



Professor Andrew D Mitchell

Introduction to the WTO & WTO resources

Outline

- ❖ What is the WTO?
- ❖ Objectives and Functions
- ❖ Structure of the WTO
- ❖ WTO Resources
- ❖ GATT
- ❖ Core disciplines
- ❖ Exceptions

What is the WTO?

- ❖ The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations.
- ❖ WTO assists in opening markets while allowing countries to pursue non-trade objectives such as health.

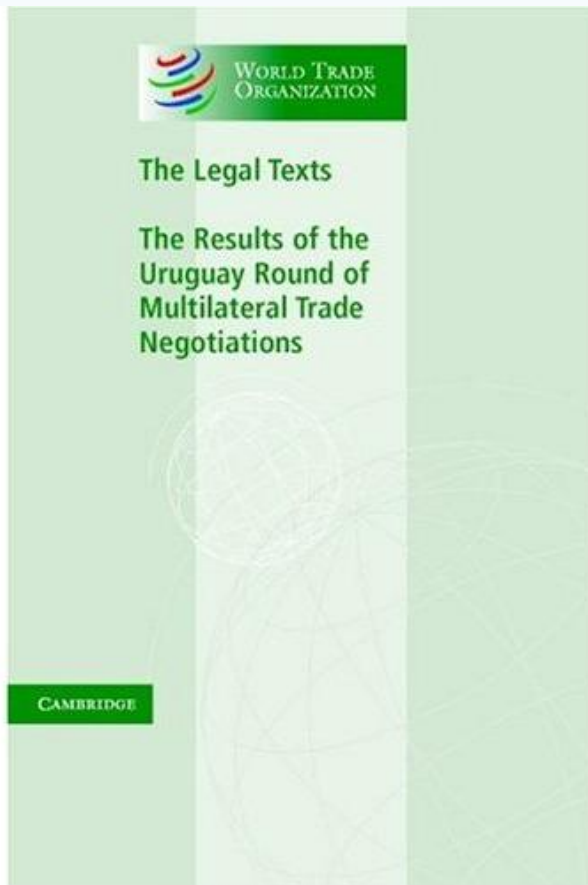
What is the WTO?

- ❖ **Location:** Geneva, Switzerland
- ❖ **Established:** 1 January 1995
- ❖ **Created by:** Uruguay Round negotiations (1986-94)
- ❖ **Membership:** 158 countries (on 2 February 2013)
- ❖ **Secretariat staff:** 640
- ❖ **Head:** Pascal Lamy (Director-General)

The WTO Agreements

Marrakesh Agreement:

- ❖ Annex 1A – Goods (GATT 1994 and other agreements on goods)
- ❖ Annex 1B – Services (GATS)
- ❖ Annex 1C – IP (TRIPS)
- ❖ Annex 2 – Dispute Settlement (DSU)
- ❖ Annex 3 – Peer Review (TPRM)
- ❖ Annex 4 – Other (Plurilateral trade agreements)



WTO Objectives and Functions

Objectives include:

- Raise living standards
- Ensure full employment
- Expand trade in goods and services in accordance with objective of sustainable development

Main functions:

- Administration of WTO Agreements
- Trade policy review
- Dispute settlement
- Negotiating forum

Marrakesh Agreement

WTO Key Principles

- ❖ No discrimination
- ❖ Lower trade barriers
- ❖ Predictability and transparency
- ❖ Protect health and the environment

