

Lecture 04: The Uruguay Round and The World Trade Organization

Dear students, welcome back to the last class of this week and today we are going to discuss about the Uruguay round of negotiations and also the WTO agreements and the formation of WTO agreements, one of the watershed moment in the history of international trade. And the Uruguay round of negotiations played a crucial role in formulating these agreements which are ruling the international trading system for the last 26, 27 years from 1995 onwards. And if you look into the Uruguay round of negotiations. So, we saw the last class in the Kennedy round and the Tokyo round has played a very crucial role in formulating various codes and also reduction in tariffs. And these codes the codes which was developed in the Kennedy round and Tokyo round has finally negotiated in the Uruguay round of negotiations which was started in 1986, ended in 1994. So, almost it took 8 years to conclude these particular agreements and to sign as a single undertaking. So, Uruguay round of negotiations are very important to understand the WTO agreements.

The slide features a yellow header bar with the text 'CONCEPTS COVERED' in a dark blue box. Below this, the text 'Uruguay Round' and 'The WTO Agreements' is displayed. The slide includes a large, faint 'NPTEL' watermark in the background. At the bottom, there are several icons: a gear, a building, and a globe, along with the NPTEL logo and a copyright notice: '©KDIR/REGSOIPL/NPTEL/TRADE LAW'. A small number '2' is visible in the bottom right corner.

So, in this class we are going to see the Uruguay round of negotiations, what is happened to Uruguay round of negotiations and also the WTO agreements, what are those WTO agreements, negotiated and finalized.

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, we start with the Uruguay round of negotiations and the Uruguay round of negotiations again happened the members thought that another round, a final round is required to reduce tariffs and also to elaborate other ideas of consideration. Because the GATT system was playing a crucial role, the number of members has increased more than 100 and the participation has increased the reduction of tariff also has happening and the more number of international trade rules for whether it is anti-dumping or it is subsidies or it is customs valuation. So, many codes are also negotiated during the Tokyo round of negotiations and the Uruguay round of negotiations, it took more than 7 and half years and which ended the history of negotiation or I would say that the transition of GATT to WTO and the GATT rule from 1947 or 1947 to 1995 which was replaced by the agreements which was negotiated in the Uruguay round of negotiations.

Uruguay Round

- Took seven and half years -1986-1994
- 123-countries were taken part
- 1995 WTO came into existence.
- The complete set runs to some 30,000 pages consisting of about 30 agreements and separate commitments (called schedules) made by individual members in specific areas such as lower customs duty rates and services market-opening.
- Tariffs on a weighted average reduced from 35% to 6.4%



So, 123 countries participated in the Uruguay round of negotiations and which signed the WTO agreements. So, more than 30000 pages, all the agreements, around 30 agreements and separate commitments, schedules and plus GATT, which constituted the WTO almost 30000 pages to the tune of which was negotiated during the 7 and half years. And again the tariff reductions to the tune of again, you know from 35 percent to 6.4 percent. So, you can calculate how many percentage it is reduced 35 percent to 6.4 percent substantial reduction of tariffs happened in the Uruguay round of negotiations. So, this enables the free flow of goods from one part of the world to the other part of the world. We talked about in the beginning classes, we talked about the silk route. We talked about goods travelling from Asian countries to the Middle East and or Middle East to then again back to the European countries. So, the countries made this possible again through the WTO agreement and through the Uruguay round of negotiations.

Uruguay Round

- **The results of the Uruguay Round negotiations can be grouped under eight headings:**
- **industrial tariffs,**
- **rules,**
- **agriculture,**
- **textiles,**
- **trade in services,**
- **trade-related aspects of intellectual property rights (TRIPs),**
- **dispute settlement,**
- **and the new World Trade Organization.**



So, we can see comprehensive agreements concluded in the Uruguay round of negotiations including the most controversial Agriculture agreement. The multi-fiber agreement was replaced with the Textiles and Clothing Agreement. New areas which were never discussed in the GATT negotiations came. Those two additional important areas were services, trade-related intellectual property rights and the strengthening of the dispute settlement system. These are not only discussed. These were concluded, the appropriate agreements were concluded in the Uruguay round of negotiations. So, you can see that the Tokyo round codes plus these agreements and the GATT constitutes the whole WTO agreement.

Tariff Reductions

- **one of the largest sets of tariff cuts ever achieved.**
- **While the agreed objective had been to match the overall 33 percent reduction achieved in the Tokyo Round,**
- **a global tariff reduction of close to 40 percent was the final outcome.**



And tariff reductions, there is substantial global tariff reductions were declared. So, the final outcome of the Uruguay round of negotiations were almost 40 percent reduction of tariffs. So, in the GATT itself, there is a substantial reduction in 1947, when it comes to 1995 there is a huge reduction of tariffs happened all over the world. And the difference is that in GATT there were few countries starting with 23 and more than 123 countries participated in the Uruguay round of negotiations.

