

WTO and OSCE Participating States
An Overview

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by

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Issues to be addressed

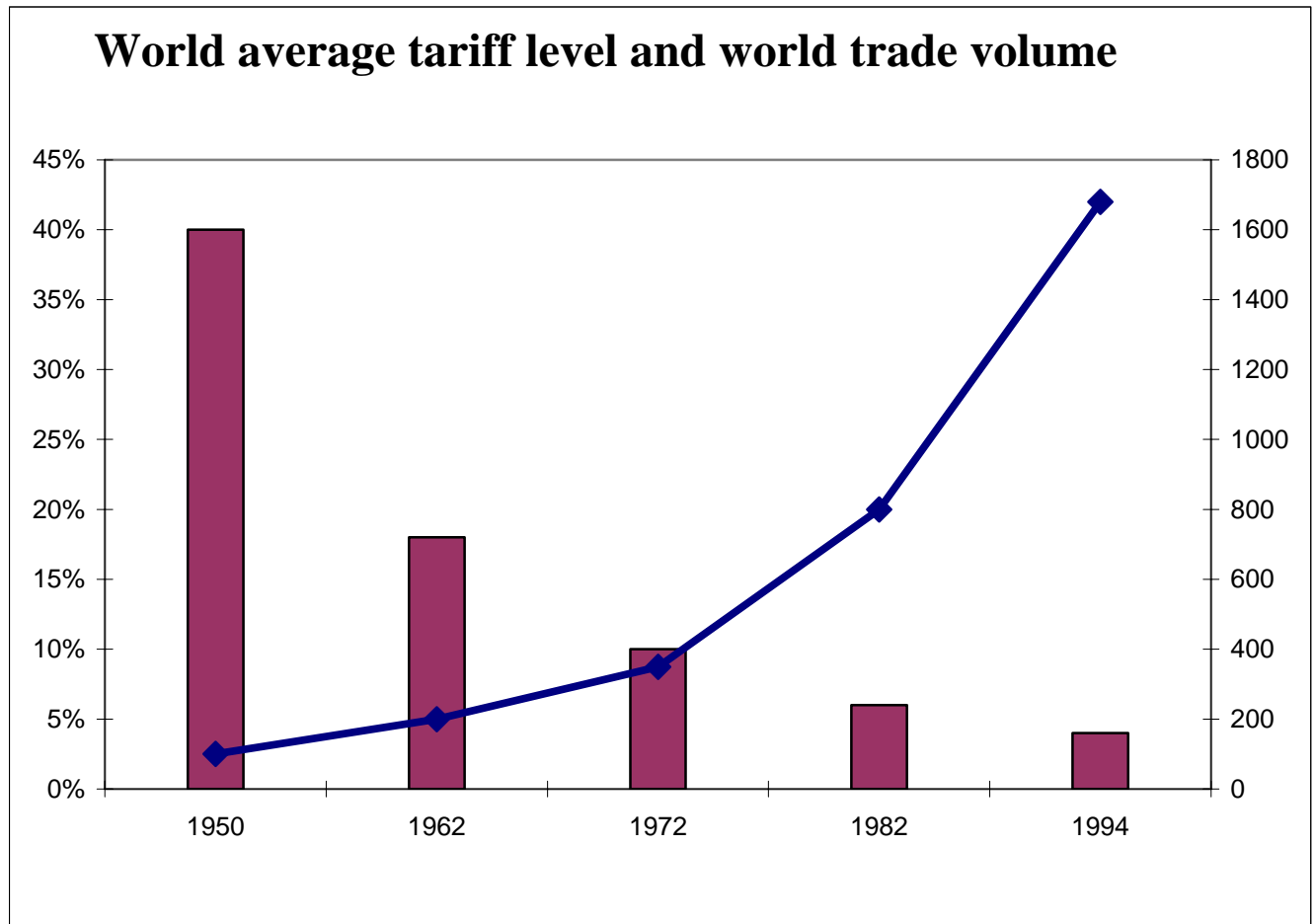
- I. From GATT to WTO
- II. Commitments within the WTO framework
- III. Accession to WTO

