

Lecture 03: The GATT to WTO

Welcome back students. Today we are going to discuss about the continuation of the last class from GATT to WTO. So, in the last class we discussed what is happened up to the GATT. And today we will discuss about the various rounds of negotiations happened from 1947 to 1995 at the constitution of WTO.

CONCEPTS COVERED

The GATT to WTO

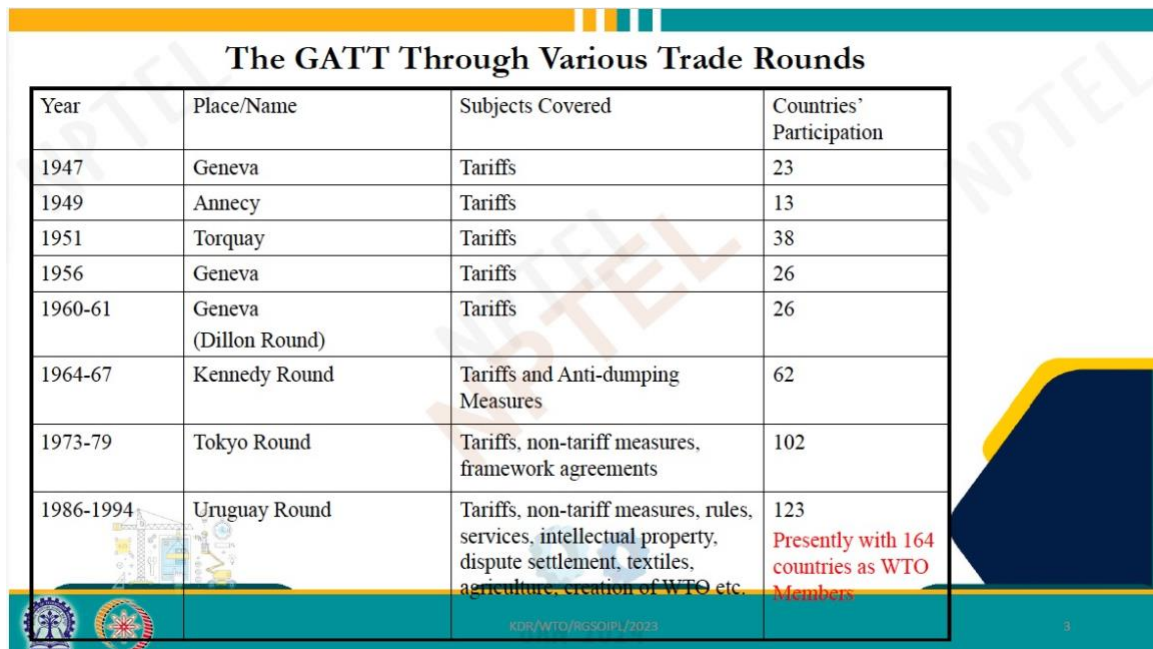


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And yes so, the basically we are going to discuss the entire story of the negotiations from GATT to WTO.

The GATT Through Various Trade Rounds

Year	Place/Name	Subjects Covered	Countries' Participation
1947	Geneva	Tariffs	23
1949	Annecy	Tariffs	13
1951	Torquay	Tariffs	38
1956	Geneva	Tariffs	26
1960-61	Geneva (Dillon Round)	Tariffs	26
1964-67	Kennedy Round	Tariffs and Anti-dumping Measures	62
1973-79	Tokyo Round	Tariffs, non-tariff measures, framework agreements	102
1986-1994	Uruguay Round	Tariffs, non-tariff measures, rules, services, intellectual property, dispute settlement, textiles, agriculture, creation of WTO etc.	123 Presently with 164 countries as WTO Members



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If we look it to at a glance if we look into you can see there is lot of rounds happened, lot of rounds of discussions negotiations happened from 1947 to 1994. And in 1947 itself so, you can see that the initial the formation of GATT there were 23 countries. So, not surprisingly you can see that the next meeting was happened after 2 years in 1949 and almost 10 countries are disappeared. And only 13 countries participated only 13 countries participated in the *Annecy* round of negotiations. And then again after two more years you can see that the number has the *Tokyo* round of negotiations the number has increased to 38. Then again there is a decrease in the *Geneva* round in 1956 to 26. And again in 1960 that means, almost after 13 years the number remains to be in the *Dillon* round also the number remains to be 26. So, you can see that after the 1960s only more countries joined in the negotiations. And the two important negotiations before the *Uruguay* round of negotiations were the *Kennedy* round and the *Tokyo* round of negotiations. And the *Kennedy* round happened from 1964 to 1967 and the *Tokyo* round of negotiations happened from 1973 to 79. And these two rounds are very important before the *Uruguay* round of negotiations because most of the agreements, their drafts, discussions happened or evolved through these two round of negotiations. And you can find in the *Kennedy* round of negotiations it was 62 countries and almost it is doubled to 102 in the *Tokyo* round of negotiations. And when it comes to the *Uruguay* round of negotiations and the founding countries of the WTO become 123. Again India was a founding member of WTO as well like GATT. So, 123 countries signed the WTO agreements in 1994 which take effect from 1995 and which is now presently reached to the level of 164 countries. And yesterday also we saw that the last class also we saw that 164 countries of the world which constitutes or which deals with 99.9 percent of the world trade. So, you can see the importance of this particular organization which almost deal with the entire world trade. And all the major powers whether it is United States, European Union or it is the Asian countries like China, India and also even some of the countries like China was not a member original member in 1995. But in 2002 they are acceded to the WTO and they become a WTO member. And much later even *Russia* become a member and still we can find around 30 countries are not member of WTO. So, presently this organization contains 164 member countries and which is majority of the nations here.