Structure of the WTO

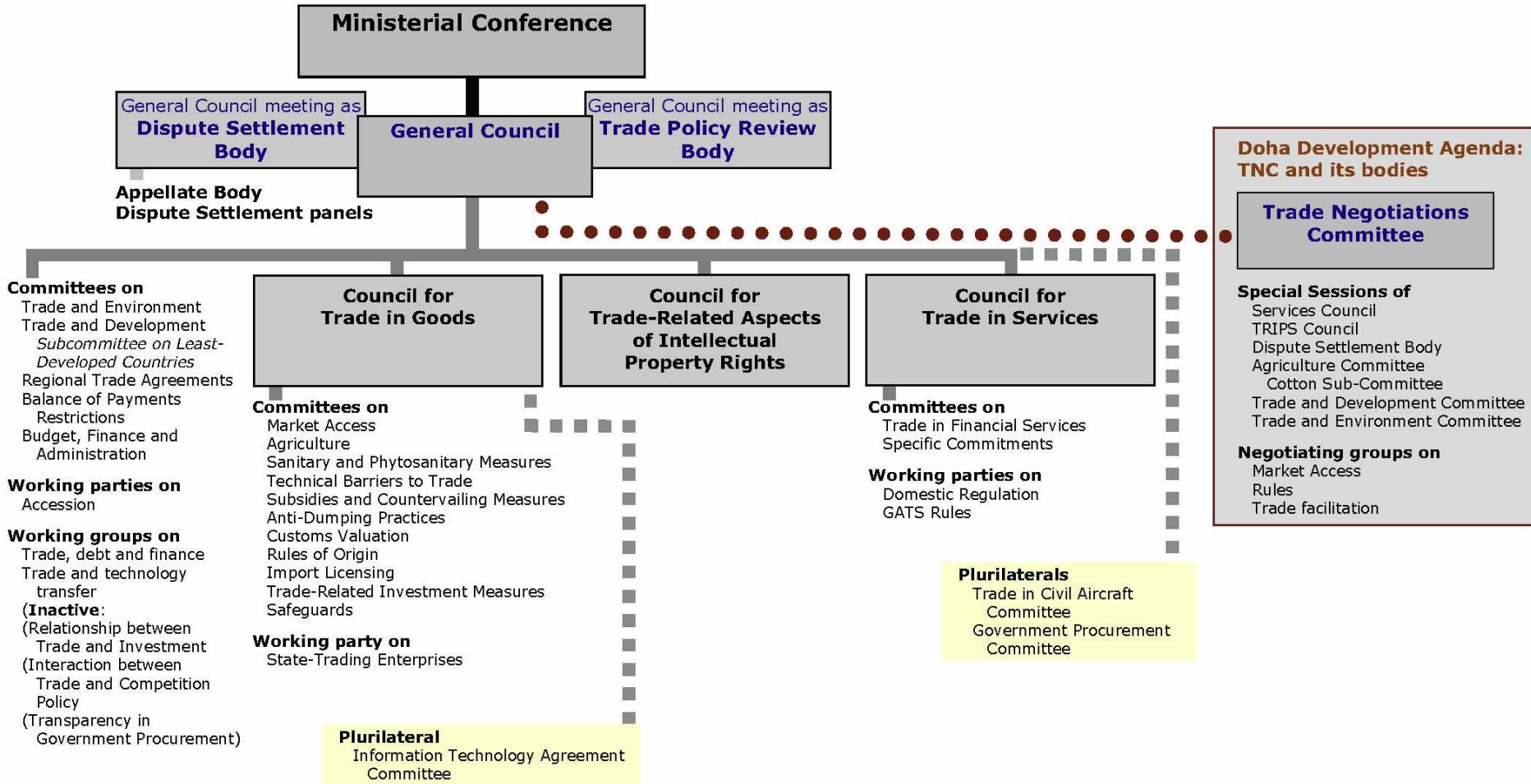
- ❖ Headquarters in Geneva, Switzerland
- ❖ Ministerial Conference
 - General Council
 - Other committees, councils, working groups, working parties
- ❖ Disputes
 - Panels and Appellate Body
 - Dispute Settlement Body
- ❖ Secretariat – approx 650 staff
 - Director-General Pascal Lamy



Marrakesh Agreement

WTO structure

All WTO members may participate in all councils, committees, etc, except Appellate Body, Dispute Settlement panels, and plurilateral committees.