Rules

- **The Uruguay Round negotiations led to a general clarification, improvement, and strengthening of trade rules. To mention a few: the agreement on Subsidies and Countervailing Duties.**
- **Disciplines in the area of antidumping have similarly been strengthened, largely by reviewing definitions and by introducing new provisions.**
- **Last, the Trade-Related Investment Measures Agreement is equally important and significant.**



So, we can see that the Uruguay round of negotiations come out with concrete agreements improvement to the Tokyo round of negotiations which strengthened the trade rules. And come out with concrete agreements and divided into three major disciplines. These three major disciplines were the first is goods, the second discipline is services and the third discipline is intellectual property rights. So, the Uruguay round of negotiations successfully completed the negotiations on these three disciplines. And they reviewed all the Tokyo round codes only dealing with the goods in one discipline, they added the new sector service sector and also the trade related intellectual property rights and also you can see one very important area that is trade related investment measures.

Because the member countries, they were trying to form a multilateral agreement on investment, all the countries including the United States and other countries were trying to form a multilateral agreement on investment from 1945 onwards, they were not successful. But these countries thought that the WTO is the right forum to include these investment measures as well. But what is agreed is only trade-related investment measures. When it comes to the intellectual property rights, most of the member countries are not parties to the Paris convention, Berne convention, Madrid agreement and there is a set of international agreements managed by the WIPO. So, these agreements, these countries were not willing to be a part of these international agreements.

So, the developed countries indirectly want the developing countries to agree to or protect intellectual property rights or the commitments under the Paris agreement, the Berne convention, the industrial property, the copyrights under the Berne convention and then other intellectual property rights, whether it is for example, the intellectual property related to Madrid agreement or other agreements. So, they thought that again WTO is the right forum to introduce intellectual properties as well. That is why we got, the agreement on trade related aspects of intellectual property law. So, all these moves are from countries. So, our perception is that these agreements are pushed by developed countries.

For example, in the case of TRIPS agreement, India was one of the country which gave specific recommendation for the TRIPS agreement along with other 16 countries. So, the negotiating history says that it is not only the developed countries, but the developing countries are actively participating in the negotiations of the TRIPS agreement. So, it is not the case that only the developed countries were involved in the negotiation of the TRIPS agreement.

Agriculture

- **the negotiations in this sector is the fact that domestic support (as measured by the Aggregate Measure of Support) is to be cut by 20 percent “only.”**
- **reduction is accompanied by the introduction of the so-called Green Box.**
- **The second main feature of the agreement relates to the reduction in export subsidies, which under the terms of the agreement are to fall (inter alia) by 36 percent of budgetary outlays.**
- **the third main feature of the agreement was the decision to eliminate all NTBs in agricultural trade,**



Another very controversial agreement which we discussed and not agreed upon was agriculture. and a concrete agriculture agreement was negotiated upon and the members agreed for certain measures, and these measures included subsidies to be reduced, market access to be given, and export subsidies to be reduced, the three pillars of agriculture agreement. So, basically, the subsidies which is the total amount - the aggregate measurement of support, they agreed to reduce 20 per cent and also they decided to put these subsidies under different categories so that the immediate requirement of reduction of subsidy, some of the subsidies like blue box and some of the subsidies to be allowed they put it under green box and some of the subsidies are declared as prohibited subsidies and members were asked to reduce substantially export subsidies and this was agreed upon 36 per cent was agreed upon on all budget outlays of all the countries. This is very difficult for the developing countries to reduce, but the facts shows that United States and European Union also give huge amounts of subsidies. And another important agreements were the removal of non-tariff barriers, which we discussed about as SPS and TBT agreements and which we will discuss in detail again. So, non-tariff barriers in not only in agriculture trade and in other trade also to be eliminated. So, they come out with agreement on SPS, Sanitary and phytosanitary agreement, technical barriers to trade ,TBT agreement also concluded in order to eliminate non-tariff barriers.

Textiles

- **The rapid surge in trade from East and Southeast Asia in the 1950s led importing countries to introduce various types of import restrictions in the early 1960s.**
- **These were subsequently “formalized” through what became the first Multifiber Arrangement (MFA), which entered into force in 1974.**
- **Conclusion of the Agreement on Textiles and Clothing.**



Then the most importantly, the textile sector was completely a mess before 1974 because every country allowed quota system and not only quota system, but also you can see that the quantitative restrictions were put on textile exports. So, mostly the producing countries like the Asia and Africa find it very difficult to export cotton to other countries. And this was finalized with the multi-fiber agreement, which was as negotiated and finalized in 1974. This agreement, this multi-fiber agreement, was replaced by the agreement of textiles and clothing in the Uruguay round of negotiations.