Second Round in France 1949

- **The first round, with 23 countries meeting in Geneva in 1947, led to the establishment of GATT itself, as well as some 45,000 reductions in participants' customs duties.**
- **It was held in preparation for the Havana conference.**
- **In this second round, participants agreed to exchange some 5,000 tariff concessions, and 10 more countries signed the General Agreement.**



Now, here we will see one by one negotiations what is happened in each negotiations. So, after 1947, the first round has happened after two years in 1949. So, again you can see that only that 23 countries those who are formed the GATT negotiations were again they came back. And they discussed other than 45000 reductions which was declared in the GATT negotiations. And another 5000 tariff concessions also declared that means, almost 50000 tariff reductions are declared by these countries and signed. So, 10 more countries are signed. So, it become the number become 33 at that point of moment. So, 50000 tariff reductions are declared by 1949.

Third Round – Torquay, UK - 1950

- **A year later, the negotiations moved to England.**
- **This third round focused again on tariff reductions.**
- **The number of participants rose to 38.**



So, you can see that this is a huge number and in a very short period of time. So, another round which was happened in the UK, the *Torquay* round. So, it was happened a year later in 1950 and the third round was again so focused on tariff reductions. So, the number has increased to 38. So, 38 countries. So, the original 23 countries become 38 countries by 1950. So, it means that there is more participation in the negotiations which is happened in the *Torquay* round in the UK.

The Dillon Round, Geneva, 1960-61

- Move on a decade, skip one round. By the time they reached their fifth tariff negotiation, GATT signatories decided to give the talks a name.
- The negotiations launched in Geneva on 1 September 1960 were to become known as the Dillon Round, after C Douglas Dillon, US undersecretary of state under President Eisenhower, and Treasury Secretary under President Kennedy (who took office during the round in January 1961).
- By then the European Community had been set up and was beginning to match the United States' economic clo



And the next round one of the important round was the *Dillon* round in *Geneva* happened in 1960 because by that time almost 13 years over and there were more and more as you know request from countries for reduction of tariffs. So, that there will be the tariff barriers can be removed and more and more trade can happen between the countries. So, these negotiations are launched in 1960 and also in the name of *Douglas Dillon*, the US Secretary of State.

And another you know feature which we can see that most of these rounds which are in the name of the US secretaries at that point of time those who worked for the GATT rounds and these people play an important role in the liberalization of trade. So, by the time so definitely the *Rome Convention* was signed by 1960s the *Rome convention* was signed and the European Economic Community was established. So, this was a very important point in international trade because the US was the single country dictating terms with other countries up to that time. So, there was no much room for negotiations, but with the advent of the constitution of the European Community with a sizable number of European countries. So, it become this more economic power than the United States by this time. So, the economics were matching and they also started playing a crucial role in the negotiations. And so the constitution of the signing of the *Rome treaty* and the constitution of the European community also played in negotiations in international trade.

Kennedy Round Negotiations -1964-67

- The trade negotiations have been named after the late President Kennedy because they were made possible by the exceptional powers obtained by President Kennedy in the Trade Expansion Act, 1962,
- which among other things allows the United States Administration to negotiate on a basis of reciprocity a substantial reduction in tariffs,
- generally up to 50 % with larger concessions on agricultural and tropical products in certain circumstances and on duties not exceeding 5 % ad valorem.



Then we were talking about the most important two rounds and one was the Kennedy round and another was the Tokyo round of negotiations. In the Kennedy round of negotiations by 1960 started in 1964 and which is ended up to you know almost 3 years negotiations. There are certain domestic happenings made compelled them for another round of negotiations.