Key

- ▬ Reporting to General Council (or a subsidiary)
- ▬ Reporting to Dispute Settlement Body
- ■ ■ ■ ■ Plurilateral committees inform the General Council or Goods Council of their activities, although these agreements are not signed by all WTO members
- ● ● ● ● Trade Negotiations Committee reports to General Council

The General Council also meets as the Trade Policy Review Body and Dispute Settlement Body

WTO resources

❖ www.wto.org (English, French & Spanish)

❖ Glossary

- http://www.wto.org/english/thewto_e/glossary_e/glossary_e.htm

❖ Trade Topics

- ❖ http://www.wto.org/english/tratop_e/trips_e/pharmpatent_e.htm
- ❖ http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds434_e.htm

❖ Computer based training

- <http://etraining.wto.org/>



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Introduction to the GATT

Multilateral Agreements on Trade in Goods

- **General Agreement on Tariffs and Trade (GATT 1994)**
- **Additional Agreements on:**
 - Agriculture
 - Sanitary and Phytosanitary Measures (SPS)
 - Textiles and Clothing (now expired)
 - **Technical Barriers to Trade (TBT)**
 - Trade-Related Investment Measures (TRIMs)
 - Anti-Dumping
 - Customs Valuation
 - Preshipment Inspection
 - Rules of Origin
 - Import Licensing Procedures
 - Subsidies and Countervailing Measures (SCM)
 - Safeguards

Core GATT disciplines

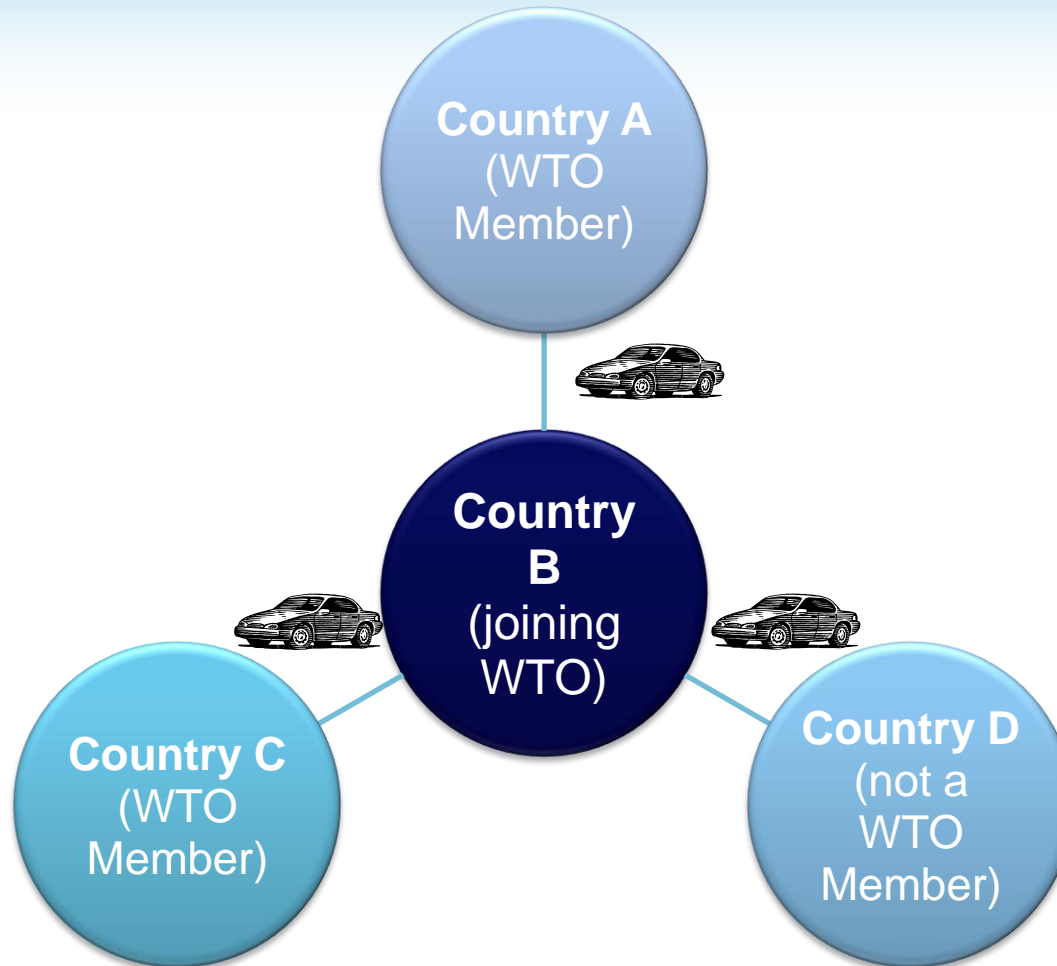
Non-Discrimination:

