



Chapter 12

World Trade Organization

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Main contents

An overview of the WTO

- History
- Purposes and structure
- Activities (Ministerial Conferences and Doha Round)

WTO Agreements

WTO Dispute Settlement System

Vietnam's integration into the WTO



WORLD TRADE
ORGANIZATION



Roberto Azevêdo

A brief introduction

- Headquarter: Geneva, Switzerland
 - Establishment date: 1/1/1995
 - Membership: 164 (November 2017)
 - Founding members: 76
 - China: joined on 11/12/2001, 143th member
 - Liberia and Kazakhstan: most recent members.
 - Official languages: English, French and Spanish
 - Secretariat: over 600 regular staff
 - Director – General: **Roberto Azevêdo (1/9/2013)**
- => Major contributions of the WTO

History

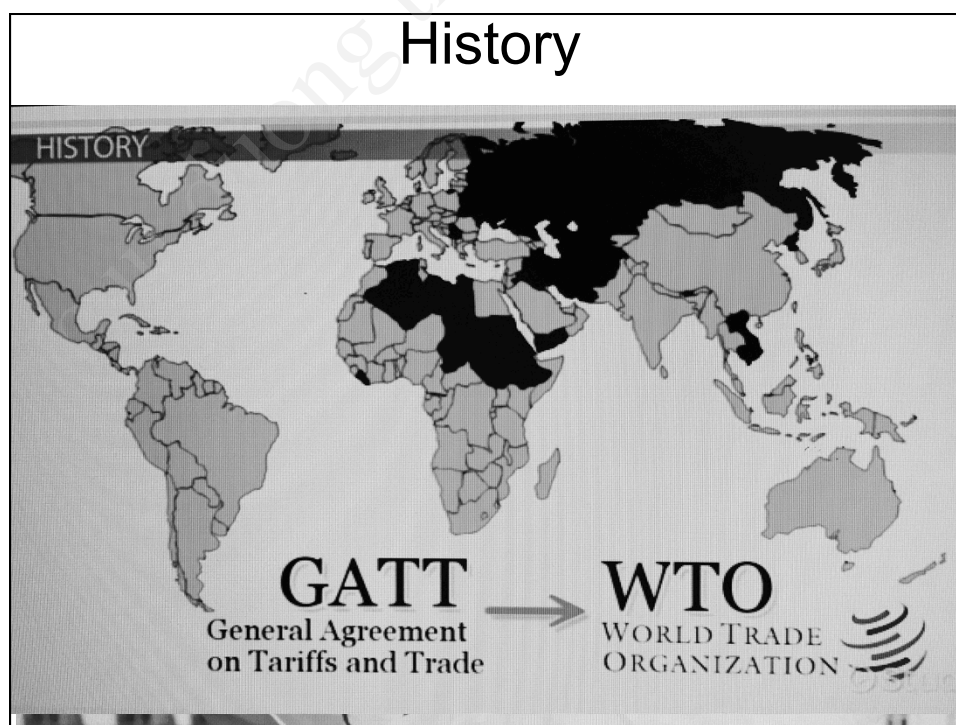
- Before the WTO was created, an initiative to start something similar known as the International Trade Organization (ITO) took place.
- 10/1947: 23 nations signed GATT (General Agreement on Tariffs and Trade), effective from 01/01/1948.
- 3/1948: ITO Charter was agreed at the UN conference on Trade and Employment in Havana to create ITO
- Charter was never ratified because of US congress => ITO was not formed.
- GATT: Remained in force and the single multilateral instrument governing international trade until the WTO created.

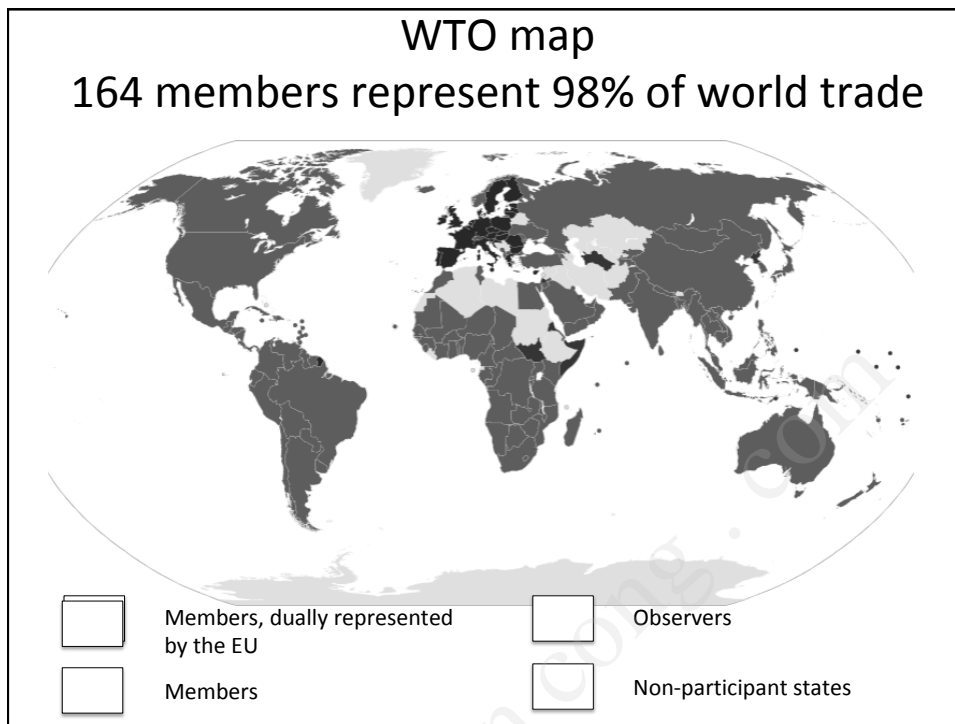
History (cont.)

