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Krystyna Żołądkiewicz

The New Face of the World Trade Organization



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For Tomasz Żołądkiewicz

TABLE OF CONTENTS

| | |
|---|-----------|
| Abbreviations | 11 |
| Introduction | 17 |
| Chapter 1 | |
| Overview of international economic diplomacy | 23 |
| 1.1. Definition | 23 |
| 1.2. Importance of international economic diplomacy | 27 |
| 1.3. Main players | 29 |
| 1.4. Economic diplomacy <i>versus</i> commercial diplomacy | 32 |
| Chapter 2 | |
| Literature review on the background of the multilateral trading system | 37 |
| 2.1. Economic rationale for free trade policies | 37 |
| 2.2. Rationale for trade intervention policies | 45 |
| Chapter 3 | |
| Introduction to the World Trade Organization | 55 |
| 3.1. Motivation behind the World Trade Organization | 55 |
| 3.2. History of the World Trade Organization | 58 |
| 3.2.1. Post-World War II consensus: Political security through economic security | 58 |
| 3.2.2. From the General Agreement of Trade and Tariffs to the World Trade Organization | 60 |

3.3. Overview of the World Trade Organization 62

3.4. The General Agreement of Trade and Tariffs
versus the World Trade Organization 64

Chapter 4

Characteristics of the World Trade Organization 67

4.1. The World Trade Organization’s institutional
and legal framework 67

4.2. Decision-making 72

4.3. Budget 74

4.4. Accession to the World Trade Organization 74

Chapter 5

Principles 83

5.1. Non-discrimination 84

5.2. Reciprocity 86

5.3. Transparency 87

5.4. Accountability: Enforceable commitments 89

5.5. Flexibility 91

5.6. Post scriptum 92

Chapter 6

Dispute settlement 95

6.1. The Dispute Settlement Body and the Appellate Body 95

6.2. Dispute settlements in numbers 99

6.3. Dispute settlement procedure 102

6.4. Post scriptum 107

Chapter 7

Multilateral trade negotiations 111

7.1. General description of negotiating rounds 111

7.2. Early multilateral trade negotiations 116

7.3. From the Dillon Round to the Tokyo Round 117

7.4. The Uruguay Round 119

7.5. The Doha Round 122

Chapter 8

| | |
|---|-----|
| The World Trade Organization Ministerial Conferences | 127 |
| 8.1. Overview of the Ministerial Conferences | 127 |
| 8.2. Ministerial Conferences 1996–2001 | 129 |
| 8.3. Ministerial Conferences 2001–2011 | 132 |
| 8.4. Ministerial Conferences 2011–2021 | 136 |

Chapter 9

| | |
|--|-----|
| The Trade Facilitation Agreement | 143 |
| 9.1. Trade facilitation – overview | 143 |
| 9.2. History of the Trade Facilitation Agreement | 145 |
| 9.3. The Trade Facilitation Agreement’s implementation process | 146 |
| 9.4. The Trade Facilitation Agreement Facility donors | 154 |

Chapter 10

| | |
|--|-----|
| Development: Aid for Trade | 157 |
| 10.1. Genesis of the idea | 157 |
| 10.2. Aid for Trade concept and task force | 159 |
| 10.3. Aid for Trade work programme | 163 |
| 10.4. Aid for Trade logical monitoring framework | 164 |
| 10.5. Aid for Trade global flows | 166 |

Chapter 11

| | |
|--|-----|
| Some current issues | 177 |
| 11.1. Unfinished business and room for improvement | 177 |
| 11.2. The World Trade Organization under COVID-19 | 186 |

Annexes 193

| | |
|--|-----|
| Annex 1. The World Trade Organization Agreement – list of Annexes | 193 |
| Annex 2. Previous General Agreement on Tariffs and Trade and World Trade Organization Directors-General | 195 |
| Annex 3. World Trade Organization members as of the 29 th of July 2016, with accession dates | 196 |
| Annex 4. Average bound and applied tariffs of selected World Trade Organization members, in % | 202 |

| | |
|--|-----|
| Annex 5. World Trade Organization members that have ratified the Trade Facilitation Agreement | 204 |
| Annex 6. The World Trade Organization and Sustainable Development Goals | 210 |
| References | 215 |
| List of boxes | 230 |
| List of figures | 231 |
| List of tables | 232 |