Trade in Services

- **The General Agreement on Trade in Services (GATS) represents the first set of multilaterally agreed and legally enforceable rules and disciplines ever negotiated in the area of international trade and investment in services.**
- **most far-reaching element of the Uruguay Round outcome, given the increasing importance of tradable services in the international economy and the growing awareness of countries of their potential comparative advantage in some services activities.**



We said, the new additions, new discipline, added was Trade in services. General agreement on trade in services were included in order specifically to discipline in the area of international trade and investment services, movement of people, because the services can travel from one country to the other country. There must be rules and regulations the most far reaching the consequences was for the services agreement. So, the services agreement most of the countries are benefited by providing service and the disciplines were prescribed, the rules were prescribed under the trade in services agreement. So, the many countries benefited out of this service agreement and one of the country benefitting the most is India. The Indian contribution to the GDP has even rose up to 60 percent or even the 60 percent you know to the tune of the contribution to the GDP is on service sector.

So, the total industry and the industry as well as industrial contribution plus agriculture is hardly 40 percent. So, services became one of the most important agreement negotiated in the Uruguay round of negotiations and some of the countries immensely benefited out of this particular agreement.

TRIPs Agreement

- **Unlike in the area of services, international agreements providing for the protection of intellectual property predate the Uruguay Round, often by a wide margin (e.g., the Bern Convention on copyrights and the Paris Patents Convention).**
- **The TRIPs Agreement is broad and all-encompassing, as it deals with all major categories of intellectual property: copyright, trademarks, appellations of origin, patents, industrial designs, designs of integrated circuits, and trade secrets.**

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So, we were talking about the TRIPS agreement. The TRIPS agreement we already said that most of the countries were not parties to the Berne convention or Paris agreement or other agreements which was managed by the WIPO. So, all these commitments were, you know clandestinely put in the TRIPS agreement by the negotiators and total there are 7 categories of intellectual properties included in the TRIPS agreement.

You can see that patents, copyrights, trademarks, appellations of origin or geographical indications, patents, industrial designs, designs of integrated circuits and trade secrets.

So, the TRIPS recognized seven categories of intellectual property law under the TRIPS agreement and the TRIPS agreement provided minimum standards for intellectual property protection at the domestic level. For example, the term of protection of patents and they uniformly fixed as 20 years. So, it means that 164 WTO member countries are going to follow the uniform term of protection of patent for 20 years. So, basically the TRIPS agreement gives a minimum standard of protection at the domestic level. At the same time, the members are given the freedom to come out with their own legislations dealing with this particular protection of intellectual properties. So, TRIPS agreement become one of the most important component of Uruguay Round of Negotiations.

Dispute Settlement

- **New System of Dispute Settlement**
- **No question of Veto by parties.**
- **Negative consensus.**

KOR/WTO/RGSOIPL/2023 13

Now the dispute settlement, the GATT system, the GATT dispute settlement was loosely arranged and most of the reports were not adopted because of the opposition from the members. Now the new dispute settlement system was adopted and there is no question of veto by the members or the parties and a negative consensus system was adopted. So, if majority of the countries are only object then only it is not going to be adopted and it is not happened for the last 25, 26, 27 years. It is never happened and not a report is adopted.

So, a stronger system or dispute settlement system was adopted with the two-tier system the panels and the appellate body has been established under the dispute settlement system. And dispute settlement system works as the cornerstone or strong support to all the agreements for the dispute settlement in each and every field.

Marrakesh, Morocco, April 1994

- The Uruguay Round package was signed in Marrakesh in April 1994, seven and a half years after the round began.
- 23000 pages
- The most important result was the creation of the World Trade Organization, almost half a century after the failed attempt to create an International Trade Organization.
- And with the WTO's creation, the multilateral rules were expanded to cover new areas of trade.



So, when we look into the Uruguay Round of Negotiations which is happened first time in a developing country a country like Morocco. So, it is happened in Marrakesh, Morocco and which come out with fantastic results and also which you can see that with lot of disciplines new areas are covered under the Uruguay round of Negotiations.

The WTO Treaty

- **GATT had only dealt with trade in goods. It was to be replaced on 1 January 1995 by the WTO.**
- **But the General Agreement continued to exist in revised form alongside new rules for services and intellectual property.**
- **The package was important in one other respect. It avoided a fundamental weakness of the Tokyo Round - all WTO members have signed on to all the WTO's agreements with a single signature, except for two less important "codes" (now known as "plurilateral" agreements).**



So, finally, the agreement was signed in 1994, finalized in 1994 and which came into effect on 1st January 1995. So, this agreement the new agreements came into effect from 1995 and what happened to the GATT? The GATT agreements also become a part of the

WTO agreements. They continued to, these basic agreements are continued to be a part of the WTO agreements. So, the Uruguay Round of Negotiations was a package of GATT plus Uruguay Round of Negotiations equal to WTO agreements. So, all the codes, plurilateral agreements were added to the WTO negotiations or WTO agreements.