Year	Location/Name	Negotiated areas	Countries
1947	Geneva	Tariff	23
1949	Annecy	Tariff	13
1951	Torquay	Tariff	38
1956	Geneva	Tariff	26
1960-1961	Geneva/ Dillon Round	Tariff	26
1964-1967	Geneva/ Kennedy Round	Tariff and anti-dumping measures	62
1973-1979	Geneva/ Tokyo Round	Tariff, non-tariff barriers"	102
1986-1994	Geneva/ Uruguay Round	Tariff, non-tariff barriers, services, intellectual property right, trade dispute, garments and textiles, agriculture, WTO establishment,...	123

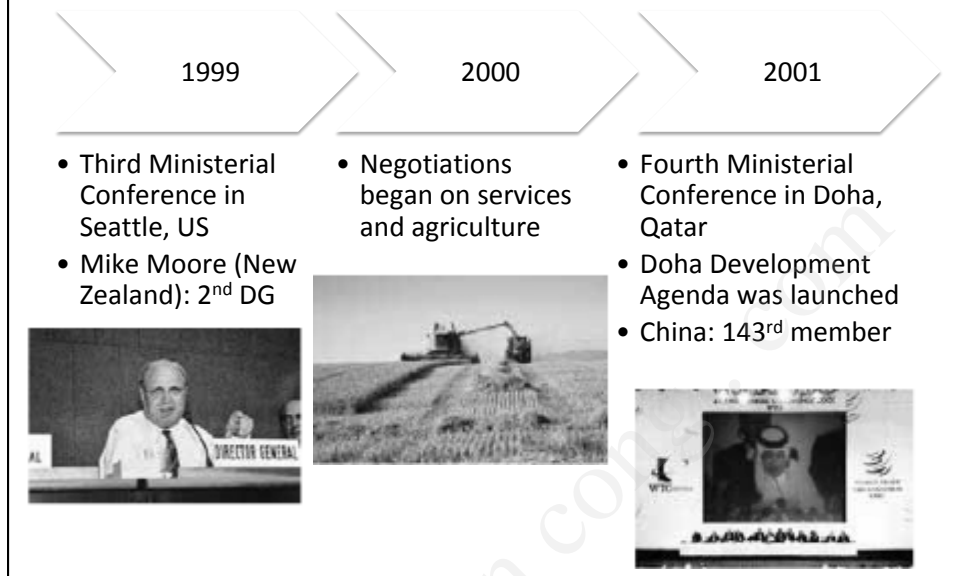
History (cont.)

- At the end of 1970s and early 1980s, it became evident that GATT was not built or structured to address many of the new global trading challenges that were arising.
 - Coverage of GATT was limited to tariff reduction while many new non-tariff barriers were emerged.
 - GATT mainly regulated trade in goods in the context of development of trade in services, investment and protection of intellectual property rights relating to trade.
 - Gap in GATT rules (many exceptions in agriculture, textiles and garments)
 - Lack of Dispute settlement system

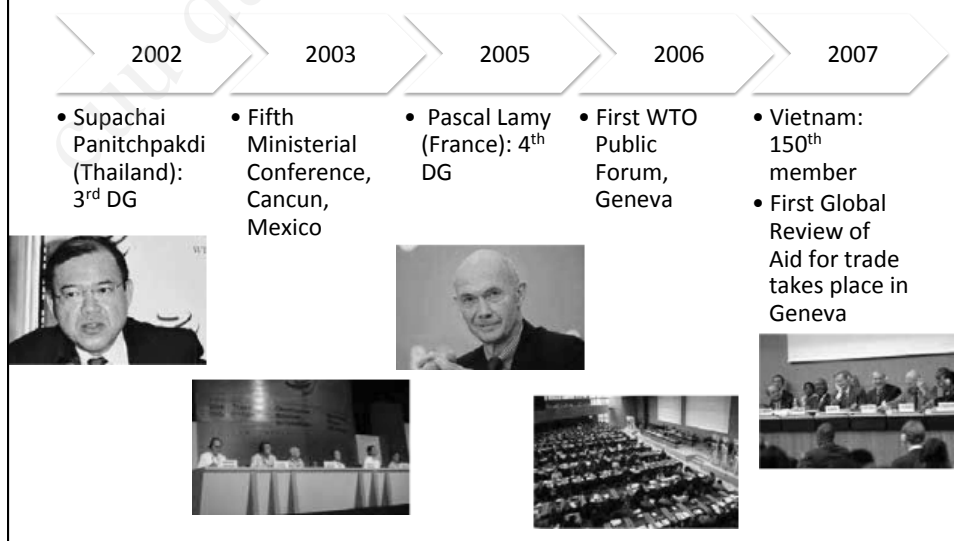




Milestones of the WTO during the last 22 years



Milestones of the WTO during the last 22 years



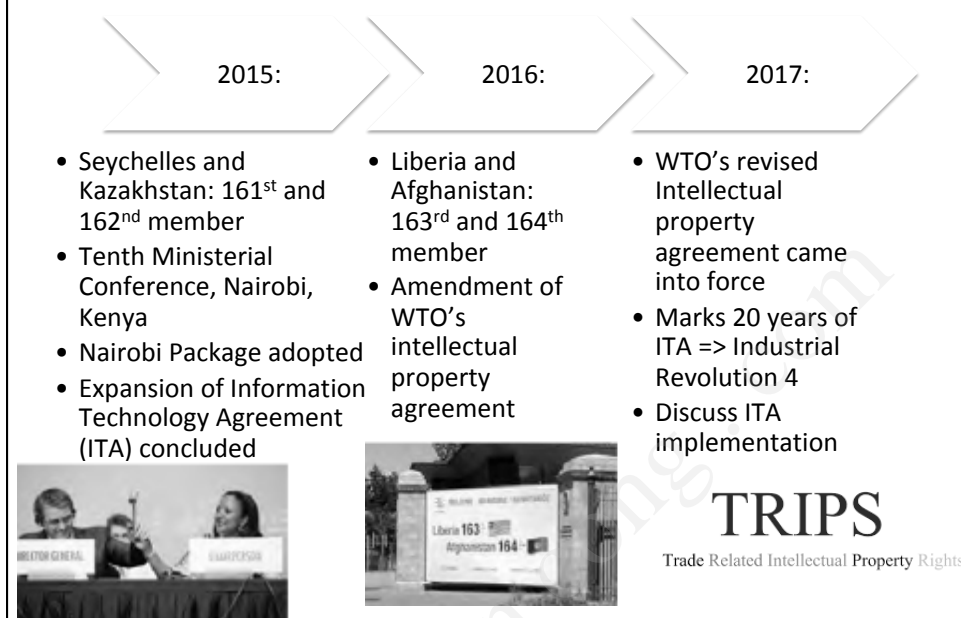
Milestones of the WTO during the last 22 years



Milestones of the WTO during the last 22 years



Milestones of the WTO during the last 22 years



Who the WTO is - Purposes of the WTO

- Progressively reduce obstacles to trade => trade opening and liberalization
 - Help countries and producers of goods deal fairly and smoothly with conducting their business across international borders.
 - Help trade flows smoothly for all member nations
- The WTO is not just about opening market, and in some circumstances its rule support maintaining trade barriers – e.g: to protect consumers and the environment