So, the most importantly we can see that the *Trade Expansion Act of 1962* where the president Kennedy played a very crucial role in liberalizing the trade at that point of time. That is why this particular round was named for American president Kennedy at that point of time. So, and also you can see that reciprocity was considered as the cardinal principle of opening up of trade at that point of time. And the mantra was reduction of tariffs. So, reduction of tariffs was the single agenda of all these negotiations. And so we already said that almost 50 percent concessions were declared. And because agriculture was always a controversial topic in the GATT throughout the GATT negotiations. And *ad-valorem* duty is sometimes not exceeding 5 percent, but agriculture also was one of the discussion points in the Kennedy rounds.

Kennedy Round Negotiations -1964-67

- **Discussions on 3 points**
- **(i) a substantial reduction in tariffs and other barriers to trade;**
- **(ii) measures to improve access to world markets for agricultural products; and**
- **(iii) expansion of outlets for the exports of less developed countries.**



And if you look into the Kennedy round of negotiations there are three important points they concentrated on three important points. One substantial reduction in tariffs and other removal of trade barriers. And to improve access to the world markets and for agriculture products. So, market access for agriculture products is still a very controversial subject. And after the establishment of the WTO also all ministry led conferences discuss about the agriculture agreement. And they come out with declarations ministerial declarations which touching upon agriculture products. So, market access is a very heated topic or a touching point among the developing countries. And the third point discussed in the Kennedy round was the expansion of outlets for the exports of least developed countries. Least developed countries were always a discussion point among the WTO member countries. Even after the establishment of the WTO these least developed countries were given a lot of concessions. And still it is continuing even after 27 years or 28 years. So, always the developed countries and developing countries were taken into consideration these least developed countries even at the Kennedy round of negotiations.

Kennedy Round Negotiations -1964-67

- Areas. First, **industrial products**. Here, the participants agreed on a target reduction of tariffs on industrial products by 50 percent, subject to the exceptions and disparities procedures mentioned earlier.
- Second, **agriculture**. While past rounds of tariff negotiations, together with the gradual elimination of quantitative restrictions, had meant a substantial liberalization of trade in industrial products,
- the trend as regards trade in agricultural products had been strongly in the opposite direction,
- largely as the result of American insistence on the priority of domestic agricultural policy over commercial policy



So, if you look into the you know one by one. So, we can see the participants agreed to reduce the tariffs on industrial products. So, industrial tariffs. So, basically they have reduced the tariffs to 50 percent. So, 50 percent tariff reduction is a big number during the 1960s. And try to remove all exceptions and disparities. And second point we said market access to agriculture again there also the tariff negotiations are an important point. So, and another important point in the agriculture trade is the removal of quantitative restrictions. And every country has put quantitative restrictions on an export of materials from a particular country. This is not based on any rule based system and it depends upon the bilateral agreements between countries. So, this was a problem to many countries because it is considered as a barrier for agriculture trade among the member countries. And none of the countries were willing to liberalize agriculture trade, but at the same time they were willing for opening up of industrial products. So, agriculture products has been always a strong contentious issue in all the negotiations including *Kennedy* round of negotiations. So, all the countries whether it is America or it is European Union or the European Community at that point of time has all common agriculture policies which gives large amount of subsidies to their agriculture sector. So, on one side these developed countries asked for removal of or access to markets or market access to agriculture products. At the same time they ask the developing countries to remove or to eliminate subsidies to the agriculture sector, which was not acceptable even to any countries including the European Union.

Kennedy Round Negotiations -1964-67

- Third, **non-tariff barriers**. As tariffs have come down and quotas have been eliminated,
- it has become increasingly evident that the purposes of protection can be and are being served by other techniques and devices for favouring domestic over foreign products.
- Fourth, **exports of less developed countries**. This concern reflected the mounting tide of criticism of GATT from the less developed countries, criticism which had led to the convening of the United Nations Conference on Trade and Development in 1964,
- and which focused on the bias of previous negotiations towards confining tariff reductions to the industrial products of the developed countries, on the Long-Term Cotton Textiles Arrangement, on barriers to exports of tropical products, and on the low and fluctuating



So, the third point which we can see is discussed in the Kennedy round of negotiation is non-tariff barriers. The non-tariff barriers which includes quotas we already talked about you know the quota system which was you know prohibited under article 11 of the GATT itself. The quantitative restrictions are dealt under article 11 of the GATT, but again the countries put quota system and that also is discussed as a non-tariff barrier in the Kennedy round of negotiations. So, the purpose everybody knows that the protectionism of domestic industries, domestic agriculture market. So, the foreign products are unwelcome. So, this was the common trend among the countries irrespective of developed or developing countries on discussions on non-tariff barriers.

