

# Transformation of the World Trade Organization - for better or worse.

*Wiesław Zapędowski*



IFMA, Warsaw 21-26 July 2013

---

# GATT – WTO multilateral framework for international trade.



- General Agreement for Tariffs and Trade – 1947, 23 “contracting parties”
- Negotiations on tariffs.
- Uruguay Round – 1986 – 1994, 123 Members
- 
- Negotiations on: tariffs, non-tariff barriers, rules, services, intellectual property, dispute settlements, textiles, agriculture, anti-dumping, investment measures.
- Creation of the World Trade Organization

# World Trade Organization in the nutshell.



- Secretariat is based in Geneva, Switzerland – 640 staff
  - 159 Members
  - Director General: Pascal Lamy since 2005,
  - Roberto Azevedo next DG from 1 September 2013
  - Budget - 200 million CHF
-

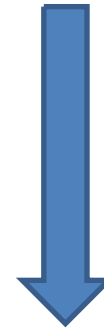
# WTO – decision making

## Ministerial Conference



General Council

- Dispute Settlement Body
- Trade Policy Review Body



Councils  
Committees

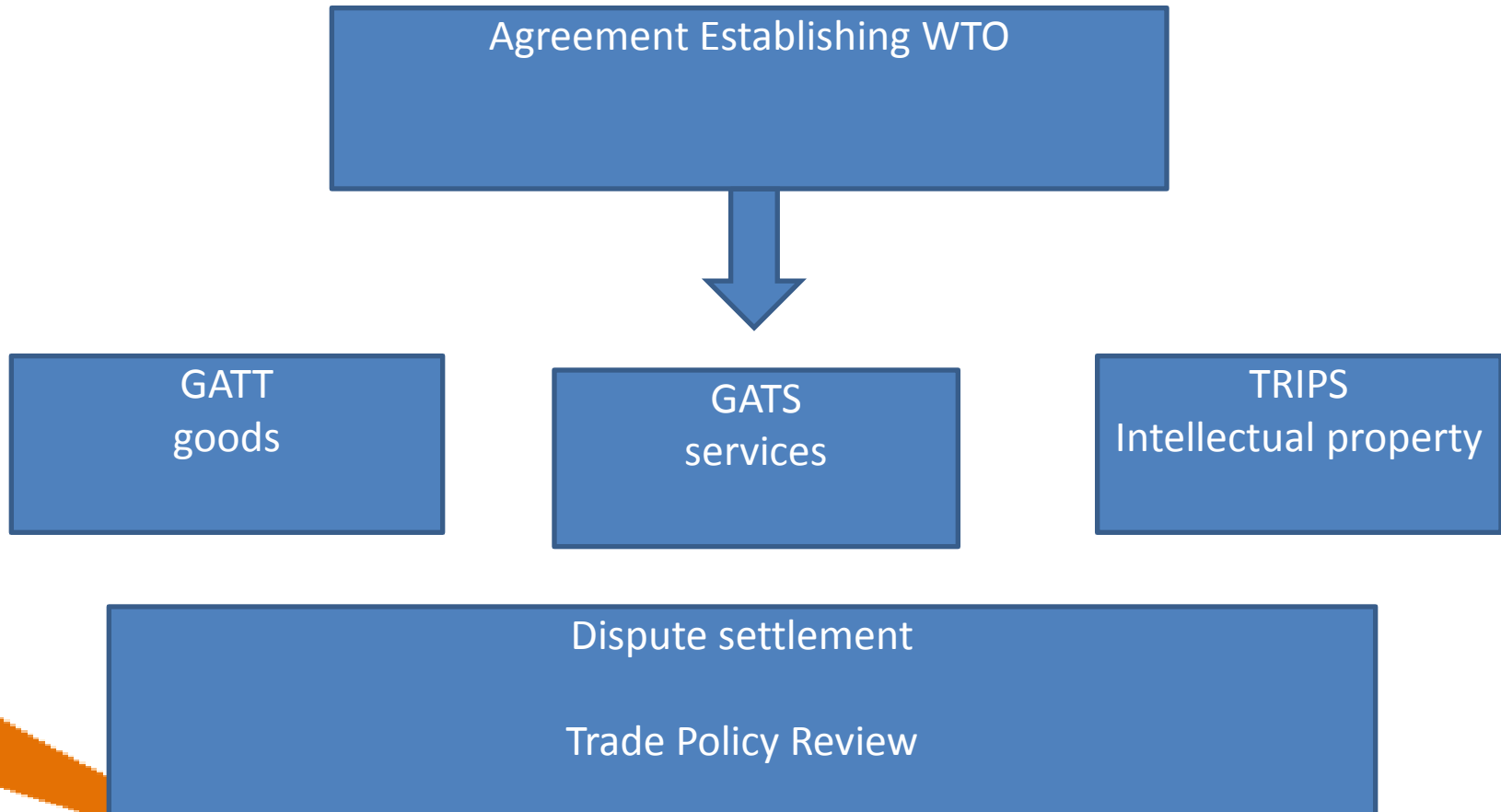
# Main functions of the WTO:



- Implementation of current rules
  - Maintaining the conditions for trade negotiations.
  - dispute settlement,
  - review of trade policy
  - technical assistance to developing countries
-

# WTO – rules based organization

- Final Act 1994 of the Uruguay Round



# Main disciplines of the WTO



- most-favoured-nation (MFN) treatment
  - national treatment
  - Anti – dumping (Art. VI of GATT 1994)
  - Safeguards
  - Rules of Origin
-

# Agreement on Agriculture



- 100% Bound tariffs
  - Market access through Tariff Rate Quotas
  - Limits on domestic support linked to production
  - Limits on export subsidies
  - Special safeguard clause
-



# Sanitary and Phytosanitary Measures Agreement



Factors for risk assessment:

- non-scientific
- economic
- proportionality
- non-discrimination
- precautionary principle

# Technical Barriers to Trade



- Covers technical regulations, standards, testing and certification procedures.
- Protects against unnecessary obstacles to trade
- Sets out a code of good practice for both governments and non-governmental or industry bodies to prepare, adopt and apply voluntary standards
- Allows for regulations appropriate for the protection of human, animal or plant life or health and environment

# Doha Round 2001 - ?



- reduction and harmonization of support limits - meaning the greatest reduction for the countries with the highest limits of support (EU, USA and Japan),
- reduction of domestic support, by category and overall,
- review of rules for support from the category of "green box" (support not covered by the limit - include the payment of SPS and SAPS in the EU),
- elimination of all forms of export subsidies,
- reduction and harmonization of tariffs with the possibility for a smaller tariff reductions for a limited number of sensitive products.

# Agriculture – market access

Tiered formula for tariff reduction for developed countries

Current tariffs	0% - 20%	20% – 50%	50% - 75%	> 75%
Possible reduction	50%	57%	64%	70%

Additional requirement: average reduction – 54%

Sensitive products: 4% all tariff lines.

- treatment: deviation from formula: 1/3, 1/2, 2/3 of formula cuts.
- TRQ: 4%-6% of domestic consumption.

Tropical products, preference erosion, tariff simplification, tariff escalation, Special Safeguard Clause, Special Safeguard Measure

# Agriculture – domestic support



## Overall trade-distorting domestic support

- EU reduction (80%) – from 110.3 to 22.03 billion Euros
- USA reduction (70%) from 48.2 to 14.46 billion USD
  
- AMS (Amber Box) – reduction for EC – 70%, for USA – 60% (from 19.1 billion USD to 7.6 billion USD)
- AMS - product specific limits

# Agriculture – export competition



- Elimination of export subsidies by the end of 2013.
- EC is a major provider of export subsidies (90% of all export subsidies).
- Parallel elimination of export support linked to: food aid, export credits, State Trading Enterprises

# Bali Ministerial Conference December 2013



Areas of possible agreement:

- trade facilitation
- agriculture
- development issues

# Bali package – Trade Facilitation



Win – win solution

Target – to improve movement, release and clearance of goods and transit procedures.

Provide technical assistance and support to developing countries.

Developing countries will not be obliged to undertake investments beyond their means.

---



# Bali package - Agriculture



**Domestic support** - to address food security objectives through greater flexibility in public stockholding.

**Export competition** - budgetary outlay commitments shall be reduced by 50% and export quantity commitments shall be reduced to the average of quantity levels in the 2003-05.