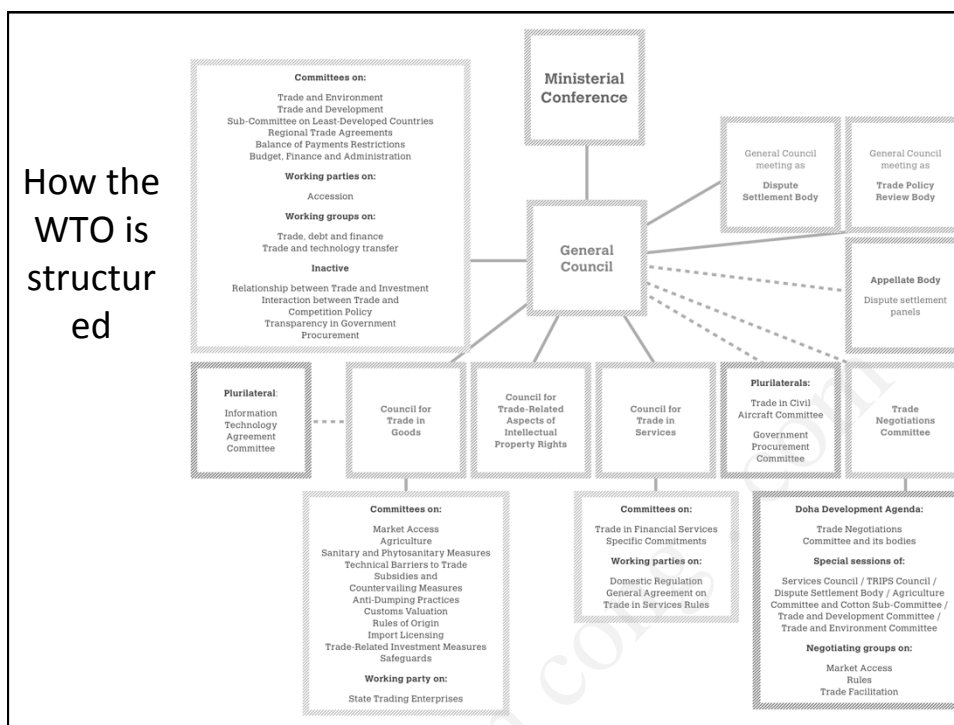
What the WTO does - Functions

- **Create a forum** for governments to negotiate trade agreements, and a place where member governments to sort out the trade problems they face with each other.
- **Promote implementation and monitoring** of the WTO's agreements.
- **Review trade policies** regularly (5 years)

What the WTO does - Functions

- Be a place for governments **to settle trade disputes**
- **Provide technical assistance, support development and build trade capacity for developing countries**
 - Human resources training, consultancy
 - The Aid for Trade initiatives to help developing countries develop the skills and infrastructure needed to expand their trade...)
- **Outreach**
 - Maintain regular dialogue
 - Aim of enhancing cooperation and increasing awareness of WTO activities

How the WTO is structured



WTO Secretariat

- Headed by a Director-General (took office from 2013)
- Four Deputy Director-General
- A multicultural team
 - of highly-qualified individuals who possess the wide range of skills, knowledge and experience
 - Economists, lawyers, and others with a specialization in international trade policy.
- At the end of 2016, 628 staffs – representing 79 nationalities, 45% staff was female

WTO Secretariat

- Responsibility:
 - Provide top-quality, independent support to WTO member governments on all of the activities.
 - Supply technical and professional support to Councils and Committees
 - Provide technical assistance to the developing countries...
 - Provide information on the WTO activities to the public and the media
 - No decision making power

WTO Budget

- Derived its income from annual contributions from its 164 members and miscellaneous income.
 - The contribution is calculated based on a formula that takes into account each member's share of international trade.
 - Miscellaneous income: contributions of observed countries, sale of publication and rental of meeting rooms
- Total WTO budget for 2017: CHF 197,203,900
 - Denmark: 0.775%
 - Vietnam: 0.579%
 - The US: 11.23%
 - China: 9.59%
 - Germany: 7.31%
 - Japan: 4.26%

Decision making mechanism

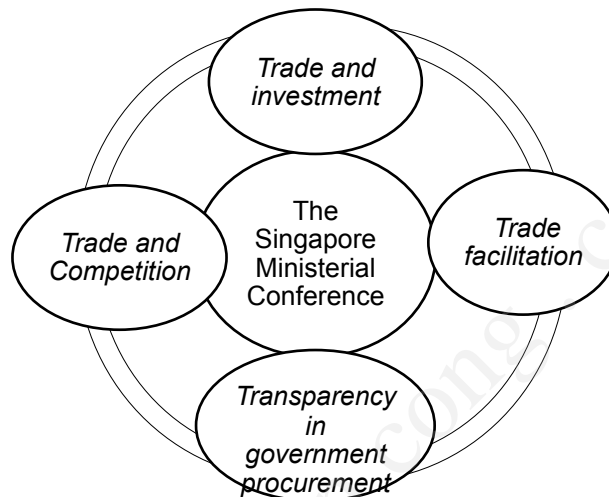
- ❖ The WTO is member driven and consensus-based organizations, with decisions normally taken by consensus among all member organizations.
- ❖ In some cases, the followings decisions are passed through based on special mechanism (majority rule):
 - Explanation of Articles and Clauses of Agreements: **3/4 votes;**
 - Cease of obligation of one member: **3/4 votes;**
 - Revision of Agreements (exl. MFN principles): **2/3 votes.**

