THE WTO TODAY

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WHAT DOES THE WTO STAND FOR?

The trading system should be:
- Transparent and predictable
- Open and competitive
- Without discrimination
- Most Favoured Nation
- National Treatment
- Exemptions for environment
- Less Developed members benefit more

Transparent and predictable
- WTO rules have provisions that discourage sudden imposition of trade barriers, commitments to share national policies
  - Bindings: The market access schedules are not simply announcements of tariff rates. They represent commitments not to increase tariffs above the listed rates — the rates are “bound”. For developed countries, the bound rates are generally the rates actually charged. Most developing countries have bound the rates somewhat higher than the actual rates charged, so the bound rates serve as ceilings. Countries can break a commitment (i.e. raise a tariff above the bound rate), but only with difficulty. To do so they have to negotiate with the countries most concerned and that could result in compensation for trading partners’ loss of trade.
  - Economic actors and governments should be confident that trade barriers should not be raised arbitrarily to encourage economic activity.

Open and competitive
- Lowering trade barriers is one of the most obvious ways of encouraging trade; these barriers include customs duties (or tariffs) and measures such as import bans or quotas that restrict quantities selectively.
  - Discouraging ‘unfair’ practices, such as export subsidies and dumping products at below cost to gain market share; the issues are complex, and the rules try to establish what is fair or unfair.

Without discrimination
A country should not discriminate (1) among its trading partners and (2) it should not discriminate between its own and foreign products, services or nationals.
  - MFN: Country A lets in Country B and C imports at the same tariff
  - National Treatment: Country A treats imports and domestic products the same way
Exemptions for the environment
The WTO’s agreements permit members to take measures to protect not only the environment but also public health, animal health and plant health. However, these measures must be applied in the same way to both national and foreign businesses. In other words, members must not use environmental protection measures as a means of disguising protectionist policies.

- Ex. Member can refuse an import if it poses a threat to consumers but this policy must be applied fairly to all similar products

Less developed countries have more benefits
WTO rules are not just flooding a market with imports. Rules give special and differential treatment to developing and least developed countries. Giving them more time to adjust, greater flexibility and special privileges; over three-quarters of WTO members are developing countries and countries in transition to market economies.

- Longer implementation periods for tariff commitments
- Export subsidies: developed countries to abolish immediately, developing countries have until 2018
- Special programs: EIF, Aid for Trade
WHO MAKES THE DECISIONS HERE?

162 members
- Covering 98% of world trade
- Composed of countries, customs territories, one regional bloc
- Membership is negotiated

Secretariat acts as support
- 634 staff, ~$200 M budget
- No decision making powers
- Director General Roberto Azevêdo (Brazil)

WTO Membership

✓ 162 members covering 98% of trade (compared to 91% in 1995)
✓ Composed of countries, separate customs territories, one regional group
✓ Map https://www.wto.org/english/thewto_e/countries_e/org6_map_e.htm
✓ All members have joined the system as a result of negotiation. WTO members must agree on the terms.

✓ Countries negotiating membership are WTO “observers”.

Observers: Afghanistan (Afghanistan will have until 30 June 2016 to ratify its Protocol of Accession), Algeria, Andorra, Azerbaijan, Bahamas, Belarus, Bhutan, Bosnia and Herzegovina, Comoros, Equatorial Guinea, Ethiopia, Holy See (Vatican), Iran (applied in 1996, blocked by US veto until 2005), Iraq, Lebanese Republic, Liberia, Republic of Libya, Sao Tomé and Principe, Serbia, Sudan, Syrian Arab Republic, Uzbekistan.

✓ The price of membership is rising.

(Russia, an unprecedented 19 years of negotiations) The Swiss brokered a deal between Russia and Georgia earlier this year that removed the last obstacle to Russia’s accession. Georgia had tried to block Russia’s WTO entry since the two countries fought a short war in 2008

Alliances: Increasingly, countries are getting together to form groups and alliances in the WTO. In many cases they even speak with one voice using a single spokesman or negotiating team. https://www.wto.org/english/tratop_e/dda_e/negotiating_groups_e.htm
Secretariat

✓ The WTO Secretariat has 634 regular staff and a modest budget of $200 million
✓ Since decisions are taken by Members only, the Secretariat has no decision-making powers.