From GATT to WTO

- **WTO = successor of GATT**
- ***General Agreement on Tariffs and Trade***
(signed in 1947; effective since January 1948)
- **multilateral agreement setting rules for fair conduct in international trade**
- **forum for negotiating the reduction of trade barriers (customs tariffs and quotas)**

Table 1: Eight Trade Negotiation Rounds

Year / Location	Subjects covered / Main issues	# of countries
1947 Geneva	Tariffs	23
1949 Annecy	Tariffs	13
1951 Torquay	Tariffs	38
1956 Geneva	Tariffs	26
1960-1961 Geneva (Dillon Round)	Tariffs	26
1964-1967 Geneva (Kennedy Round)	Tariffs and Anti-dumping Measures	62
1973-1979 Geneva (Tokyo Round)	Tariffs, non-tariff measures and "framework" agreements	102
1986-1994 Geneva (Uruguay Round)	Tariffs, non-tariff measures, services, intellectual property rights, dispute settlement, textiles and clothing, agriculture, establishing the WTO.	123

Figure 1

WTO

a. Main functions

- provide a code of conduct for trade
- Administrate trade agreements
- Forum for dispute settlement
- Forum for liberalisation negotiations
- Monitor trade policies of members

b. Organizational structure

- The MINISTERIAL CONFERENCE
- The GENERAL COUNCIL
- COUNCILS for goods, services and IP
- Number of COMMITTEES
- DIRECTOR-GENERAL
- SECRETARIAT

c. Five Ministerial Conferences

- Singapore (December 1996)
- Geneva (May 1998)
- Seattle (November 1999)
- Doha (November 2001) and
- Cancun (September 2003).

The Doha agenda

- 2001 Doha Conference = success
- Ambitious agenda
- Development and trade
- TRTA
- Integration of DCs in the global economy
- Further liberalization

July 2004: new “package”

- Improved market access for agricultural products
- A coherent framework for manufactures
- Recommendations for trade in services

Box 1: The WTO “July 2004 Package”***Agricultural products***

“Reduction of, with a view of phasing out, all forms of exports subsidies ... The particular concerns of recently acceded members will be effectively addressed through specific flexibility requirements”.

Non-agricultural products

- Reducing/eliminating tariffs
- Elimination of “tariff peaks”, high tariffs, tariff escalation and non-tariff barriers, etc

Services

- Initial offers for further liberalization should be proposed as soon as possible
- No a priori exclusion of any service sector or mode of supply
- Liberalization should take into account national policy objectives.

Commitments within the WTO framework

1. Goods

Box 2: THE ORIGINAL MANDATE

Article XXVIII bis of GATT 1947

Tariff Negotiations: Cuts and bindings!

“Such negotiations may be directed towards the reduction of duties, the binding of duties at then existing levels or undertakings that individual duties or the average duties on specified categories of products shall not exceed specified levels.”

2. Services

GATS

After the Uruguay Round, sectoral negotiations on:

- the movement of natural persons (1995),
- on telecommunications (1997) and
- financial services (1997).

During negotiations, new commitments were made.

Assessing liberalization in services

- Services sectors: not homogenous.
- For each sector/sub-sector: four modes of supplies that can be (more or less) liberalized, which is reflected in domestic legislation.
- Statistics on services are not well developed.
- Somehow difficult to make international comparisons and assess actual levels of concessions.
- But, international organizations are making progress to develop analytical tools and data covering internationally traded services.
- The UN Statistical Commission has developed a *Manual on Statistics of International Trade in Services*.

Accession to WTO

Old and new members of GATT/WTO

- Some transition countries were already member of GATT before 1995.
- After 1995, new members joined the WTO.
- Turkmenistan is the only TC that did not apply for WTO membership.

A formal process

- The process follows a strict procedure that involves preparing and submitting relevant documents by the applicant.
- These documents are to serve as the basis for bilateral and multilateral negotiations within the framework of a Working Party.
- The Final Working Party Report is submitted to the General Council of the WTO for adoption.

Domestic aspects of negotiations

- The negotiations that take place during the accession processes have domestic dimensions in both acceding countries and WTO members.
- Both groups of countries have always domestic interests to preserve or promote. Specific interests are quite often very well organized within associations and chambers of commerce and industry.