WTO Activities

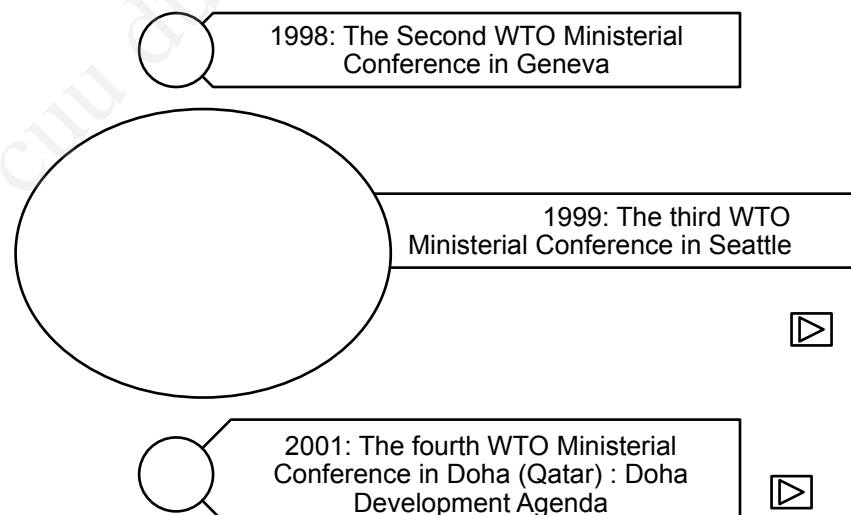
- 22 years of establishment: not so long
 - Conduct trade negotiation
 - Reduce tariffs and non-tariff barriers
 - Ministerial Conferences: at least every two years
 - Implement and monitor WTO rules and regulations
 - Settle disputes
 - Provide technical assistance and build up trade capacity for developing countries
 - Carry out outreach activities

Ministerial Conferences

- Ministerial Conference (MC)
 - The first Ministerial Conference in Singapore in December 1996: Singapore issues



Ministerial Conferences (cont.)

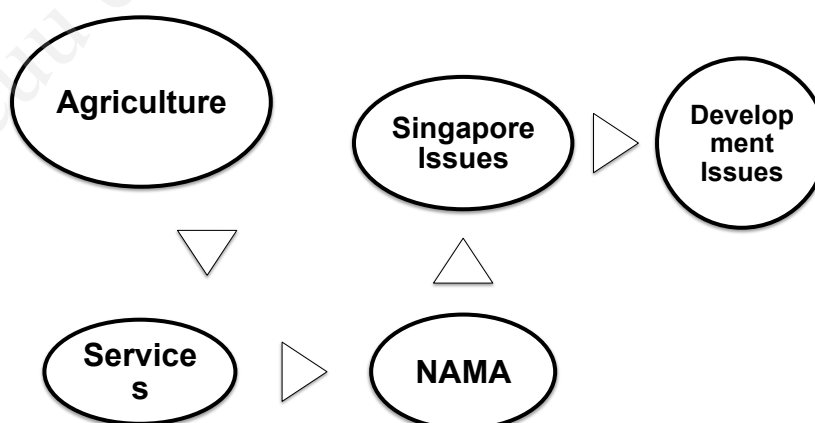


Doha Round

Development Issues
 Agriculture
 Services
 Non-Agricultural Market Access (NAMA)
 TRIPS issues
 Singapore issues
 Issues in WTO rules
 Dispute Settlement
 Environment and Trade issues

Doha Round (cont.)

Most disagreed issues between the US, the EU, Japan and the developing countries



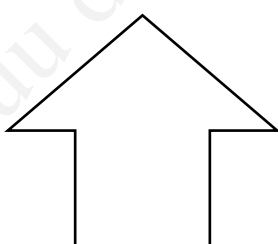
Doha Round (cont.)

Reasons for suspension of negotiation in 2006

- A lot of disagreements
- The developed nations: led by the EU, the US, Japan
- The developing countries: led by India, Brazil, China and South Africa
- Considerable contention against and between the EU and the US over their maintenance of agricultural subsidies.

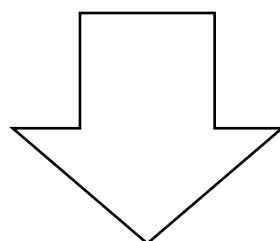
Doha Round (cont.)

Doha Round was re-started in Geneva in 7/2008



Achievements

- In the negotiations on agriculture and non-agricultural market access (NAMA)
- Some services concessions



Non-achievement

- Safeguard measures mechanism on agriculture and cotton subsidies



Doha Round (cont.)

- Update Doha Round
<http://www.trungtamwto.vn/wto/dam-phan/tinh-hinh-dam-phan>
- 2011: the WTO members did not expect a comprehensive package of negotiations, the Doha narrowed to overcome difficulties
 - unrealistic ambition - took 10 years (Prof.Simon Evenett)
 - Pascal Lamy: Ministers' Meeting can not like a Christmas tree

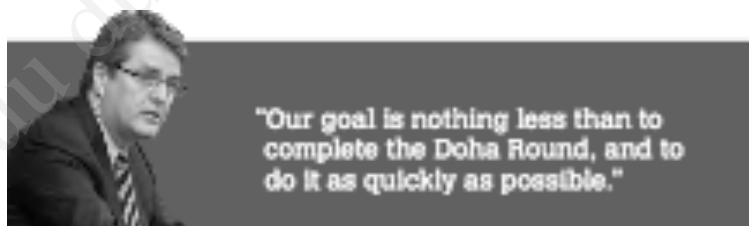
Doha Round (cont.)

- 2013: TFA – Trade Facilitation Agreement
 - In Bali Ministerial Conference in 12/2013: After 12 years of stagnation, the Doha Round achieved new progress when the member states declared to finish TFA negotiations
 - Each country must adopt TFA
- By the deadline 07/31/2014: TFA has not been passed because India objected => serious consequences for the future of the WTO.
 - Reason: agricultural subsidies should not exceed 10% of the total value of agricultural products based on 1986-1988 price (unfair).
- TFA took effect on 22 February 2017 when the WTO received 110 deposits.


Doha Round (cont.)

- The difficulties in the current Doha Round negotiations:
 - Signing and realization of TFA
 - Reducing tariff on industrial goods
 - Limiting agricultural subsidies
 - Opening up trade in services
 - Linking regulations on intellectual property

Doha Round (cont.)



Ministerial Conferences (cont.)

-  2003: The 5th Ministerial Conference in Cancun (Mexico)
-  2004: Framework Agreement (July package Agreement)
-  2005: The 6th Ministerial Conference in Hong Kong
-  2006: The meeting in Geneva
-  2008: The Ministerial meeting of a group of countries in Geneva

Ministerial Conferences (cont.)

-  2009: The 7th Ministerial Conference in Geneva
-  2011: The 8th Ministerial Conference in Geneva
-  2013: The 9th Ministerial Meeting in Bali
-  The 10th Ministerial Conference 12/2015 will take place in Nairobi, Kenya - 20 years of the establishment

WTO activities (cont.)

- Trade negotiations in 2016
 - Agriculture:
 - identifying the potential outcomes for agricultural negotiation in December 2017
 - Priority on domestic support (farm subsidies) and cotton subsidies => support but reduce distortion
 - Public stockholding for food security purposes
 - Export competition: Eliminate export subsidies for agricultural products
 - Export restrictions: must improve transparency in the application of export restrictions on foodstuff

WTO activities (cont.)