Then the fourth point which discuss was about I have already explained about the least developed countries or less developed countries because these countries were not able to trade, not able to benefit from the GATT system because of the policies, the quota because of the quota systems and you know other non-tariff barrier systems and non market access to the countries. So, they were not able to benefit much and this led to the constitution of the meeting the international convention convening of United Nations conference on trade and development in 1964. And this meeting also focused based on negotiations towards tariff reductions basically on industrial products and some of the other products like cotton textiles. Cotton textiles were also added because up to 1970s the entire cotton exports were based on the multi-fiber agreement. And this multi-fiber agreement gives quota system to every countries to export to whether it is Europe or it is to United States or any other countries. So, the discussions were started to eliminate this quota system with in multi fiber agreement which remove these quotas removing not only the quota system, but also the lower tariff rates. So, that the other countries can export cotton textile products to these developed markets.

Kennedy Round Negotiations -1964-67

- **1967 – Geneva Protocol to the GATT.**
- **World Grains agreement**
- **Chemicals agreement**
- **Anti-dumping code was negotiated and finalized.**
- **Result was net 35% reduction in tariff except sensitive products like textiles, chemicals and steel.**



And 1967 in within the Kennedy round you can see that which came the Geneva protocol in 1967. And also the most important the point is the agriculture agreement was never success, but the countries were discussed about a World Grains Agreement. And another product which was proposed was Chemical Agreement and also Anti-Dumping code and basically the anti dumping was dealt under article 6 of the GATT. So, it is selling a product which is less than its normal value in the domestic market in a foreign market. So, it is simply the price discrimination between markets. And the countries are imposing additional duties which are known as anti-dumping duties in when you are dumping into a particular market. So, all the members felt that there must be some rules and regulations for anti-dumping. So, again we can see that the net result of Kennedy round was another 35 percent reduction in tariffs. So, even though the members proposed individual agreements for grain agreement for textiles for chemicals for steels and that is not happened. Instead of that general products they were agreed to reduce 35 percent of tariffs in the Kennedy round.

Kennedy Round of Negotiations

- In the sixth, the Kennedy Round, participation surged to more than 60 countries.
- The subjects discussed also expanded, from the traditional tariff cuts to new trade rules, such as those on the use of anti-dumping measures.
- The Kennedy Round was named after the US president who had died the previous year.
- This was partly in his memory and partly because President Kennedy had secured the 1962 US Trade Expansion Act which authorized the US government to negotiate tariff cuts of up to 50%, a key factor allowing the talks to take place.



Then you can see that the Kennedy round was success because of its more participation 60 countries participated in the Kennedy round of negotiations and the subject area of discussion also increased other than traditional tariff cuts. For example, the trade rules, the anti-dumping code, and also even agriculture also was discussed. So, you can see that and the US also played a crucial role and definitely, the some of the legislations like the US Trade Expansion Act also played a crucial role and with a tariff cut of total 50 percent which was allowed even at domestic level.

Failure or success

- While the Kennedy Round must be judged a success,
- qualified according to taste,
- with regard to industrial products,
- it must equally be judged extremely disappointing with regard to agriculture.
- Market access discussions were a failure.
- France, Germany, and Italy agreed to revise their domestic taxation of automobiles, and Britain agreed to increase the time allowed fo



So, when we look into whether it is a failure or a success. So, I would say that it was a success towards more opening of the international trade because we can see that (1) the

number of countries participation increased (2) everybody has agreed to reduce tariffs on industrial products. And at the same time definitely there will be some disappointments and that disappointment was on agriculture markets, market access to agriculture products. So, that was a failure because none of the countries were whether it is developing or it is developed or least developed countries they were agreed to open up the economies. So, but at the same time some of the other countries were agreed to discuss on tariff reductions on automobiles and also and some of the other areas they were like France, Germany, Italy and they were you know agreed to discuss upon the reducing domestic taxation. So, this is a welcome move towards further liberalization.

Conclusion of Kennedy Round

- **So much for the agreements reached in the Kennedy Round :**
- **a success in industrial products,**
- **a disappointment in agricultural products,**
- **a start on non-tariff barriers,**
- **and a disappointment for the less developed countries.**



So, in summary we can say that the conclusion of the *Kennedy* round it is successful with regard to the industrial products and definitely agriculture not success and discussions started on reducing the non tariff barriers. And some of the developed countries were disappointed mainly because they want certain codes to be signed like Grains agreement and Chemical agreement and you know individual agreements which was not agreed upon by the majority of the countries. So, I would say that in conclusion Kennedy round was a big success.