Whether GATT Success

- GATT was provisional with a limited field of action, but its success over 47 years in promoting and securing the liberalization of much of world trade is incontestable.
- Continual reductions in tariffs alone helped spur very high rates of world trade growth during the 1950s and 1960s — around 8% a year on average.
- And the momentum of trade liberalization helped ensure that trade growth consistently out-paced production growth throughout the GATT era, a measure of countries' increasing ability to trade with each other and to reap the benefits of trade.



So, if you ask whether GATT was a success for a period of 47 years, I would say that GATT was highly successful. Highly successful in reducing the tariffs, highly successful in negotiating new areas, they disciplined lot of areas like anti-dumping, subsidies, safe costs, non-tariff barriers and they come out with other areas like services, intellectual property. So, you can see that the Uruguay Round of Negotiations or the Tokyo Round of Negotiations or Kennedy Round of Negotiations and all these negotiations contributed to developing the WTO agreements which was a highly successful period of GATT success and which reduced most importantly the tariffs and set minimum standards for various areas.

What Happened to GATT

- The WTO replaced GATT as an international organization, but the General Agreement still exists as the WTO's umbrella treaty for trade in goods, updated as a result of the Uruguay Round negotiations.
- Trade lawyers distinguish between GATT 1994, the updated parts of GATT, and GATT 1947, the original agreement which is still the heart of GATT 1994.



So, people ask what happened to the GATT, whether GATT is dead or alive. The GATT is very well a part of WTO agreements and GATT is never dead, all the GATT agreements are part of the WTO, very much it is a part of WTO agreements. So, GATT continued to be a part of WTO agreements.

The WTO

- **Essentially, the WTO is a place where member governments go, to try to sort out the trade problems they face with each other. The first step is to talk.**
- **The WTO was born out of negotiations, and everything the WTO does is the result of negotiations.**
- **The bulk of the WTO's current work comes from the 1986-94 negotiations called the Uruguay Round and earlier negotiations under the General Agreement on Tariffs and Trade (GATT).**



When it comes to the WTO and everybody knows that it is an intergovernmental organization which was born out of the Uruguay Round of Negotiations and it is a continuation of the GATT arrangement.

Removing Barriers

- **Where countries have faced trade barriers and wanted them lowered, the negotiations have helped to liberalize trade.**
- **But the WTO is not just about liberalizing trade, and in some circumstances its rules support maintaining trade barriers — for example to protect consumers or prevent the spread of disease.**



And it is the basic objectives continued the earlier objectives of GATT primarily removing barriers, and lowering barriers and also to liberalize the trade. It is not only for liberalizing trade, but it is a forum for negotiations and it is also maintaining, you know reducing trade barriers, protecting consumers and preventing from diseases not only to human beings, human health it talks about plant health, animal health and removing trade barriers. It talks about standards; it talks about developing international standards.

Rule Based Body

- **These documents provide the legal ground-rules for international commerce. They are essentially contracts, binding governments to keep their trade policies within agreed limits.**
- **Although negotiated and signed by governments, the goal is to help producers of goods and services, exporters, and importers conduct their business, while allowing governments to meet social and environmental objectives.**



And also, we can see that WTO become a rule-based body. So, it made the basic rules for the international commerce and trade and which is binding on the members. WTO agreement is not a soft law, it is hard law, all are binding and to be signed by the governments at a single undertaking. What do you mean by single undertaking? So, if a member wants to sign only the goods agreement they cannot sign, they have to sign the goods agreement, they have to sign the TRIPS agreement, they have to sign the services agreement, they have to sign the dispute settlement body agreement. All the WTO agreement has to be signed as a single undertaking. So, if somebody says that I do not want to sign the TRIPS agreement, they cannot become a part of WTO. So, it was a single undertaking.

Principles

- **1. Most-favoured-nation (MFN):**
- **treating other people equally Under the WTO agreements, countries cannot normally discriminate between their trading partners.**
- **Grant someone a special favour (such as a lower customs duty rate for one of their products) and you have to do the same for all other WTO members.**
- **In general, MFN means that every time a country lowers a trade barrier or opens up a market, it has to do so for the same goods or services from all its trading partners — whether rich or poor, weak or strong**



And the cardinal principle of WTO is continued to be the cardinal principle of GATT. The first one is the Most-Favoured-Nation(MFN) Treatment. So, treating people equally under the WTO agreements. So, countries cannot normally discriminate between their trading partners. So, if you do a favor to one country you have to provide to all member countries. So, in general, it means that if you reduce a tariff for one country it has to be provided to all countries, whether rich or poor or developing or developed countries. So, Most-Favoured-Nation(MFN) Treatment is made it treat all trading partners equally.