- Trade negotiations in 2016 (cont.)
 - Market access for non-agricultural products (NAMA negotiations)
 - Little progress in determining the way forward
 - Two opinions: one group wished to continue NAMA issues but the other did not see “the comparative advantage of the WTO as a forum for market access negotiations any more”
 - Services
 - Strong interest in revitalizing services negotiations
 - Three priorities for negotiating: domestic regulation, market access and e-commerce

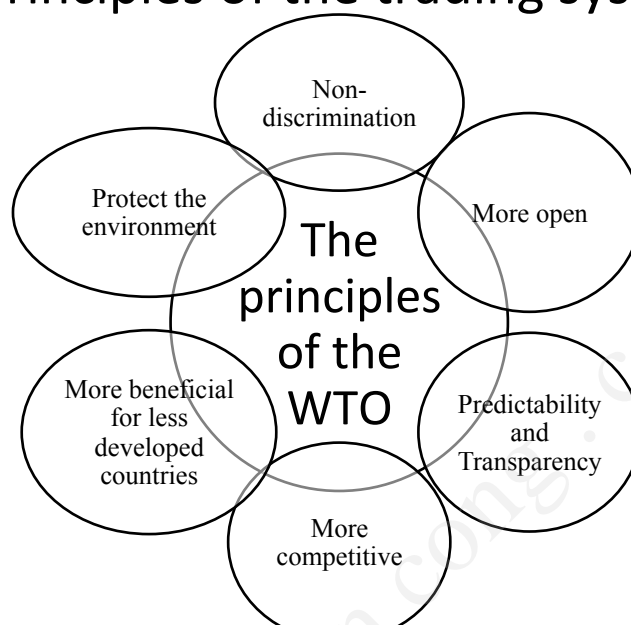
WTO activities (cont.)

- Trade negotiations in 2016 (cont.)
 - Trade and development: negotiate on special and different treatment for developing countries
 - Trade and environment: negotiate on an Environmental Goods Agreement

Topic for current discussion

- Thương mại điện tử (E-commerce)
- Dự trữ sản phẩm nông nghiệp của quốc gia (Public Food Stockholding)
- **Trợ cấp cho ngành Thủy sản (Fisheries)**
- Nền Kinh tế xanh (Blue economy)
- Thuận lợi hoá đầu tư (Investment Facilitation)
- Lợi ích của các nước kém phát triển (LDC interests)
- Thuận lợi hoá thương mại dịch vụ (Facilitation in Trade in Services)
- Các vấn đề sở hữu trí tuệ liên quan đến thương mại (TRIPS - Trade related Intellectual Property Rights)

Principles of the trading system



Principles of the trading system (cont.)

• **Principle 1: Non - discrimination**

- A country should not discriminate between its trading partners, implemented through Most Favored Nation Treatment (MFN)
- A country should not discriminate between its own and foreign products, services or nationals, implemented through National Treatment (NT)

Principles of the trading system (cont.)

- MFN: Treating partner countries equally
 - Exceptions: FTAs
 - Free Trade Agreements
 - Preferences for developing countries (GSP)

Main reasons

- Doha Round stagnation
- Second best
- Support the deeper integration
- Balance with other types of integration (regional integration e.g)

Principles of the trading system (cont.)

National Treatment (NT)

National Treatment

- Treat domestic and foreign products, services and nationals equally

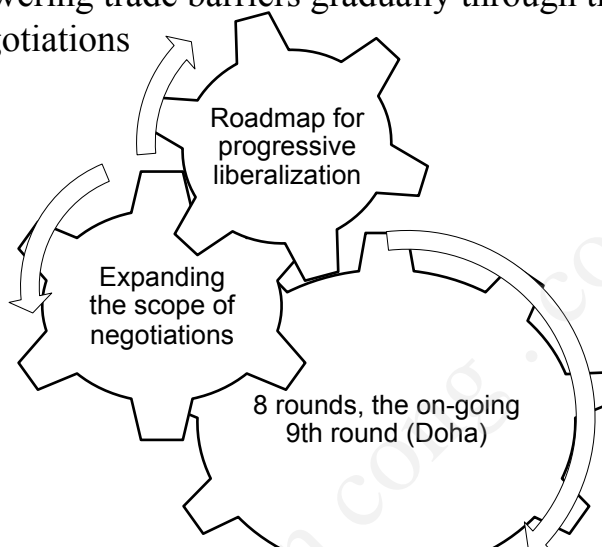
Scope

- Trade in goods
- Trade in services
- TRIPs
- Investment

Principles of the trading system (cont.)

• Principle 2: More open

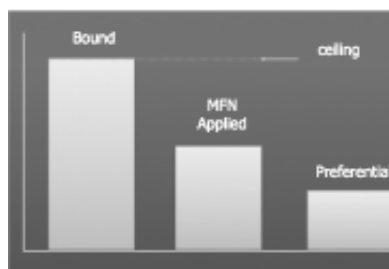
- Lowering trade barriers gradually through trade negotiations



Principles of the trading system (cont.)

• Principle 3: Predictability and Transparency

- Foreign companies, investors and governments should be confident that trade barriers should not be raised arbitrarily.
- Binding commitments (set the maximum/ceiling tariff rate)
- Modify commitments: renegotiation and compensation
- Trade Policy Review Mechanism
- Specific measures and laws notified



Principles of the trading system (cont.)

- **Principle 4: More competitive**

- Discouraging “unfair” practices, such as export subsidies and dumping products
- However, the issues are complex: the rules try to establish what is fair or unfair, and how governments can respond

Principles of the trading system (cont.)

- **Principle 5: More beneficial for less developed countries**

- Over three-quarters of WTO members are developing countries and countries in transition to market economies.
- Giving them more time to adjust, greater flexibility and special privileges;
- In the case of the Trade Facilitation Agreement, provide for practical support for implementation of the Agreement.
- Provide technical assistance to build up trade capacity

Principles of the trading system (cont.)

- **Principle 6: Protect the environment**

- The WTO's agreements permit members to take measures to protect not only the environment but also public health, animal health and plant health
- These measures must be applied in the same way to both national and foreign businesses. In other words, members must not use environmental protection measures as a means of introducing a trade barrier.