1. National treatment (Art III esp III:2, III:4)
 - Panel Report, *Thailand – Cigarettes (Philippines)*
2. Most-Favoured-Nation (MFN) treatment (Art I:1)

Market Access:

3. Tariff bindings (Art II:1)
4. Prohibition of quantitative restrictions (Art XI:1)
 - GATT Panel Report, *Thailand - Cigarettes*

Hypothetical



National treatment



Domestic Car Price
= $X + 25\%$



Imported Car Price
= $Y + 50\%$

Currently, B imposes a sales tax of 25% on domestic cars (produced in B) and 50% on imported cars (produced in A, C or D)

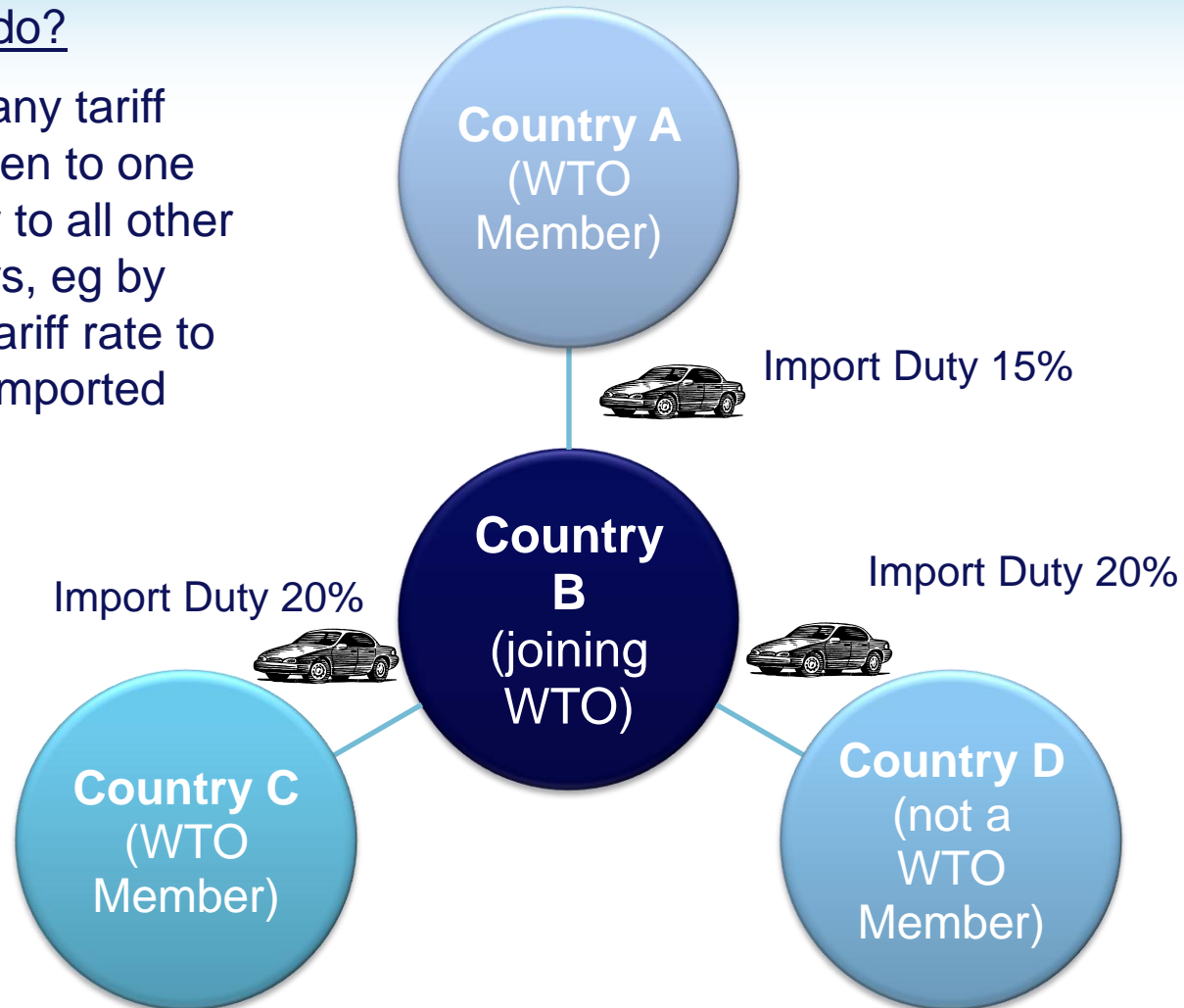
What must B do?

