Body

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Agriculture</li> <li>• Market Access (non-Ag)</li> <li>• Services</li> <li>• TRIPS</li> <li>• Rules (AD, SCM, fisheries, RTAs)</li> <li>• DSU</li> <li>• Trade &amp; Environment</li> <li>• S&amp;D</li> <li>• Trade Facilitation</li> </ul> | <ul style="list-style-type: none"> <li>• Special Sessions of CoA</li> <li>• Neg. Group on MA</li> <li>• Special Sessions of CTS</li> <li>• Special Sessions of TRIPS Council</li> <li>• TRIPS Council</li> <li>• Neg. Group on Rules</li> <li>• Special Sessions of DSB</li> <li>• Special Sessions of CTE</li> <li>• Special Sessions of CTD</li> <li>• Neg. Group on Trade Facilitation</li> </ul> |
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## What next?

- Trade Facilitation Agreement: it entered into force for those Members that have ratified it → implementation phase + more ratifications
- Dispute settlement
- Unilateralism, protectionism, etc.
- Globalization: a blessing or a curse?

## DDA: Developments

- Cancún, Sept. 2003
- July Package (WT/L/579), July 2004
- Hong Kong (WT/MIN(05)/DEC), Dec. 2005
  - Least Developed Countries (LDCs)
  - Aid for Trade
- Bali Package, Dec. 2013
  - Trade Facilitation Agreement
  - Agriculture, Development

## WTO: A Summary

### Multilateral Framework of Rules

- Rules negotiated and accepted by all Members under the consensus decision-making process
- Maintaining a basic balance/equilibrium, between
  - open and expanding markets; and
  - needs and requirements of domestic economic policy: making domestic industries more competitive; protecting the environment and consumers; operating an efficient economy; contribute to economic development and growth

### WTO role in future trade negotiations