Group discussion

- Topic 1: What is the benefits of being a WTO member? (Group 1 – Group 5)
- Topic 2: Vietnam's integration into the WTO: achievements and some raised issues (Group 6 - Group 10)
- Submit paper to the lecturer
- Presentation next week (30/11)
 - Group 1: topic 1
 - Group 4: topic 2

Main contents

An overview of the WTO

WTO Agreements

- Agreements on Trade in Goods
- Agreements on Trade in services
- Agreements on TRIPS

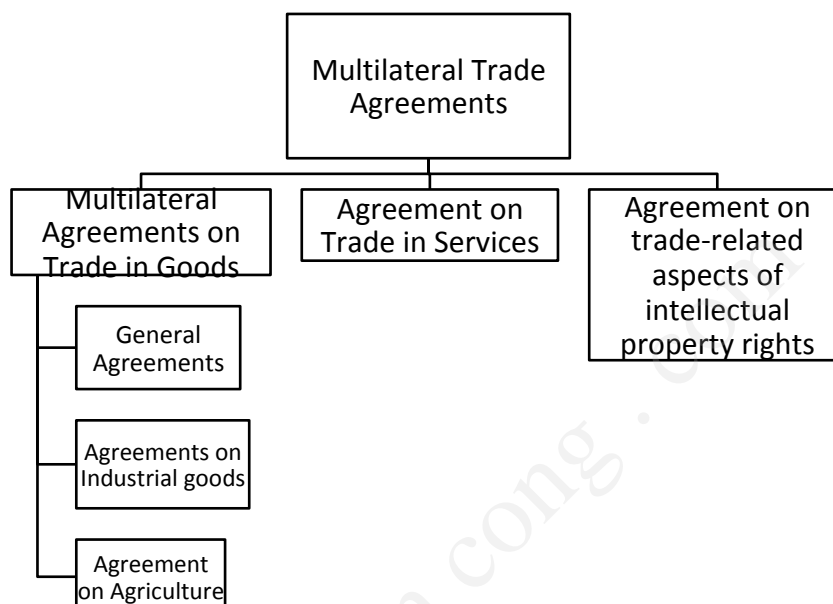
WTO Dispute Settlement System

Vietnam's integration into the WTO

Structure of the WTO Agreements

1. Marrakesh Agreement on Establishing the WTO
2. The Multilateral Agreement on Trade in Goods (20 agreements)
3. General Agreement on Trade in Services (GATS) and appendices
4. Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS)
5. Understanding on Rules and Procedures governing Settlements of Dispute
6. Trade Policies Review Mechanism (TPRM)
7. Plurilateral Trade Agreements
 - *Agreement on Trade in Civil Aircraft*
 - *Agreement on Government Procurement*
 - *International Dairy Agreement (already expired in 1997)*
 - *International Bovine Meat Agreement (Already expire in 1997)*

Structure of the WTO Agreements (cont.)



General Agreements

1. GATT 1994
2. Agreement on Technical Barriers to Trade (TBTs)
3. Agreement on Anti-dumping measures (AD)
4. Agreement on Subsidies and Countervailing Measures (SCM)
5. Agreement on Safeguards (SG)
6. Agreement on Customs Valuation (CV)
7. Agreement on Preshipment Inspection (PSI)
8. Agreement on Rules of Origin (ROO)
9. Agreement on Import Licensing Procedures (IL)

Industrial goods agreements

- Before 1995, the Multi-fibre Arrangement (MFA) set quotas on garments and textiles imported into the developed nations
- Agreement on Textiles and Clothing (ATC) effective from 01/01/1995 required to eliminate quota within 10 years
- ATC ended: 1/1/2005

Agreement on Agriculture (AOA)

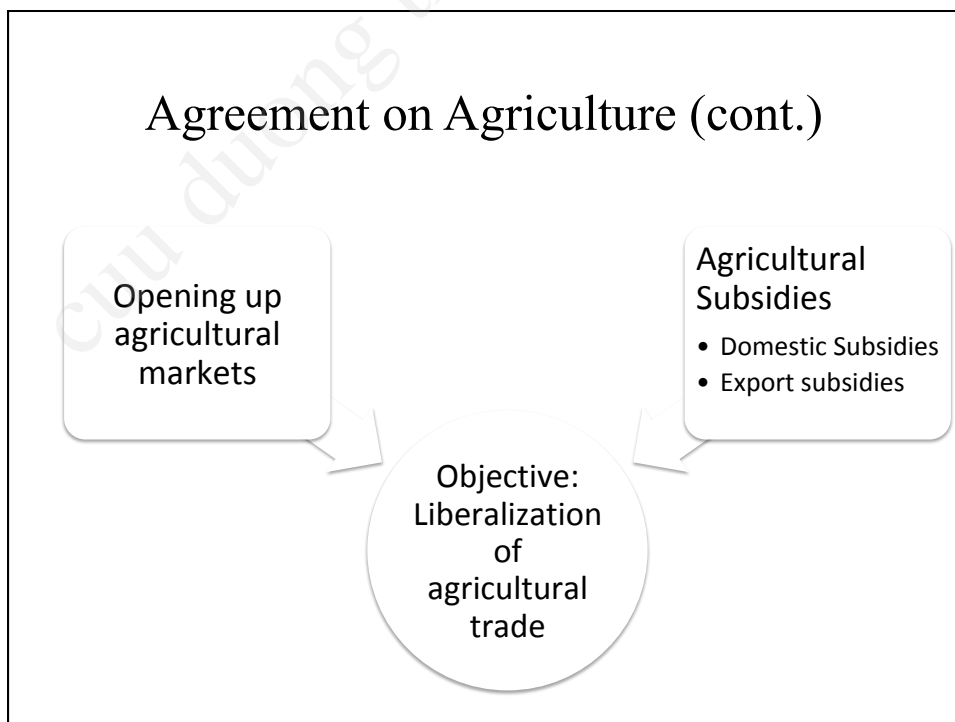
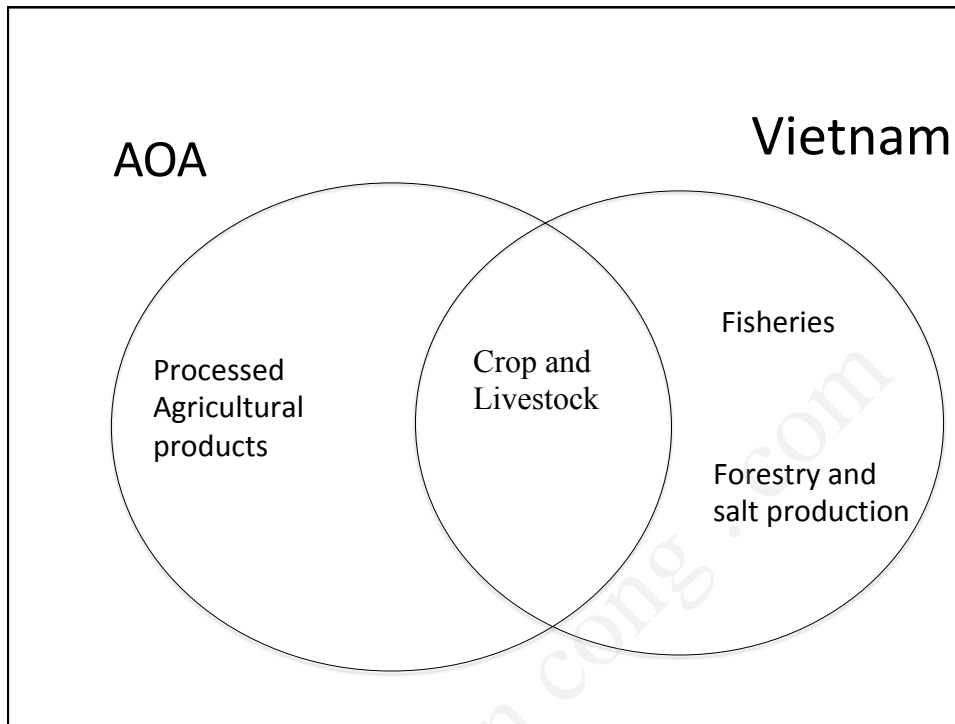
- Why the WTO must have a separate agreement on agricultural products??
 - Sensitive products in international trade
 - Many economic reasons, politics, culture, society
 - Agricultural trade touches the interests of a part of the population which have low incomes in both developed countries and developing countries
 - Every country has the need to ensure a stable food supply in the world context that is facing with crop fluctuations and the risk of famine.
 - Agricultural trade policies are especially more conservative compared with that of industrial goods
 - It is not easy to reach an agreement on market opening and reduction of distorting subsidies for agricultural products
 - The results of the Uruguay Round, signed in Marrakesh in 1994 - turning point (the US-Eu on beef)