Aspects of accession for transition countries

The length of negotiations

- Varies from country to country.
- Overall, the bigger and the more complex an economy the more time seems to be needed to complete the negotiation process.

Table 5: The length of the GATT/WTO accession process

Country	Beginning	Membership	Length (Months)
<i>New members</i>			
Albania	Nov 1992	Sep 2000	95
Armenia	Jan 1993	Feb 2003	122
Croatia	Sep 1993	Nov 2000	87
Estonia	Mar 1994	Nov 1999	69
FYROM	Dec 1994	Apr 2003	101
Georgia	Jun 1996	Jun 2000	49
Kyrgyzstan	Feb 1996	Dec 1998	35
Latvia	Nov 1993	Feb 1999	64
Lithuania	Jan 1994	May 2001	77
Moldova	Nov 1993	Jul 2001	81
<i>Candidates</i>			
Andorra	Jul 1999		71
Azerbaijan	Jun 1997		96
Bosnia and Herzegovina	May 1999		73
Belarus	Sep 93		141
Kazakhstan	Jan 1996		113
Montenegro	Dec 2004		6
Russian Federation	Jun 1993		144
Serbia	Dec 2004		6
Tajikistan	May 2001		49
Ukraine	Nov 1993		139
Uzbekistan	Dec 1994		126

Source: WTO website.

Note: Length of the accession process for candidate countries: as of May 2005.

Sectorial issues

Agriculture, customs systems, industrial subsidies and trade-related aspects of industrial property are some of the major outstanding bilateral issues during negotiations for accession.

Commitments on goods and actual tariffs

- [See Table 6.]
- As illustrated by Bulgaria and Latvia, with respectively 46.7% and 33.3% for bound tariffs of agricultural products, protection can be high.
- Romania and Bulgaria also exhibit high bound rates for industrial products.
- In several cases, actual rates are significantly lower than bound rates.
- Over time actual protection may fall drastically, reflecting commitments within the framework of bilateral relations, in particular with the EU.
- In some case, tariff cuts were partly compensated by additional NTBs.
- On average, rates of protection are lower in transition countries than in developing countries that have comparable *per capita* GDP levels.

Table 6: Bound and Applied Tariffs in Transition Economies

Country	Simple Average Bound Tariff		Simple Average Applied Tariff	
	<i>Agricultural Products</i>	<i>Industrial Products</i>	<i>Agricultural Products</i>	<i>Industrial Products</i>
Albania	10.6	6.0	10.7 (01)	7.0 (01)
Bulgaria	46.7	23.8	27.2 (97) 26.8 (98) 23.6 (99) 23.2 (00) 21.9 (01)	15.5 (97) 15.3 (98) 12.6 (99) 11.0 (00) 10.0 (01)
Croatia	10.4	5.2	13.8 (01)	5.1 (01)
Czech Republic		4.3		5.6 (96) 5.3 (97) 5.0 (98) 4.5 (00)
Estonia	21.2	7.1	0.0 (96) 0.0 (97) 0.0 (98) 0.0 (99) 13.8 (00) 13.8 (01)	0.1 (96) 0.1 (97) 0.0 (98) 0.0 (99) 0.0 (00) 0.0 (01)
Hungary		7.4		8.7 (96) 8.2 (97) 7.8 (98) 7.4 (99) 7.3 (00) 7.1 (01)
Latvia	33.3	9.4	16.4 (98) 14.0 (99)	2.7 (98) 2.6 (99)
Poland		10.4		10.5 (00)
Romania		30.8		17.5 (99)

Source: M. Bacchetta and Z. Drabek (2002).

Services

- considering various measures, transition countries can be seen as rather liberal, especially when they are compared with developing countries that have same levels of GDP *per capita*.
- For developed countries, the move toward more liberalization of trade in services is relatively recent.

“The costs of late accession?”

- Delaying accession may create additional burdens for candidate countries in terms of concessions and the adoption of essential laws and institutions required for boosting market oriented reforms, promoting good governance and comply with WTO rules, which may have negative impacts on economic growth and the welfare of the people.
- The adoption of liberal schedules of commitments may facilitate the accession process and could send the right signal to the business community and potential investors.