Tokyo Round

- **The Tokyo Round lasted from 1973 to 1979, with 102 countries participating.**
- **It continued GATT's efforts to progressively reduce tariffs.**
- **The results included an average one-third cut in customs duties in the world's nine major industrial markets, bringing the average tariff on industrial products down to 4.7%.**
- **The tariff reductions, phased in over a period of eight years, involved an element of "harmonization" — the higher the tariff, the larger the cut, proportionally.**



Now, we go to the very important round that is the Tokyo round of negotiations started from 1973 to 1979 almost 6 years with a larger participation of 102 countries. And it was a continuous effort a continued effort of GATT member countries to reduce tariffs. So, first time that the negotiations you know is increase the number from 100 and above 100, 102 members. So, started with 23 countries and which reached to 102 members by Tokyo round of negotiations. So, countries again agreed to reduce tariffs average to the tune of industrial products down to another 4.7 percent. So, it means that it is a one-third cut on customs duties. So, it means that the members were agreed to reduce more and more tariff cuts. So, it is mostly of a harmonization of tariff cut between developed countries and developing countries.

So, the countries those who have higher tariff rates there is a larger cut and proportionate cutting for developing countries as were proposed in the Tokyo round of negotiations. And we will see elaborately all the points which was discussed and taken decisions in the Tokyo round of negotiations.

Tokyo Round – 1973-79

- Another decade, and GATT negotiations moved outside Europe for the first time. The seventh round was launched at a ministerial meeting in Tokyo, 12-14 September 1973.
- The Tokyo Round took a broader look at the trade rules than its predecessor, the Kennedy Round, with mixed results.
- Participation swelled again to 102 countries. The tariff negotiations led to further substantial reductions in customs duties.
- A series of agreements were reached on various non-tariff barriers, but they were only signed by some participants - they became known as the Tokyo Round "codes".

And here we can see that up to 1973, by that time the GATT negotiations moved out of Europe. Because the European countries were taken very much interest in the negotiations earlier. So, first time it was taken out of Europe and it was happened in Tokyo. So, and the broader outlook changes also the host countries also plays a crucial role in negotiations and participations increased and tariff negotiations happened and further decreased the especially the tariffs on industrial products. And also they discussed about the removal of non-tariff barriers. So, and we can find a number of Tokyo round codes which became a part of the Uruguay round of negotiations later.

Tokyo Round – 1973-79

- 102 countries participating.
- Objective is to progressive reduction of tariffs.
- “Codes” came into existence:
 1. Antidumping
 2. Subsidies
 3. TBT
 4. Import Licensing
 5. Government Procurement
 6. Customs valuation
 7. Bovine Meat arrangement
 8. International Dairy Arrangement
 9. Trade in Civil Aircraft

Result
Average one third cut in customs duties
down – industrial products tariff into 4.7%



And if we look into average cut of tariffs to the tune of 4.7 percent happened in the Tokyo round of negotiations. And a series of codes were proposed and finalized in the Tokyo round of negotiations, that are anti-dumping, subsidies code, technical barriers to trade code, import licensing code, the government procurement code, customs valuation code, bovine meet agreement or bovine meet arrangement, international dairy arrangement, then trade in civil aircraft. So, all these were the predecessor to the WTO agreements. And you can see that the anti-dumping agreement, one of the you know important agreement elaborate provisions were made for anti-dumping code. So, we will see one by one elaborately.

Tokyo Round – 1973-79

The Ministerial declaration for the Tokyo Round aimed at the following:

- i. Tariff negotiations using the formula method,
- ii. Reducing or eliminating non-tariff measures,
- iii. Examining the possibility of reducing or eliminating all barriers in selected sectors,
- iv. Examining the adequacy of the multilateral safeguard system,
- v. Negotiations in agriculture, taking into account the special characteristics and problems in this sector, and
- vi. Treating tropical products as a special and priority sector.

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So, and also I think all these points which we covered this you know reduction of tariffs and reducing elimination of non-tariff barriers. And they examined also the possibility of reducing or eliminating these barriers in selected sectors. And also they discussed about a multilateral safeguard system. And also agriculture was one of the important discussion point in the Tokyo round of negotiations. And tropical products and some of the countries proposed that tropical product should be given special priority that also were discussed in the ministerial declaration which is surfaced in the ministerial declaration.

Tokyo Round – 1973-79 Declaration

- Specifically, the trade negotiations would aim at improving the conditions of access for products of interest to such countries while ensuring stable,
- **Equitable** and remunerative prices for primary products. Tropical products would be given special and priority treatment.

So, we will see one by one you know subject what was the exact discussions one by one. And so, definitely we can see the negotiations of mainly the targeting towards improving the conditions of access to products. And also the prices of primary products to be increased. So, priority was given to the tropical products.