Principles

- **2. National treatment: Treating foreigners and locals equally** Imported and locally-produced goods should be treated equally — at least after the foreign goods have entered the market.
- The same should apply to foreign and domestic services, and to foreign and local trademarks, copyrights and patents.
- This principle of “national treatment” (giving others the same treatment as one’s own nationals) is also found in all the three main WTO agreements
- (Article 3 of [GATT](#),
- Article 17 of [GATS](#) and
- Article 3 of [TRIPS](#), although once again the principle is handled slightly differently in each of these.



And the second cardinal principle is the National Treatment. And here the treating foreigners and locals equally, it means imported products and locally produced products are treated equally, and that means if you provide any kind of incentives to the domestic goods or domestic products or domestic services, you have to provide it to all the people, even the foreigners those who are importing that particular goods or services. So, you can see the national treatment principles in GATT also. You can see the provisions in GATT service agreement. You can see the provision in TRIPS agreement as well.

So, National Treatment made is, it is a non-discrimination provision between the domestic producers and foreigners, the foreign producers. So, these are continued to be two cardinal principles of WTO.

Principles

- **National treatment only applies once a product, service or item of intellectual property has entered the market.**
- **Therefore, charging customs duty on an import does not violate national treatment even if locally-produced products are not charged an equivalent tax.**



So, these two principles in all transactions has to be complied with even in the case of taxations.

Principles

- **Lowering trade barriers is one of the most obvious means of encouraging trade.**
- **The barriers concerned include customs duties (or tariffs) and measures such as import bans or quotas that restrict quantities selectively.**
- **From time to time other issues such as red tape and exchange rate policies have also been discussed.**



So, lowering tariffs and lowering trade barriers is one of the important objective of WTO. Customs duties to be disciplined, customs duties to be implemented you know fairly non-discriminately and you cannot put import bans or you cannot impose quotas and other restrictions under the WTO agreement. So, it means that and the license raj system was abolished by the WTO.

Predictability

- Sometimes, promising not to raise a trade barrier can be as important as lowering one, because the promise gives businesses a clearer view of their future opportunities.
- With stability and predictability, investment is encouraged, jobs are created and consumers can fully enjoy the benefits of competition — choice and lower prices.
- The multilateral trading system is an attempt by governments to make the business environment stable and predictable.



And the WTO made the entire international trade more predictable. The rules made it transparent, all the country rules should be published with the WTO. It increased transparency, it increased predictability, it increased stability and through the TRIPS agreement it enabled investments, non-discrimination investments in all the countries. The basic principles of trade-related investments also is implemented through WTO. So, the multilateral trading system has played a crucial role in the international trade.

Promoting Fair Competition

- The WTO is sometimes described as a “free trade” institution, but that is not entirely accurate.
- The system does allow tariffs and, in limited circumstances, other forms of protection.
- More accurately, it is a system of rules dedicated to open, fair and undistorted competition.
- The rules on non-discrimination — MFN and national treatment — are designed to secure fair conditions of trade.
- So too are those on dumping (exporting at below cost to gain market share) and subsidies.
- The issues are complex, and the rules try to establish what is fair or unfair, and how governments can respond, in particular by charging additional import duties calculated to compensate for damage caused by unfair trade.



And more importantly it played a fair competition, promoting fair competition and it promotes free trade and it promotes non-discrimination. It disciplines dumping, it disciplines subsidies, it disciplines safeguard measures. So, unfair trade cannot happen under the WTO.

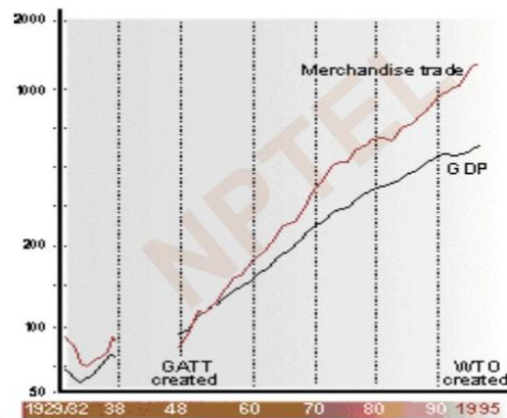
Encouraging Development

- **The WTO system contributes to development.**
- **On the other hand, developing countries need flexibility in the time they take to implement the system's agreements.**
- **And the agreements themselves inherit the earlier provisions of GATT that allow for special assistance and trade concessions for developing countries**



And it encourages development there is special provisions for developing and least developed countries. There is flexibility for the developing and least developed countries. So, these provisions are inherited from the GATT provisions. So, the WTO encourages development as well in developing countries.