ABBREVIATIONS

| | |
|-------|---|
| AB | Appellate Body |
| ACP | African, Caribbean and Pacific Group of States |
| ACWL | Advisory Centre on WTO Law |
| AD | Anti-Dumping |
| AfT | Aid for Trade |
| AGOA | African Growth and Opportunity Act |
| ASEAN | Association of Southeast Asian Nations |
| AU | African Union |
| CICG | Centre International de Conférences Genève |
| CITES | Convention on International Trade in Endangered Species of Wild Fauna and Flora |
| CBRA | Cross-Border Research Association |
| DAC | Development Assistance Committee |
| DDA | Doha Development Agenda |
| DFQF | Duty-Free, Quota-Free |
| DS | Dispute Settlement |
| DSB | Dispute Settlement Body |
| DSU | Dispute Settlement Understanding |

| | |
|-------|--|
| EIF | Enhanced Integrated Framework |
| EME | Emerging Market Economy |
| EU | European Union |
| EC | European Communities |
| ECC | European Economic Community |
| FDI | Foreign Direct Investment |
| FIATA | International Federation of Freight Forwarders Associations |
| FTA | Free Trade Agreement |
| GATF | Global Alliance for Trade Facilitation |
| GATS | General Agreement on Trade in Services |
| GATT | General Agreement of Trade and Tariffs |
| GC | General Council |
| GDP | Gross Domestic Product |
| GEA | Global Express Association |
| GFC | Global Financial Crisis |
| GFP | Global Facilitation Partnership for Transportation and Trade |
| HODs | Heads of Delegation |
| IATA | International Air Transport Association |
| ICC | International Chamber of Commerce |
| IDB | Inter-American Development Bank |
| ILO | International Labour Organization |
| IMF | International Monetary Fund |
| IP | Intellectual Property |
| IRU | International Road Transport Union |
| ITA | Information Technology Agreement |

| | |
|-------|---|
| ITC | International Trade Centre |
| ITO | International Trade Organization |
| LDC | Least Developed Country |
| LIC | Low-Income Country |
| LLDC | Landlocked Developing Country |
| MC | Ministerial Conference |
| MFA | Multifibre Arrangement |
| MFN | Most Favoured Nation |
| MIC | Middle-Income Country |
| MNC | Multinational Corporation |
| MSME | Micro, Small and Medium-Sized Enterprise |
| MTN | Multilateral Trade Negotiation |
| NAFTA | North America Free Trade Agreement |
| NAMA | Non-Agricultural Market Access |
| NEPAD | New Partnership for Africa's Development |
| NGO | Non-Governmental Organization |
| NT | National Treatment |
| NTB | Non-Tariff Barrier |
| ODA | Official Development Assistance |
| ODC | Other Duties and Charges |
| OECD | Organization for Economic Cooperation and Development |
| OSCE | Organization for Security and Co-Operation in Europe |
| PIFS | Pacific Islands Forum Secretariat |
| RoO | Rules of Origin |
| RTA | Regional Trade Agreement |

| | |
|-------|---|
| SADC | Southern African Development Community |
| SDG | Sustainable Development Goal |
| SDT | Special and Differential Treatment |
| SIDC | Small Island Developing States |
| SIECA | Secretariat for Central American Economic Integration |
| SMEs | Small and Medium Enterprises |
| SPS | Sanitary and Phytosanitary measures |
| SSM | Special Safeguard Mechanism |
| STDF | Standards and Trade Development Facility |
| SVE | Small, Vulnerable Economy |
| RTA | Regional Trade Agreement |
| TACB | Technical Assistance and Capacity Building |
| TBT | Technical Barriers to Trade |
| TFA | Trade Facilitation Agreement |
| TFAF | Trade Facilitation Agreement Facility |
| TMEA | TradeMark East Africa |
| TNC | Transnational Corporations |
| TPR | Trade Policy Review |
| TPRB | Trade Policy Review Body |
| TPRM | Trade Policy Review Mechanism |
| TRIMS | Trade-Related Investment Measures |
| TRIPS | Trade-Related Aspects of Intellectual Property Rights |
| UMIC | Upper-Middle-Income Country |
| UN | United Nations |

| | |
|-------------|--|
| UNCTAD | United Nations Conference on Trade and Development |
| UNECLAC | United Nations Commission for Latin America and the Caribbean |
| UNIDO | United Nations Industrial Development Organization |
| UN-OHRLLSUN | Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries, and Small Island Developing States |
| US | United States of America |
| VER | Voluntary Export Restriction |
| WCO | World Customs Organization |
| WIPO | World Intellectual Property Organization |
| WTO | World Trade Organization |

INTRODUCTION

The second decade of the 21st century confirms the growing need to redefine the meaning, participation in, and development of a multilateral trading system. By liberalizing trade, nations benefit in many different areas. Trade allows them to increase access to new goods and services, new technology, etc. It is the easiest way to improve their competitive advantages and to develop. This leads to GDP growth and a rise in the standard of living.

The World Trade Organization and the General Agreement on Tariffs and Trade, its predecessor, have provided a platform for their members to negotiate changes in policies that improve the conditions of trade on an international level. The authors have examined the various aspects of the WTO's function, development, structure, principles, role, and actions. They also discuss how the WTO can be shaped to make international trade more multilateral.

This book is an attempt to draw attention to the significance of the WTO in international economic diplomacy. It fills a gap among publications on the multilateral trading system, and it addresses tendencies and challenges confronting the functioning of the WTO. The content makes the book unique and special. Its goal is to provide a new approach to economic and business studies. It should assist those who deal in the international market to enhance their knowledge of the competencies of the WTO and of the multilateral trading system.