Tokyo Round – 1973-79 Declaration

- The principle of nonreciprocity in negotiations between developed and less-developed countries, an established principle in GATT, was reaffirmed:
- the importance of maintaining and improving the Generalized System of Preferences (a provision for lower tariff rates) granted by developed countries to less-developed countries,
- as well as the need for special measures and the importance of providing special, differential, and more favourable treatment for less-developed countries, were recognized.
- Special attention was to be given to the trade interests of the least-developed countries.

And also we can see that some of the special privileges were given to the least developed countries that was reaffirmed. For example, some special concessions like generalized system of preferences. This system is a lower tariff to the special countries the countries with special needs. And this is not available to other countries. Even within the WTO system, the European Union has allowed this generalized system of preferences to countries with special needs. So, this is only available to less developed countries

because these countries requires special needs or a special measures are required to stabilize their economies. And they require more favorable treatment so that they can climb up in a period of time. Or special attention is required for these least developed countries to trade with developed countries. That is why a special system that is known as the GSP system has been introduced. So, the modalities were discussed in the Tokyo round of negotiations.

Outcomes

- **(1) Tariff reduction agreements: Little needs to be said about the Geneva (1979) Protocol and the Protocol Supplementary to the Geneva (1979) Protocol.**
- **Basically, they are lists of items with the reduction in tariff that has been agreed to by each country.**
- **Each country has its own "tariff schedule" in GA TT**



And if you look into the outcome, the outcome have a long list. So, first they talked about the tariff reductions. And the tariff reductions came in the form of Geneva protocol. And supplementary to the Geneva protocol as well in 1979. And this reduction of tariffs by each countries tariff schedules were established to each countries' main agreement. So, there will be a tariff schedule attached the GATT agreement to each and every country.

So, this tariff schedule system was established in the Tokyo round of negotiations.

Outcomes

- **(2) The Subsidies-Countervailing Duty Code:**
- **Officially entitled "Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade," it is perhaps the most important of the nontariff barrier codes negotiated in the Tokyo Round.**

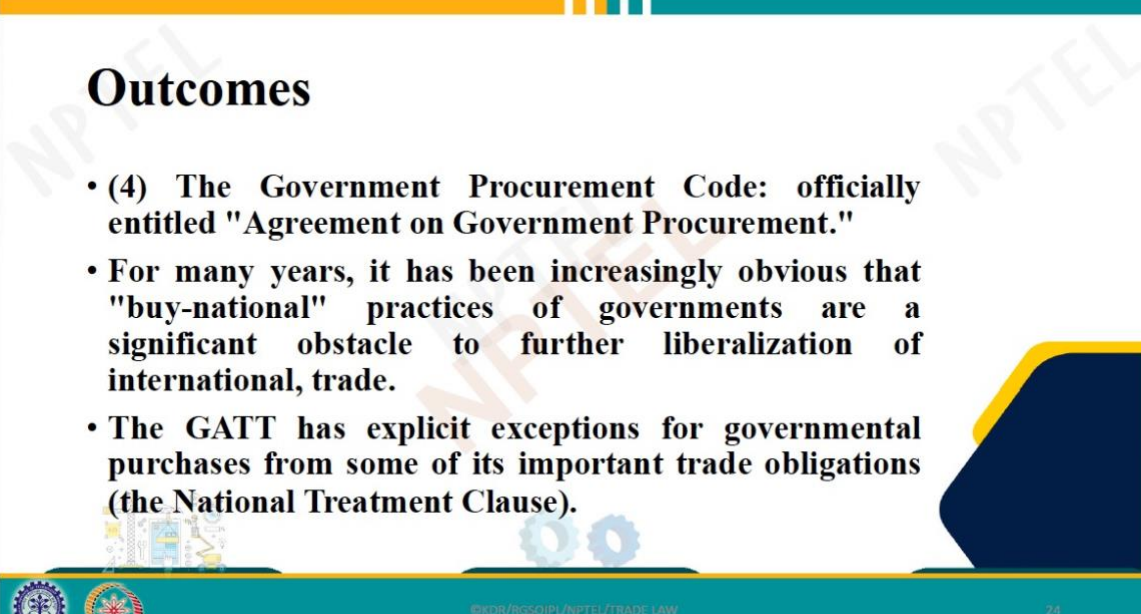
And another code which came into existence is the Subsidies-Countervailing Duty Code. So, officially this provisions which you can see in the Agreement on interpretation and Application of Article 6. Article 6 talks about anti-dumping, article 16 and you can see that 23 of the general agreement on tariffs and trade. So, these are the most important non-tariff barrier codes negotiating in the Tokyo round. Which you can see that the subsidies, the anti-dumping and also the other codes which you can find that is they are the non-tariff barriers or we can say that the non-tariff barriers codes which established.