Agreement on Agriculture (cont.)

- What are agricultural products?
- AOA: all listed products from Chapter I to XXIV (excluding fish and fish products) and some other products in HS (harmonized system) (Part I to part IV).
- Agricultural products include a wide range of commodities that are derived from agricultural activities such as:
 - **The basic agricultural products** *such as rice, wheat, flour, milk, live animals, coffee, pepper, cashew nuts, tea, fresh vegetables ...;*
 - **The derivative products** *such as bread, butter, cooking oil, meat, ...;*
 - **The products processed from agricultural products** *such as confectionery, dairy products, sausages, soft drinks, wine, beer, tobacco, cotton fiber, crude animal skin ...*
- All other products: non-agricultural products

Agreement on Agriculture (cont.)

- The difference in concept of agricultural products between the WTO and Vietnam
 - Vietnam: agriculture is often understood in a broad sense covering
 - agriculture (crop, livestock)
 - Seafood
 - forestry and salt production.
 - Under WTO, agricultural products include all products under Chapters 1 to 24 and *does not include the products in the fields of fisheries, forestry and salt production.*
- Vietnam: The industries of processing forestry and fisheries are included in the industrial sector.
- The implication: enterprises should clearly identify the product type that they produce and trade .



Agreement on Agriculture (cont.)

- Opening up agricultural markets: reduce barriers
 - Tariff reduction on roadmap (by group of countries)
 - Raising tariff is conditional (applicable only to developing and underdeveloped)
 - Removal of non-tariff measures (quotas, minimum price regulation, taxes and expenses related to import ... - except for some cases)
 - Proceed tariffication of non-tariff measures
 - Transfer non-tariff measures into tariffs (WTO principles: transparency, stability and predictability), for example, with the automobile policy and policies with tulip bulbs and Fedex
 - With developed countries: tariffs will be cut by 36% in 6 years
 - With developing countries: 24% in 10 years
 - LDCs: exemptions
 - There are few non-tariff measures applied

Agreement on Agriculture (cont.)

- Agricultural Subsidies: The concept is complex
 - Domestic Subsidies
 - Export subsidies
- Often the cause of international trade distortions, unfair competition activity (the industrialized countries subsidize agriculture => conflicts between groups of countries).
- The eligible types of subsidies are still very diverse in scope and degree
- Enterprises should pay attention to the issue of subsidies

Agreement on Agriculture (cont.)

https://www.wto.org/english/tratop_e/agric_e/agboxes_e.htm

- Subsidies in industrial sector
 - Green box:
 - Permitted
 - Yellow box:
 - Must slow down
 - Not forbidden but may be complained if cause damages to the partners
 - Red subsidies:
 - Forbidden
 - Export subsidies
 - Domestic consumption preferences

Agreement on Agriculture (cont.)

- Domestic Subsidies



- Green box:
 - Permitted without limits
 - no obligation to cut down because they do not distort trade or cause minimal distortion.
 - E.g: programs that are not targeted at particular products, General services, research, environmental protection, the national reserve for the purpose of food security, poverty allowances, income support for the poor and the program of social security and income insurance; disaster mitigation; restructuring subsidies agricultural direct payments in the framework of environmental protection and support the development of the region, etc.)

Agreement on Agriculture (cont.)

- Domestic Subsidies

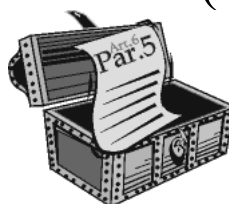


- Amber box:

- Subsidies distort production and trade
 - E.g: subsidies to support prices, subsidies directly related to production quantities.
 - not exceeding 5% of production in developed countries
 - Not exceeding 10% in the developing countries

Agreement on Agriculture (cont.)

- Domestic Subsidies



- Blue box:

- Do not have to reduce if are being used
 - No limits on spending blue box subsidies
 - E.g: The direct payments in the production-limiting programs (in some developed countries)

Agreement on Agriculture (cont.)

- Export subsidies
 - Member countries commit to reduce export subsidies
 - Developed countries must reduce by 36% of export subsidies value and at minimum by 21% of export subsidies volume within 6 years from 1/1/1995
 - The developing countries were 24% and 14% over 10 years
 - The least developed countries were not asked to reduce export subsidies.
 - The data base used to calculate the export subsidies: the period 1986 - 1990

Agreement on Agriculture (cont.)