Trade and GDP Increased



So, the best evidence, this is the World Bank data again, which says that, so what happened after 1948 the formation of GATT to the entire GATT period of 47 years, 1948 to 1995. So, you can see that the GDP, the trade and GDP both, the merchandise trade and GDP of countries has increased greatly from the formation of GATT to the 1995. You can see that the points you know the development is unparalleled and comparable from 1948 to 1995 during the Uruguay round of negotiations. So, the last class we saw that the development from 1995 to 2023, no comparison other than economic slowdowns you can see that the merchandise trade has increased in a period of time. Since 1995 the world GDP has also increased. So, the GATT to WTO journey is unparalleled and every country has benefited out of WTO. So, some of the scholars or critics of WTO says that the developing countries become more poor and the least developed countries become poorer, but the data says it is not correct. So, you can see the lines you can see the graph what happened from 1929 to 1938 you can see in the same graph. So, there was great dip and most of the economies are suffered and these same countries has emerged like a Phoenix bird from 1948 to 1995 and the graph shows the development very clearly. This is the evidence. So, the scholars are not correct that the developing countries become more developing and the least developed countries become poorer countries that argument cannot be accepted because the data shows that these countries are become benefited out of the GATT and the WTO.



So, quickly we will go through, we have a scan of the WTO agreements and so, what is concluded in the Uruguay round of negotiations. So, you can see that, there are multilateral agreements on trade in goods, then the GATT itself, the GATT is a part of WTO, then starting with the agreement on agriculture, then agreement on the application of sanitary and phytosanitary measures, agreement on textiles and clothing, the agreement on technical barriers to trade, and agreement on trade related investment measures, the agreement on implementation of article 6 of the GATT 1994 that is the anti-dumping agreement, agreement on implementation of article 7 of the agreement again the GATT 1994 that is the subsidies and countervailing duties agreement, agreement on pre shipment inspection, agreement on rules of origin, agreement on import licensing procedures, agreement on subsidies and countervailing measures, then agreement on safeguards, then the general agreement on trade in services and the annexes, country annexes attached to the agreement, then agreement on trade related aspects of intellectual property rights, the TRIPS agreement, then the most importantly understanding on rules and procedures governing the settlement of disputes, the DSU agreement. Then there is a special provision for trade policy review mechanism of every country for 2 years every 2 years, then the plurilateral agreements like the agreements on trade in civil aircraft, government procurement and even dairy agreement and bovine meat agreement. These agreements constitute around 33000 pages of which constitutes the whole WTO agreement.

Know the WTO?

- **Location: Geneva**
- **Established: 1 January 1995**
- **Created by: Uruguay Round Negotiations (1986-94)**
- **Membership: 164**
- **Observer countries: 25**
- **Observer status international organisations – many in different committees**
- **Secretariat staff: 620**
- **Head: Ngozi Okonjo-Iweala (Director General)**



Quickly, we will see, we will take, you know, few minutes to understand what is this WTO. WTO is an organization and fully an organization, unlike GATT which is presently located in Geneva established in 1st January 1995, created by the Uruguay round of negotiations with a membership of 164 countries now and observer countries are 25 and the secretarial staff of GATT again has joined the WTO with many other staff from many member countries which is the 99.99 percent of the world trade is controlled by only a secretarial staff of 620 from various member countries and the present head of the organization is Ngozi Okonjo Iweala, the first African lady. The first lady Director General of WTO is presently the head of WTO and her term is up to 2025.

Functions

- **Administering WTO trade agreements**
- **Forum for trade negotiations**
- **Handling trade disputes**
- **Monitoring national trade policies**
- **Technical assistance and training for developing countries in Cooperation with other international organisations.**