Outcomes

- **(3) Anti-Dumping Code: officially entitled "Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade."**
- **An Anti-Dumping Code was negotiated in the Kennedy Round (1967), but was not very successful.**
- **Indeed, United States constitutional problems and congressional antagonism prevented the United States from fully implementing this Code.**
- **At a late day in the Tokyo Round, it was decided to revise the Anti-Dumping Code, and to enter into a new code which embodied many of the concepts that had already been negotiated in the Subsidies-Countervailing Duty Code.**


I already said that anti-dumping code was one of the very important agreement concluded in the Tokyo round of negotiations. So, this was basically the code improvement to the code which was discussed in the Kennedy round of negotiations, but it was not concluded in the Kennedy round of negotiations. So, the members were able to sign an agreement on anti-dumping in the Tokyo round of negotiations.



And the United States, whenever an agreement comes they will find a problem. So, and the congressional support is very important for implementation at the United States. So, United States find it difficult to implement this code at the domestic level. And again you can see that these subsidies code, Subsidies-Countervailing Duty Code also is similar to as that of anti-dumping. So, when anti-dumping duties are imposed when there is dumping happens, when the subsidized goods are dumped then the countervailing duty is imposed. So, these are two you know trade remedy measures code.



Outcomes

- **(4) The Government Procurement Code: officially entitled "Agreement on Government Procurement."**
- **For many years, it has been increasingly obvious that "buy-national" practices of governments are a significant obstacle to further liberalization of international, trade.**
- **The GATT has explicit exceptions for governmental purchases from some of its important trade obligations (the National Treatment Clause).**



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So, it is very clear that these two codes were played a crucial role in the Uruguay round of negotiations as well. And another agreement which was concluded was the government procurement code. This is very important on the background that in every country, each and every country government is the largest purchaser of goods. So, and the government definitely the inclusion or participation of other countries are very limited. So, this agreement on government procurement played a crucial role in the participation of other national or other nations. So, this non-participation of other countries was an obstacle for liberalization of trade.

Because if you look into some of the countries like China or India or United States or European Union, the government procurement, the quantity is very high and it is a chunk of their GDP, the purchase is by the government themselves. So, the government purchases are exceptions there is no obligation on the government to follow the national treatment principle and the MFN principle in the case of government procurement. So,

exceptions are made in the GATT. So, the government procurement was disciplined through this Agreement on Government Procurement.

Outcomes

- **(5) Standards Code:**
- **officially entitled "Agreement on Technical Barriers to Trade."**
- **A panoply of different kinds of product standards, such as food and drug standards to protect human health, standards for product operation to prevent pollution,**
- **or standards on goods to enhance their safety,**
- **have increasingly burdened the flow of international trade.**



Then fifthly the Standards Code, again a non-tariff barrier code Agreement on Technical Barriers to Trade, another agreement was SPS Agreement, Sanitary and Phytosanitary measures. So, the different kind of product standards was introduced by member countries, any member country can come out with their own standards. But these standards cannot become trade barriers and it cannot become a barriers for other countries to send their products to the countries especially to the developed countries. But at the same time the countries have to look into their human health, plant health and animal health. So, these standards, the product standards are discussed under the technical barriers to trade. The Health standards are discussed under the SPS agreement Sanitary and Phytosanitary measures. Health standards of human health, plant health and animal health were discussed under the SPS agreement. So, this was the first time that the standard code was discussed in the Tokyo round of negotiations.

Outcomes

- **(6) Customs Valuation Code:**
- **officially entitled "Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade."**
- **The various methods employed for valuing imported goods for customs purposes have served as non-tariff barriers.**



Then another code which was concluded, is an important code, was the Customs Valuation Code. And Customs Valuation Code, officially Article VII Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade. Because customs valuation was a problem in most of the countries because many countries adopt different methodologies for the customs valuation, calculation of customs valuation.

And the customs valuation code clearly defines 6 methods of customs valuation. So, the countries have a choice of 6 methods of calculation. So, these are uniform standards throughout the member countries. And this Customs Valuation Code later on become in the Uruguay round of negotiations, the Customs Valuation Agreement. So, the customs valuation was standardized all over the world through this customs valuation code.

Outcomes

- **(7) Licensing Code:**
- **officially entitled "Agreement on Import Licensing Procedures."**
- **This Code expresses a concern that licensing procedures designed to implement a trade restriction may serve as additional restrictions in and of themselves.**
- **It calls for neutral rules and fair and equitable application and administration of those rules.**



Then comes the Licensing Code, that everybody knows that 60s, 70s and the 80s, the License raj happened in most of the countries including India. This License raj system made it very difficult for the free flow of goods from one country to other countries. So, the member countries want this license raj system to be abolished they came out with the licensing code, Agreement on import licensing procedures because many countries adopt different methodologies and it is become a non-tariff barrier for many countries. So, it is virtually not possible for many countries to export goods to other countries because of these cumbersome export procedures. So, the licensing code simplified the customs procedures and removed the restrictions. And the neutral rules or I would say that the fair rules or equitable rules were made for the application of administration and uniformly applicable throughout these countries more than 100 countries. So, the International Customs Union also has come out with rules and regulations for imports, but this agreement, this licensing code has made a crucial role in simplifying the customs procedures.