B must treat cars imported from A and C no less favourably than domestic cars, eg by reducing the sales tax on cars imported from A and C to 25%

MFN treatment (1)

What must B do?

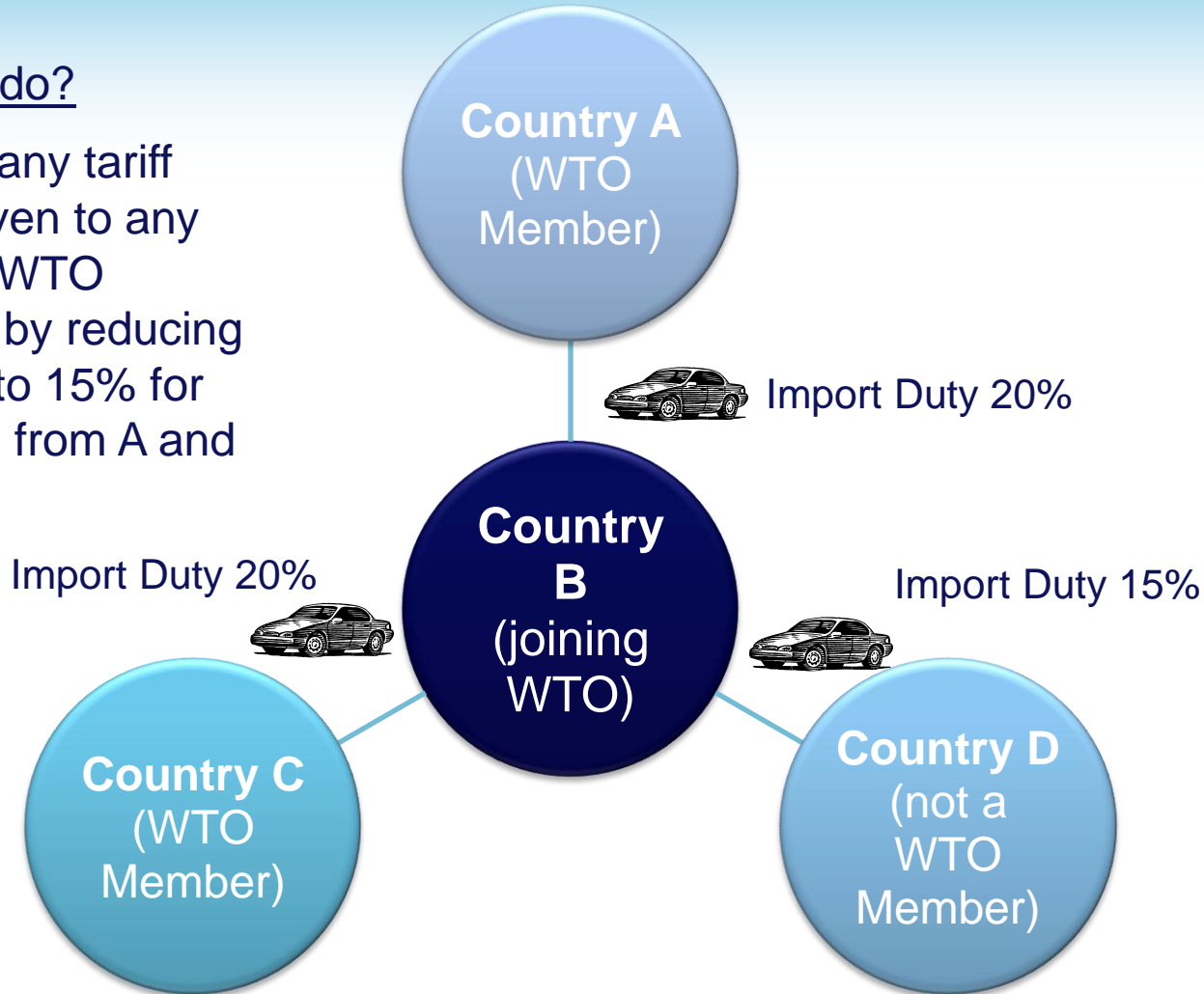
B must grant any tariff advantage given to one WTO Member to all other WTO Members, eg by reducing the tariff rate to 15% for cars imported from C