Among the expected outcomes of reading this book is learning about the interplay between multilateral trading systems and trade policy objectives. This knowledge will help the readers address an international trading environment's requirements, indispensable for current or future operating businessmen. It will enhance their expertise in the terminology used in international trade, the basic principles, rules, and procedures of the multilateral trading system, and the results of trade negotiations and Ministerial Conferences. The book's structure reflects this pattern.

Since the primary goal is to identify the most important challenges for the WTO's development in the time of permanent uncertainty, the authors analysed different aspects of the WTO's rules, functions, and role, and stated two postulates:

P1: The WTO, as the main player in international economic diplomacy, has to adjust to the new challenges of the global economy immediately. It has no more time for discussion and disputes because business on the global market has been changed due to the economic challenges of the 21st century, and it needs new rules and procedures to bring benefits for its economies as well for the global economy.

P2: The idea of a multilateral trading system is under threat because of increasing protectionism due to various economic, political, environmental, etc. crises facing the economies of the 21st century with increasing force. Uncertainty has already become a permanent feature of the 21st century; hence the WTO must find a solution to its members' swift and solidary response to new challenges. We live and work in a VUCA environment: volatile, uncertain, complex, ambiguous (Bennis, Nanus, 1985), where especially nowadays, the strive for innovation because of constant changes and competition has become standard.

The book is organized into 11 chapters. Chapter 1 presents different approaches to and definitions of economic diplomacy and its role and importance in the global economy. It characterizes various

international economic diplomacy players and describes the differences between economic and commercial diplomacy. Interest in economic diplomacy has never been greater, and it witnesses a spectacular growth in the number of debates, articles, and controversies. Traditionally economic diplomacy was characterized by fragmented state-to-state diplomacy. In contrast, in a new global economic architecture it consists of both governments and non-state players, such as international organizations (WTO, IMF, World Bank, ILO, UNCTAD, OECD, ITC, WIPO, etc.), non-governmental organizations, transnational corporations and regional trade agreements. The diversity of main actors results in the scope of economic diplomacy, which encompasses economic policy issues related to trade liberalization, development, and trade disputes.

Chapter 2 is a comprehensive literature review on the background of the multilateral trading system. The WTO is a rules-based regime integrating countries with different expectations and needs, different economic development levels, and asymmetrical economies of different political power. This chapter provides the economic rationale behind the WTO. The WTO's economic foundation lies in the theory and arguments that free trade makes nations better off and leads to their welfare. In the last part of the chapter, the rationale for trade intervention policies is discussed. The authors consider the arguments regarding trade restrictions and the rationale for trade protectionism.

Chapter 3 introduces the reader to the WTO, covering the motivation for the WTO's creation, its role, and its impact on global trade. Since the GATT and the WTO's creation, there has been a gradual reduction in tariffs accompanied by a gradual revival of protectionism. The WTO's role is to provide a platform for multilateral trade liberalization in order to remove barriers. The chapter presents a brief history of the WTO from the Havana Charter and the ITO to the GATT, and an analysis of the WTO. The authors describe here the similarities and differences between the GATT and the WTO.

Chapter 4 presents the characteristics of the WTO. Here, the WTO as an institution, its organizational structure, decision-making, and financial aspects of its functioning are explained and studied. The WTO came into effect on the 1st of January 1995 and is one of the youngest global organizations. In this chapter, the WTO's accession procedure is also described and assessed. The discussion identifies some discrepancies between the declarations about seeking to achieve universal membership and the organization's lengthy application procedure.

Chapter 5 discusses the WTO's principles embodied in the organization's basic rules and the pillars of the multilateral trading system. It addresses the principle of non-discrimination and reciprocity, transparency, accountability, and flexibility. It also signals four main exceptions to market rules.

Chapter 6 deals with WTO enforcement and dispute settlement as the central pillar of the multilateral trading system. It describes the Dispute Settlement Body and the standing Appellate Body. It presents a short evolution of the dispute system and defines the role of the "negative consensus" regarding the efficiency of the procedures. The chapter analyses dispute settlements, indicating important complainants, respondents, third parties, and agreements invoked in disputes. The chapter also provides the whole procedure concerning dispute settlement and addresses some updated issues in the AB functioning's potential paralysis.

Chapter 7 analyses the WTO's core activity as a forum for multilateral trade negotiations, the so-called rounds. It provides the history of negotiations and the mechanism of liberalization used during rounds and describes the rounds' evolution, expansion in the number of participants, and their scope and duration. More attention is devoted to the Uruguay Round and the Doha Round as the most significant in every aspect: scope of negotiations, number of participating countries, their duration, and their impact on international economic relations.



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Both authors have been promoting knowledge about the WTO at the University of Gdańsk for years, cooperating with WTO employees.



This book is an attempt to draw attention to the significance of the WTO in international economic diplomacy. It fills a gap among publications on the multilateral trading system, and it addresses tendencies and challenges confronting the functioning of the WTO. The content makes the book unique and special. Its goal is to provide a new approach to economic and business studies. It should assist those who deal in the international market to enhance their knowledge of the WTO's competencies and the multilateral trading system.

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From the Introduction



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