Introduction to the WTO, Principles and Agreements
1. Brief History: From the GATT to the WTO
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Brief History: From the GATT to the WTO
Origins of the GATT: 1945

End of World War II
Effort to reconstruct world economy
Reorganisation of the international community
GATT: 1947

- The Havana - UN Conference on Trade and Employment
- Charter of the ITO (never entered into force)
- General Agreement on Tariffs and Trade / GATT (entered into force on 1 January 1948)
- Tariff Negotiations (linked to the GATT)
# Tariffs negotiations

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>1948</td>
<td>Entry into force of the GATT (Provisional Application)</td>
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<tr>
<td>1949</td>
<td>“Annecy Round”</td>
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<td>1951</td>
<td>“Torquay Round”</td>
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<td>1956</td>
<td>“Geneva Round”</td>
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<tr>
<td>1960-62</td>
<td>“Dillon Round”</td>
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<td>1964-67</td>
<td>“Kennedy Round”</td>
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<tr>
<td>1973-79</td>
<td>“Tokyo Round”</td>
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<tr>
<td>1986-94</td>
<td>“Uruguay Round”</td>
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</tbody>
</table>

- TARIFF
- NTMs - TARIFF
- NTMs, Tariff, TRIPS, Dispute settlement, rules, services...
Overall, import weighted tariff on industrial products

\[ \approx 40\% \]

Average Tariff %

- 1947 GATT established
- 1962 Pre-Kennedy Round
- 1972 Post-Kennedy Round
- 1987 Post-Tokyo Round
- 1995 Post- Uruguay Round

\[ > 4\% \]
Tariffs / Non-Tariff Barriers to Trade

%  

1947  2004

tariffs  NTBs
What is the WTO?
**What is the WTO?**

- **Location**: Geneva, Switzerland
- **Established**: 1 January 1995
- **Created by**: Uruguay Round negotiations (1986-94)
- **Membership**: 153 Members
- **Staff**: 700
- **Budget (2009)**: 190 millions Swiss francs
  + extra-budgetary funds
  (about 25 millions Swiss francs)
- **Head**: Pascal Lamy (director-general)
- **Website**: www.wto.org
What is the WTO?

Cornerstone of the multilateral trading system

Trade in goods: GATT

Trade in services: GATS

Protection of intellectual property rights: TRIPS

Rights and obligations

The WTO contract

Dispute settlement
What is the WTO?

Forum?  Rules?

Disputes?  Member-Driven?
What is the WTO?

**Functions**

- Administering WTO trade agreements
- Forum for trade negotiations
- Handling trade disputes
- Monitoring national trade policies
- Technical assistance and training for developing countries
- Co-operation with other international organizations
**WTO: Objectives**

- Raise standards of living
- 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
The WTO Agreements

Marrakesh Agreement
Establishing the World Trade Organization

- Annex 1A (Goods + National Tariff Concessions)
- Annex 1B (Services + Specific Commitments)
- Annex 1C (Intellectual Property)
- Annex 2 (Dispute Settlement)
- Annex 3 (Trade Policy Review Mechanism)
- Annex 4 (Plurilateral Ag.)
- Decisions, Declarations
## WTO vs. GATT: Main differences

<table>
<thead>
<tr>
<th>WTO</th>
<th>GATT 1947</th>
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<tbody>
<tr>
<td>Indefinite Application</td>
<td>Provisional Application</td>
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<tr>
<td>Establishing an Organization (WTO)</td>
<td>ICITO</td>
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<tr>
<td>Rules and Disciplines for Trade in Goods</td>
<td>Rules and Disciplines for Trade in Goods</td>
</tr>
<tr>
<td>Trade in Services</td>
<td>Agriculture / Textiles</td>
</tr>
<tr>
<td>Trade-related IPR</td>
<td>Two-track system</td>
</tr>
<tr>
<td>Single Undertaking</td>
<td>Decisions by Consensus</td>
</tr>
<tr>
<td>Voting Procedures but GATT practice (Consensus) followed</td>
<td>Weaker Dispute Settlement Mechanism</td>
</tr>
<tr>
<td>Strong Dispute Settlement Mechanism</td>
<td>23 CP in 1948</td>
</tr>
</tbody>
</table>
| 153 Members in 2010 | }
Basic Principles
Aim of the multilateral trading system

Right to Take Regulatory Measures

Avoid Unnecessary Obstacles to Trade
Basic Principles

- Trade Without Discrimination
- Predictable & Growing Access To Markets
- Undistorted, Fair Competition
- Transparency
- Encourage Development

MFN
National Treatment
GATT Core Principles

Article I: The Most Favoured Nation

Article III: The National Treatment

Article XI: The Prohibition on quantitative restrictions

The Principle of non-discrimination
No discrimination between like products/services originating in or destined for different countries. Each trading partner gets immediately and unconditionally the best treatment given to any other trading partner.

Most-Favoured Nation Principle (MFN)
Foreign goods, services and service providers, as well as IPR holders must not be discriminated against vis-à-vis domestic goods, services, and service providers, as well as IPR holders.
GATT Art. 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 Member on the importation of any product of the territory of any other Member or on the exportation or sale for export of any product destined for the territory of any other Member.
The Doha Development Agenda (DDA)
A Forum for Negotiations

Negotiations between whom?

- developing countries
- least-developed countries
- developed countries
- (other groupings)
WTO: Negotiating Structure
Negotiations in 8 specific areas to be supervised by the Trade Negotiating Committee (TNC)

- Development
- Agriculture
- Services
- Industrial tariffs
- WTO rules
- Environment
- Dispute settlement
- Trade Facilitation
To recap, 15 years on..

- **January 1995**: Entry into force of the WTO
- **December 1996**: 1st Ministerial Conference (Singapore)
- **May 1998**: 2nd Ministerial Conference (Geneva)
- **November 1999**: 3rd Ministerial Conference (Seattle)
To recap, 15 years on..

Sept. 2003
5th Ministerial Conference (Cancùn)

July 2004
July 2004 Package (Geneva): Negotiations start again (« framework »); Singapore issues clarified (only trade facilitation included in Doha Round); Cotton issue included in agricultural negotiations (Subcommittee)…

Dec. 2005
6th Ministerial Conference (Hong Kong China): Limited Progress but in the right direction…; agreement on cotton; Agriculture and NAMA: framework for full modalities…

July 2006
Negotiations suspended (until Feb 2007)

July 2008
July 2008 Package (Geneva): In agriculture and non-agricultural market access, intensive negotiations produced draft modalities
To recap, 15 years on..

Dec. 2009

7th Ministerial Conference (Geneva) – non negotiating meeting.

2010?

March Stocktaking in Geneva

Some technical progress, but no breakthrough. Plan to continue work with Geneva process at centre.
Thank You