MFN treatment (2)

What must B do?

B must grant any tariff advantage given to any country to all WTO Members, eg by reducing the tariff rate to 15% for cars imported from A and C

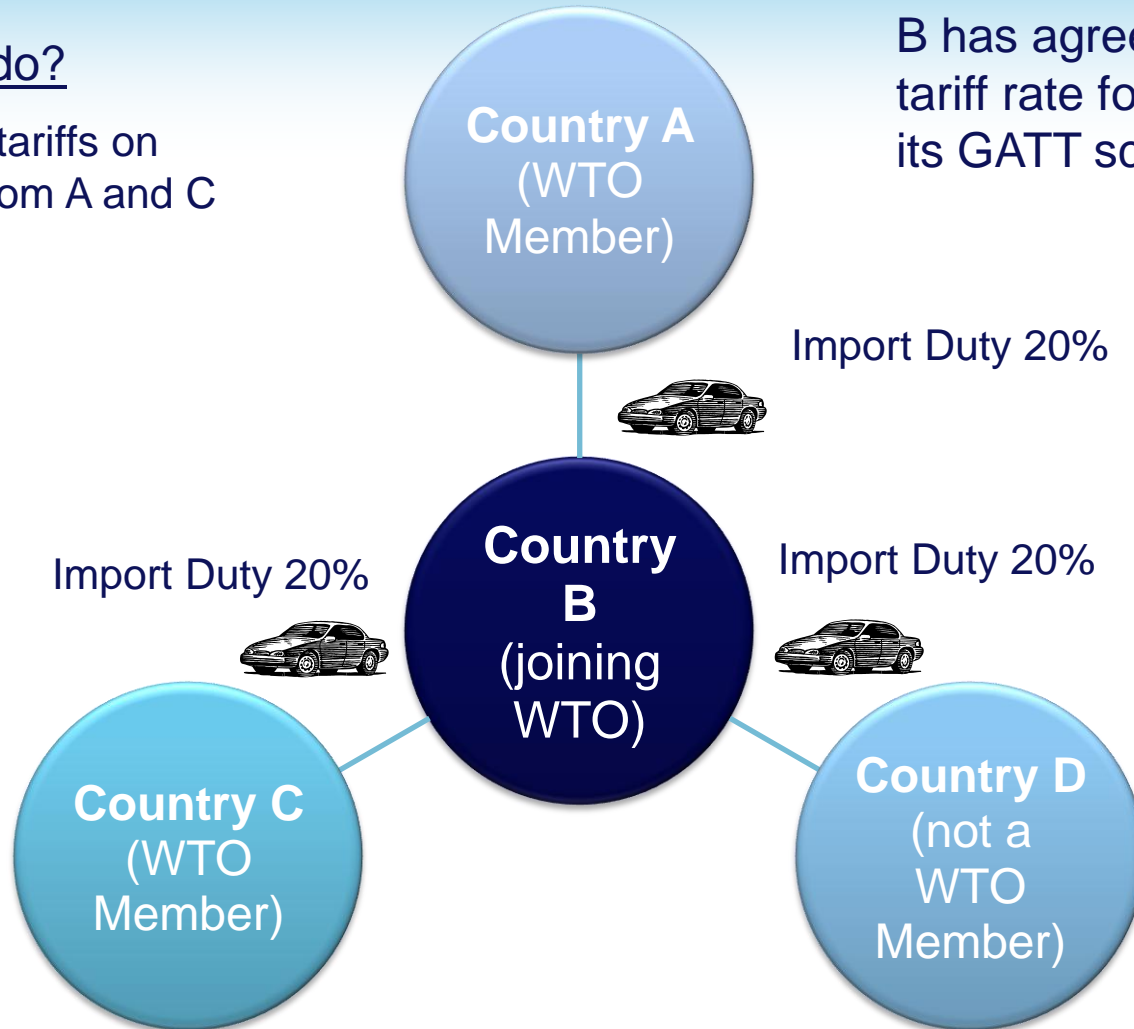


Tariff bindings

What must B do?