➤ supply technical and professional support for the various councils and committees
➤ provide technical assistance for developing countries
➤ monitor and analyze developments in world trade
➤ provide information to the public and the media
➤ organize the ministerial conferences.
➤ provides some forms of legal assistance in the dispute settlement process
➤ advises governments wishing to become Members of the WTO

✓ In negotiations, Secretariat provides support by identifying possible areas of consensus, proposing potential solutions. (Framework/sequence of negotiations)
✓ We are headed by a Director-General.
  ➤ Four year term
  ➤ The appointment is made by a consensus decision of the General Council from a pool of nominees
THE WTO
BUSY WITH?

Negotiate
Monitor
Settle disputes

Three prongs of WTO work

The WTO's functions can be described as a three-legged stool. All are necessary to keep the organization upright: negotiate agreements, monitor compliance, settle disputes.

Focus on: Negotiations

- Negotiations is how the rules were set in the first place and how new rules are added
- All major decisions are made by the membership as a whole
- Decisions are normally taken by consensus. In this respect, the WTO is different from some other international organizations such as the World Bank and International Monetary Fund. In the WTO, power is not delegated to a board of directors or the organization’s head.
There have been 10 ministerial Conferences.

**Focus on: Doha**

- Consensus
- 2. Single undertaking
- 3. Economic advancement of developing countries
Bali
- The WTO’s Bali Ministerial Conference concluded a day later than scheduled on 7 December 2013 with agreement on a package of issues designed to streamline trade, allow developing countries more options for providing food security, boost least developed countries’ trade and help development more generally.
- The Bali Package is a selection of issues from the broader Doha Round negotiations.
- The Bali Package has sometimes been described as the first major agreement among WTO members since it was formed in 1995 under agreements from the 1986-94 Uruguay Round negotiations. The most significant for global commerce is the trade facilitation part of the package, which is about cutting red tape and speeding up port clearances.
Nairobi

- Firm deadlines for the elimination of agricultural export subsidies + timetable agreed for expanded ITA
- Developed countries will immediately remove export subsidies, except for a handful of agriculture products, and developing countries will do so by 2018, with a longer time-frame in some limited cases
- The elimination of all forms of agricultural export subsidies constituted one of the United Nations Sustainable Development Goals launched in 2015.
- 53 members representing major exporters of information technology products agreed on the timetable for implementing a landmark deal to eliminate tariffs on 201 IT products valued at over $1.3 trillion per year.
- Initiatives in favour of least developed countries in the area of services, rules of origin, cotton

Other news:
- Whereas in the past, ministers affirmed their support to continue Doha negotiations, that was absent in the last conference
30. We recognize that many Members reaffirm the Doha Development Agenda, and the Declarations and Decisions adopted at Doha and at the Ministerial Conferences held since then, and reaffirm their full commitment to conclude the DDA on that basis. Other Members do not reaffirm the Doha mandates, as they believe new approaches are necessary to achieve meaningful outcomes in multilateral negotiations. Members have different views on how to address the negotiations [...]
31. Nevertheless, there remains a strong commitment of all Members to advance negotiations on the remaining Doha issues. This includes advancing work in all three pillars of agriculture, namely domestic support, market access and export competition, as well as non-agriculture market access, services, development, TRIPS and rules [...]
32. This work shall maintain development at its centre and we reaffirm that provisions for special and differential treatment shall remain integral. Members shall also continue to give priority to the concerns and interests of least developed countries. Many Members want to carry out the work on the basis of the Doha structure, while some want to explore new architectures.
34. While we concur that officials should prioritize work where results have not yet been achieved, some wish to identify and discuss other issues for negotiation; others do not. Any decision to launch negotiations multilaterally on such issues would need to be agreed by all Members.