**Market access** - improvement in TRQ administration.

---

# Bali package – Development issues



Implementation of DFQF Decision

Preferential rules of origin

Cotton

Operationalization of the LDC Services Waiver

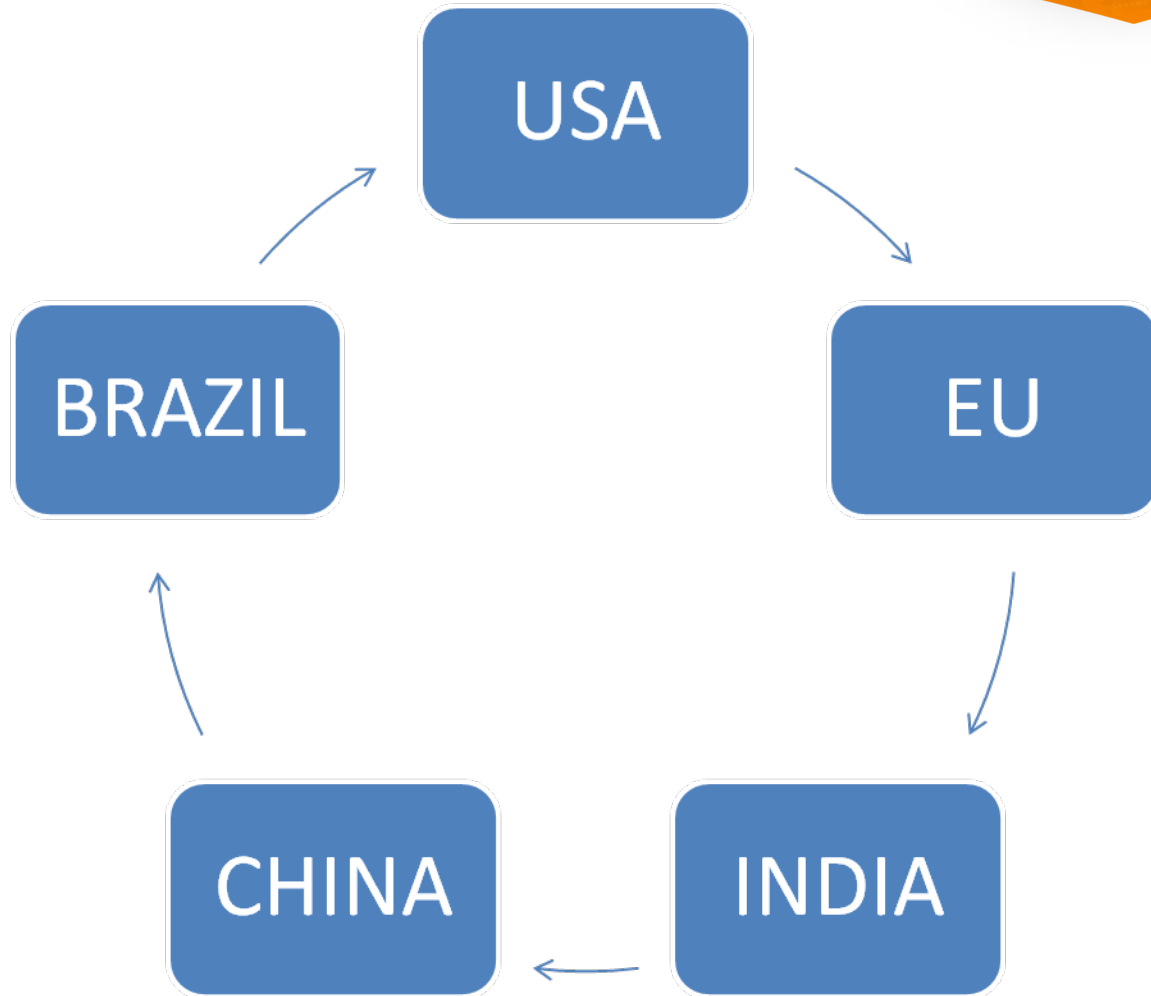
---

# Prospects for Bali



- Estimated 80% of exports and 70% of imports of the developed countries is with other developed countries
- Estimated 50% of agri trade of the developing countries is with other developing countries.

# Decision making circle



# Life after Bali



**Success** (adoption of Bali package and work plan for the rest of DDA) will allow to continue negotiations.

**Failure** can lead to abandonment of DDA and search for new agenda.

**WTO will remain** as a forum for dispute settlements and center of coordination for technical assistance.