B must drop its tariffs on cars imported from A and C to 10% or less

B has agreed to bind the tariff rate for cars at 10% in its GATT schedule

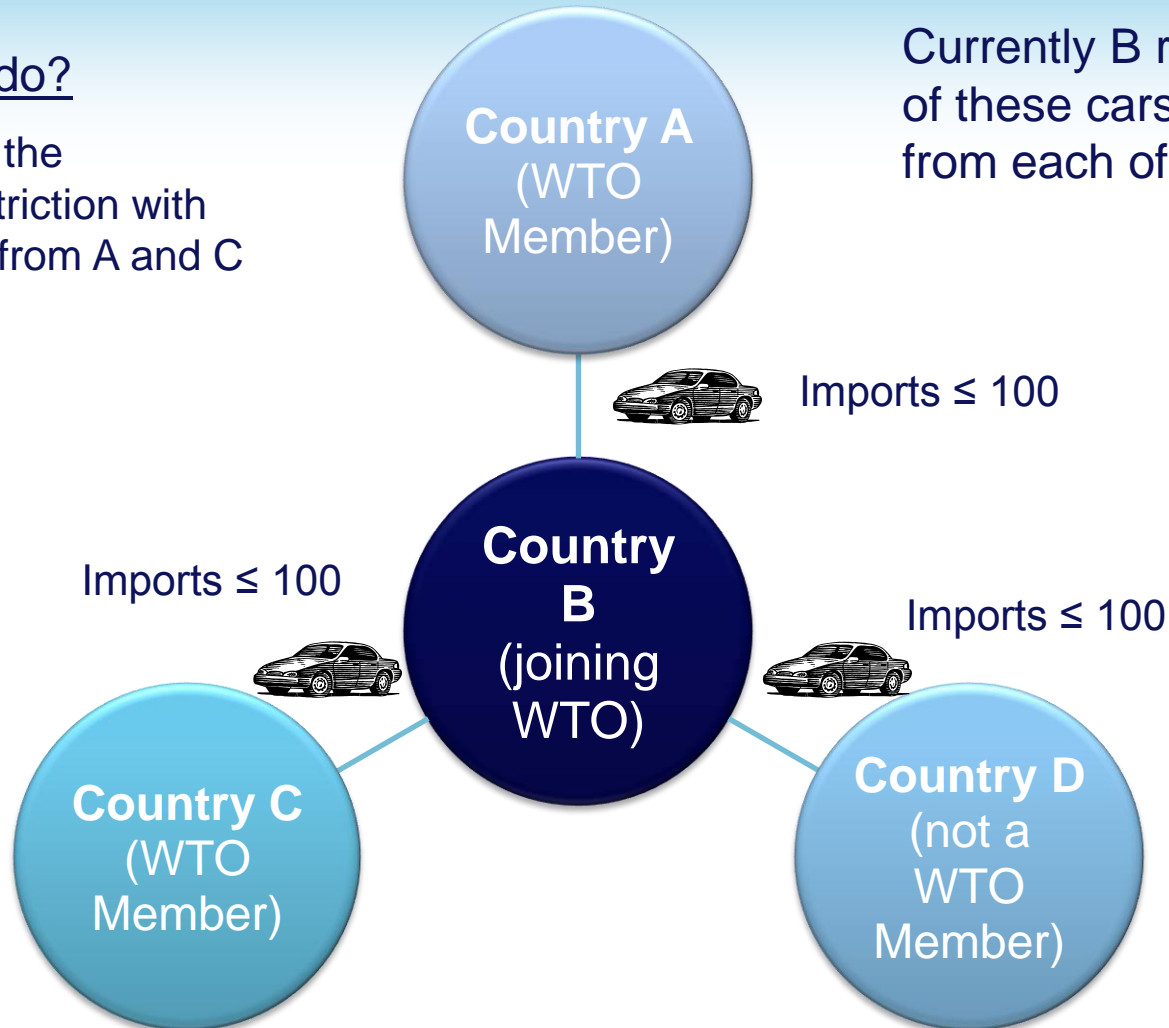


No quantitative restrictions

What must B do?

B must remove the quantitative restriction with respect to cars from A and C

Currently B restricts imports of these cars to 100 per year from each of A, C and D



Exceptions

- ❖ Subsidies to domestic producers
- ❖ Imposition of anti-dumping or countervailing measures
- ❖ Customs unions
- ❖ General exceptions
 - GATT Art XX(b): 'necessary to protect human ... health'

GATT Article XX (b) exception

1. Is the measure designed to protect human health?
2. Is the measure necessary?
 - the *importance* of the objective
 - the *contribution* that the measure makes to that objective; and the degree to which the measure *restricts international trade*.
3. Is a less trade-restrictive measures reasonably available?
4. Is the measure applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction upon trade?

DSU

Bodies:

- ❖ Panels
- ❖ Appellate Body
- ❖ Dispute Settlement Body (DSB)



Stages:

- ❖ Consultations
- ❖ Reports
- ❖ Adoption
- ❖ Implementation
- ❖ Arbitrations

Further References

- ❖ Tania Voon, 'The World Trade Organization' in Andrew Mitchell & Jennifer Beards (eds), *International Law: In Principle* (2009) ch 12.
- ❖ Andrew Mitchell & Glyn Ayres 'General and Security Exceptions Under the GATT 1994 and the GATS' in Indira Carr, Jahid Bhuiyan and Shawkat Alam (eds), *International Trade Law and WTO* (Federation Press, 2013) (forthcoming).
- ❖ Michael Trebilcock, *Understanding Trade Law* (2011).
- ❖ Michael Trebilcock, Robert Howse, Antonia Eliason, *The Regulation of International Trade* (4th ed, 2012) (forthcoming).
- ❖ Peter van den Bossche, *The Law and Policy of the World Trade Organization* (2nd ed, 2008).
- ❖ Mitsuo Matsushita, Thomas Schoenbaum and Petros Mavroidis, *The World Trade Organization* (2nd ed, 2006).