Outcomes

- **(8) Civil Aircraft Code:**
- **officially entitled "Agreement on Trade in Civil Aircraft."**
- **One of the goals at the commencement of the Tokyo Round negotiations was to develop agreements relating to particular industrial sectors such as steel or chemicals.**
- **This goal was not achieved.**
- **The only agreement concluded was Agreement on Trade in Civil Aircraft.**

Then another agreement some of the countries those who are the producers of civil aircraft come out with the Agreement on Trade in Civil Aircraft even though there was no much takers of this particular agreement. So, Tokyo round developed agreement relating to particular industrial sectors. If it is the Kennedy round was focused on even Chemical Agreement, Grains Agreement or other agreements, but here you can see some of the industry specific agreement is Civil Aircraft Agreement. So, but steel agreement, chemical and others were again a failure, that was not achieved. So, it was discussed in the Kennedy round, again it was discussed in the Tokyo round, but it was not achieved. But this because of probably because of the European Union and the US; the civil aircraft agreement is you know complete, it was concluded even though there was no much takers for this particular agreement.

Outcomes

- **(9) Dairy Products Code: officially entitled "International Dairy Agreement."**
- **This agreement provides for a consultative arrangement.**
- **The International Dairy Products Council established by the Agreement will serve as a forum for discussions and monitoring of the international dairy market.**
- **In addition, protocols attached to the Agreement set minimum export prices for various dairy products.**

Another important agreement which was pushed by the European countries were the Dairy Agreement or the Dairy Products Code. So, international dairy agreement. So, this agreement again there was no much takers for this particular agreement, but this agreement provides for a consultative arrangement and also it established international dairy products council. So, that they can discuss the problems which is relating to the dairy products. So, and also discuss about the international dairy market. So, the protocols attached to this particular agreement talks about the various dairy products involved in the international trade. So, even though there is no much takers for this particular agreement and we will see that in WTO these two agreements were abandoned.

Outcomes

- **(10) Arrangement Regarding Bovine Meat:**
- **Like the International Dairy Agreement, the Bovine Meat "Arrangement" sets up a consultative group, called the "International Meat Council."**
- **The Arrangement basically establishes procedures for information exchange and market monitoring, and consultation through meetings of the council, and otherwise.**

And another agreement was Bovine Meat Agreement or Bovine Meat Code like the international dairy agreement the Bovine Meat also was an arrangement and they come up with a consultative group, again they come out with an international meat council. So, that they can discuss about their particular sector and their problems. So, for this agreement also there was very less takers after the Tokyo round of negotiations. But they came out with the aircraft industry, they came out with codes on dairy industry, they came out with codes on bovine meat industry as well, but steel and other industries were not taken up for discussion at all.

Outcomes

- **(11) Framework Arrangements: One of the negotiating committees of the MTN was called the "Group Framework" Committee, and was responsible for formulating four specific understandings.**
- **These concern differential treatment for developing countries;**
- **balance of payments measures;**
- **safeguard actions for development purposes;**
- **and an understanding regarding notification, consultation, and settlement of disputes.**

and then they came out with a framework agreement. So, the group framework committee formulating specific understandings. So, this is mainly for a special and differential treatment for developing countries and also certain circumstances where the basic balance of payment problem comes to some of the countries. So, these rules should be exempted for those countries facing with balance of payment problems and also some safeguard agreement safeguard actions for developmental purposes are also required. So, and also these framework agreements for settlement of disputes as well which was discussed in the Tokyo round of negotiations.



The Uruguay Round, 1986-94

- In 1986, a GATT round was launched in a developing country for the first time.
- By now developing countries had become the majority in the GATT system, and in this round they were to play an unprecedented active role in the talks, alongside their more powerful fellow-participants.
- The Uruguay Round turned out to be the longest, most complicated, and the last of the GATT rounds.
- It took seven and a half years to complete, and it led to the most fundamental reform of world trade rules since GATT itself was created in 1948.



So, then quickly if we go through the Uruguay round of negotiations. So, these are the Tokyo round of negotiations I would say that a highly successful agreement and which concluded a number of codes along with the reduction of tariffs also was concluded in the Tokyo round of negotiations. We will discuss the Uruguay round of negotiations and the WTO agreement in the next class. Thank you.