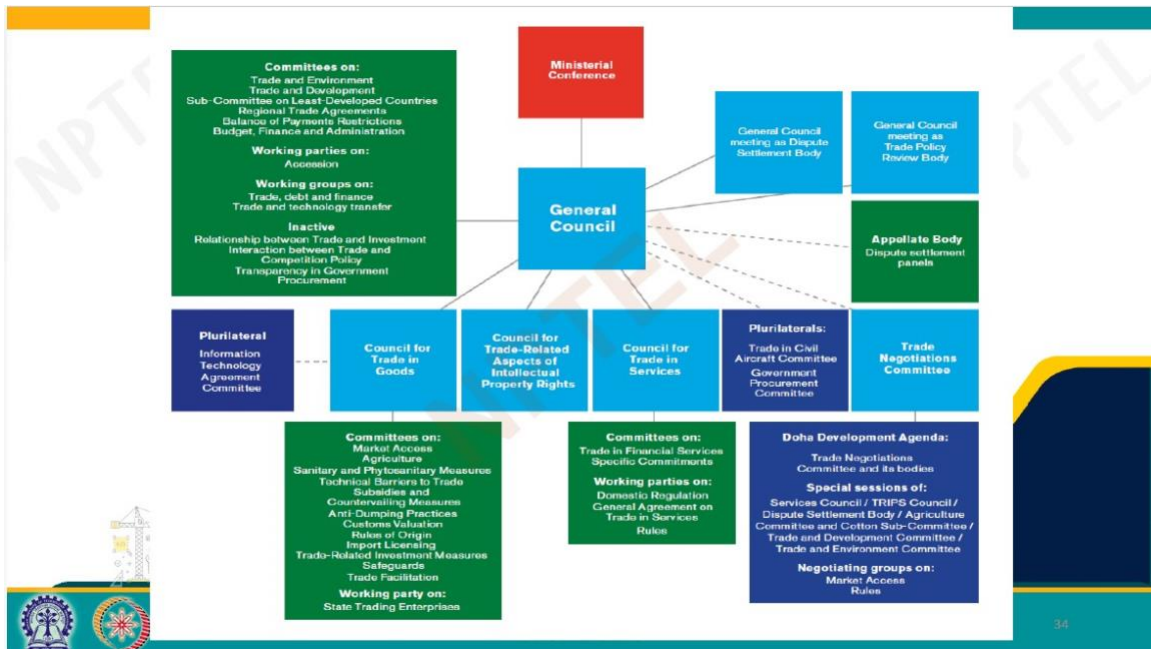


And we can see that the functions, the main functions of the WTO is administering the WTO agreements. It is a forum for negotiation, it is handling trade disputes and it is monitoring national you know trade disputes as well as the trade policies and it provides technical assistance.



Quickly we look into the organizational structure of WTO you can see at the top the ministerial conferences the ministerial conference is the membership of all trade ministers of all 164 countries and also you can see the main bodies the main bodies

includes the committees the first committee is you can see on the committee on goods and then you know dispute settlement body you can see then the general council you can see general council under general council also there are different bodies then you can see the general council on you know intellectual property then general council for trade and services and then there are the appellate body also you can see the appellate body is sit as so the ministerial conference sit as the appellate body and also the plurilateral agreements which you can find. So the different committees includes for example the WTO has constituted the committees for studying the new subjects like trade and environment trade and development when subcommittee on least developed countries regional trade agreements, balance of payment restrictions, budget finance, etcetera so trade in goods includes all the agreements which are common to the goods. So the council for intellectual property rights just look into the intellectual property rights services look into these council for services look into trade in services and then plurilateral agreements.



So if you elaborately look into you can see that the ministerial conference at the top and which sit as general council and this general council sit as or you can say that monitoring as dispute settlement body and also they can trade policy review body and also you can see the appellate body so the dispute settlement body as a part of dispute settlement body you can see the appellate body as well. So this particular picture shows this figure shows the entire WTO the organizational setup and even the 2002 Doha development agenda also and also the topics are also shown in this particular picture. So this is the basic organization structure of WTO and which is controlling all the entire international trade.

Original GATT Members

- **23 original "Contracting Parties" were Australia, Belgium, Brazil, Burma, Canada, Ceylon, Chile, China, Cuba, the Czechoslovak Republic, France, India, Lebanon, Luxembourg, Netherlands, New Zealand, Norway, Pakistan, Southern Rhodesia, Syria, South Africa, the United Kingdom, and the United States of America.**



So we already covered the GATT and its origin and its membership which is a small organization started with 23 original members we said that which includes India and you can see that the countries those who are started the GATT in 1947 and you know the very few countries like Australia, Belgium, Brazil, Burma, Canada, Ceylon that is a Sri Lanka at that point of time, Chile, China, Cuba, Czechoslovakia, Czech Republic at that point of time, France, India, Lebanon, Luxembourg, Netherlands, New Zealand, Norway, Pakistan, Southern Rhodesia, Syria, South Africa and United Kingdom and United States of America. These are the original 23 countries those who contributed to the to become a member in the GATT and presently there are 164 member countries so very few countries are left.

Difference between GATT and WTO

- The GATT was a set of rules, a multilateral agreement, with no institutional foundation, only a small associated secretariat which had its origins in the attempt to establish an International Trade Organization in the 1940s.
- The WTO is a permanent institution with its own secretariat.
- The GATT was applied on a "provisional basis" even if, after more than forty years, governments chose to treat it as a permanent commitment.
- The WTO commitments are full and permanent.
- The GATT rules applied to trade in merchandise goods. In addition to goods, the WTO covers trade in services and trade-related aspects of intellectual property.



So it means that if you look into the difference between the GATT and WTO quickly we can say that GATT was not an organization GATT was only an arrangement or an agreement but WTO is a permanent institution and it with its own secretariat and the GATT measures were applied on professional basis but the WTO agreements are permanent. And the WTO commitments are full legal international commitments, and the GATT rules are applicable to merchandise goods only but the new areas like intellectual property and services are added to the WTO.

Difference

- While GATT was a multilateral instrument, by the 1980s many new agreements had been added of a plurilateral, and therefore selective, nature.
- The agreements which constitute the WTO are almost all multilateral and, thus, involve commitments for the entire membership.
- The WTO dispute settlement system is faster, more automatic, and thus much less susceptible to blockages, than the old GATT system.
- The implementation of WTO dispute findings will also be more easily assured.



And also you can see that the these agreements, the GATT agreements, the multilateral instruments and plurilateral agreements and many agreements are added to the GATT the original GATT agreement. And also the dispute settlement system was very weak in GATT and the WTO a strong WTO dispute settlement system is established.

WTO: What is it?

- **An international Organization:**
 - **Organization created by the Marrakesh Agreement**
 - ***Sui generis* organisation (independent from the United Nation system)**
 - **Replaces the GATT (created in 1947)**



So WTO is a *sui generis* organization and it is not a specialized body of United Nations. It is an independent organization but a working arrangement is made between the WTO and the UN.

WTO: What is its purpose?

- **WTO Objectives:**
 - **Raising standards of living**
 - **Ensuring full employment**
 - **Ensuring growth of real income and demand**
 - **Expanding production and trade**
 - **Sustainable development**
 - **Protection of the environment**



And the objectives which we have already looked into the objectives of WTO.

WTO: What is its purpose?

- **WTO Functions:**
 - **Administer and implement the WTO agreements**
 - **Forum for negotiations**
 - **Administer Settlement of Disputes**
 - **Administer Trade Policy Review Mechanism**
 - **Technical Assistance to developing countries**



KOR/WTO/RGSQIP/2023 42

And its functions its functions are very clear and it administers all the WTO agreements and it is a forum for negotiation and it manages the settlement of disputes and administer the trade policy review mechanism and also provides technical assistance to developing countries for a implementing the mechanism.

WTO: How does it work?

- **Set of rules**
 - **The negotiated legal rules included in the various WTO agreements cover the following topics:**
 - **Trade in Goods**
 - **Trade in Services**
 - **Trade-related aspects of intellectual property rights**
 - **Dispute Settlement**
 - **Trade Policy Reviews**



KOR/WTO/RGSQIP/2023 44

So the rules which we already talked about.

Marrakesh Agreement

- **Annex 1**
- **Annex 1A** Agreement on Trade in Goods
 - General Interpretative Note
 - GATT 1994
 - 6 Understandings (on the interpretation of various GATT provisions)
 - Marrakesh Protocol to the GATT 1994
 - + Schedules of Tariff Concessions
 - Specific Agreements (11)
- **Annex 1B** Agreement on Trade in Services (GATS)
 - Schedules of specific commitments
 - MFN exemptions
- **Annex 1C (TRIPS)** Trade-related aspects of Intellectual Property Rights
 - ! Refer also to pertinent Convention on Intellectual Property Rights (WIPO)



And the Marrakesh agreement also which we already saw the Marrakesh agreement.

Marrakesh Agreement

- **Annex 2 Understanding on Rules and Procedures Governing the Settlement of Disputes**
- **Annex 3 Trade Policy Review Mechanism**
- **Annex 4 Plurilateral Trade Agreements**
- **Decisions and Declarations adopted at Marrakesh**
- **→ Decisions and Declarations adopted afterwards (-> Evolving legal framework)**

Agreements hierarchy



WTO Agreements

The three areas of agreements are **GATT**, General Agreement in Services (**GATS**) and the Trade Related Aspects of Intellectual Property Rights (**TRIPs**).

Secondly extra agreements and annexes dealing with specific sectors. These are:

Agriculture

Sanitary and Phyto Sanitary

Textiles and Clothing

Product standard (TBT)

Investment measures (TRIMs)

Anti- dumping

Customs valuation methods

Preshipment Inspection

Rules of Origin

Import Licensing

Subsidies and Countervailing measures

Safeguards

Services (GATS Annexes)

Movement of natural persons

Air transport

Financial services

Shipping

Telecommunications

Other agreements:

Trade policy review and two plurilateral agreements on Civil air craft and Government procurement.



And the different agreements and its hierarchies. So we can see that the WTO agreements are the bedrock of the Uruguay round of negotiations and these WTO agreements are going to be there you know some of them like agricultural agreement are not completed but the basic agreements are signed. So in the coming classes we are going to discuss about the important agreements in this, not all. So it is an eight week course and we are not going to get the time for discussing all but we are included all important WTO agreements in this particular course.

Conclusion

- **WTO is dealing with 99.9% of the world trade.**
- **Rule-based system**
- **Dispute Settlement**
- **Implementation**
- **Forum for discussion.**



And in conclusion I would say that presently WTO is an agreement dealing with 99.9 percent of the world trade and it is a strong rule based system and a very strong dispute settlement body and its implementation is as an international agreement and it is a forum for discussion and it is managing very well the WTO agreement since 1995. So, we will stop here at this particular class and from next class onwards we will be dealing with individual WTO agreements. Thank you.