Export subsidies: 06 main categories

1. Direct subsidies to producers of exports
2. Liquidation of agricultural products stock for export at cheap prices.
3. Financing payments for export, including the funding from tax revenues
4. Subsidies for agricultural products based on export proportion
5. Subsidies to reduce marketing costs, including handling costs, products upgrading and recycling, international freight charges, and shipping charges.
6. Incentives on domestic and international freight for exports is higher than that for domestic goods

The developing countries can apply 5 and 6 due to special and differential treatments (S & D)

Agreement on Agriculture (cont.)

- Implications for Government and Enterprises
 - The regulations on agricultural subsidies is complicated
 - The permitted types of subsidies is very diverse (in scope) and large (the degree)
 - Each country should take advantage of eligible subsidies to support for farmers and agricultural enterprises without violating WTO commitments.
 - Enterprises actively recommend the Government to provide eligible subsidies
 - Enterprises require government to intervene if detecting foreign partners adopting unfair trade activities.

The TBT Agreement

- Agreement on technical barriers to trade (Technical Barriers to Trade - TBT)
- Goals:
 - Recognition of countries' rights to establish a reasonable technical measures and a level of protection
 - Encourage countries to use international standards as appropriate.
 - No unnecessary obstacles to international trade
- In fact, if used arbitrarily => create unequal and unfair trade barriers
- E.g:
 - Car import through certain border crossings;
 - Imported mobile, wine, and cosmetics by shipping

The TBT Agreement (cont.)

- Scope of application:
 - Products: Both agricultural and industrial products
 - TBT Measures: covers
 - Technical regulations
 - Standards
 - Conformity assessment procedures
 - Excluded:
 - Measures on trade in services
 - Government procurement specifications:
 - Sanitary and phytosanitary measures: SPS Agreement

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Technical regulations

- Technical regulations: TBT Annex 1:
 - Document which lays down **product characteristics** or their related processes and production methods, including the applicable administrative provisions, with which compliance is **mandatory**.
 - It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a product, process or production method.

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Example of labeling requirements for medical products

manufacturer's trade name and address	manufacturer's catalogue code number and product description in different languages	bar code
CE mark (made in compliance with 93/42EEC Directive on class IIA or IIB medical devices)	expiry date, if the product is perishable (year/month)	storage temperature
lot number (indicated by LOT mark)	for professional use only	for single use only
keep dry	this product contains Nickel-Chromium: possible allergic reactions	keep away from sunlight
CE mark (made in compliance with 93/42EEC Directive on class I medical devices)	see instructions for use	gamma-ray sterilized
titanium	surgical steel	this product contains Chromium: possible allergic reactions
autoclavable at temperature indicated	non-sterile	with content or presence of natural rubber latex

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Examples



Nutritional Highlights

- ✓ High in Antioxidants Vitamin C & E
- ✓ Made from 100% Juice
- ✓ No Sugar Added

Nutrition Tips

- Eat 2 + 2 servings of fruits & vegetables daily. One medium size fruit (e.g. orange) or one glass of juice is a serving of fruit.
- Vitamin C is one of the essential nutrients vital for life.
- Vitamin C and E are antioxidants that help protect cells in the body.

Nutrition Information

Servings per package: 4
Serving size: 250ml (1 glass)

	Per serving	Per 100ml
Energy	110 kcal	44 kcal
	462 kJ	185 kJ
Protein	1.3 g	0.5 g
Total Fat	0.0 g	0.0 g
- Saturated Fat	0.0 g	0.0 g
Cholesterol	0.0 mg	0 mg
Carbohydrate	26.0 g	10.4 g
- Total Sugars**	20.0 g	8.0 g
Dietary Fibre	0.0 g	0.0 g
Sodium	33 mg	13 mg
Vitamin C	50.0 mg	20.0 mg
Vitamin E	75 mg	3.0 mg
Anthocyanin	250 mcg	100 mcg

** naturally from fruit juices

Ingredients: Fruit Juices from Concentrates (Pear*, Apple*, Blueberry, Cranberry), Aloe Vera Juice, Citric Acid, Flavouring, Stabiliser, Vitamins (C and E), Preservatives and Colourings.

* For natural sweeteners

Talk to Us

The TBT Agreement (cont.)

- Standards: TBT Annex 1
 - Document approved by a **recognized body**, that provides, for common and repeated use, rules, guidelines or characteristics for products or related processes and production methods, with which compliance is **not mandatory**.
 - It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a product, process or production method.

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The TBT Agreement (cont.)

- Conformity assessment procedures: TBT Annex 1
 - Any procedure used, directly or indirectly, to determine that relevant requirements in technical regulations or standards are fulfilled.
 - Include, inter alia, procedures for sampling, testing and inspection; evaluation, verification and assurance of conformity; registration, accreditation and approval as well as their combinations.

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The TBT Agreement (cont.)

- Divergent regulations increase costs for firms
 - Information costs
 - Loss of economy of scale
 - Unexpected costs

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The TBT Agreement (cont.)

- Encourage nations and enterprises to adopt international standards published by international organizations.
 - International Standardization Organization
 - International Electronic Commission (IEC);
 - International Telecommunication Union (ITU);
 - International Food Standards CODEX

The SPS Agreement

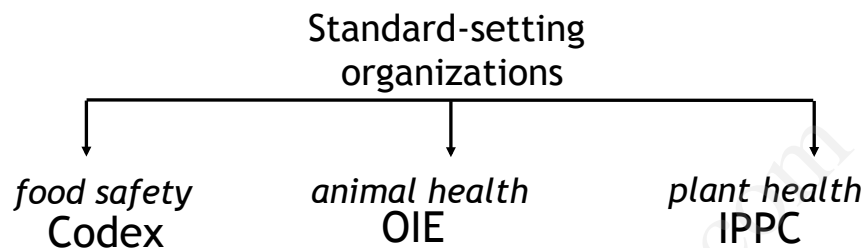
- Sanitary and Phytosanitary Measures (SPSs)
- Objectives:
 - Recognition of the rights to use SPS measures appropriately
 - Encourage countries to use international standards as appropriate.
 - No unnecessary obstacles to international trade

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The SPS Agreement (cont.)

- What are SPS measures?
 - Regulations, conditions and requirements that affect international trade
 - to **protect the humans, animal or plant life or health**
 - through the **assurance of food safety** and/ or **prevention of the entry of diseases** originating from imported animals and plants.

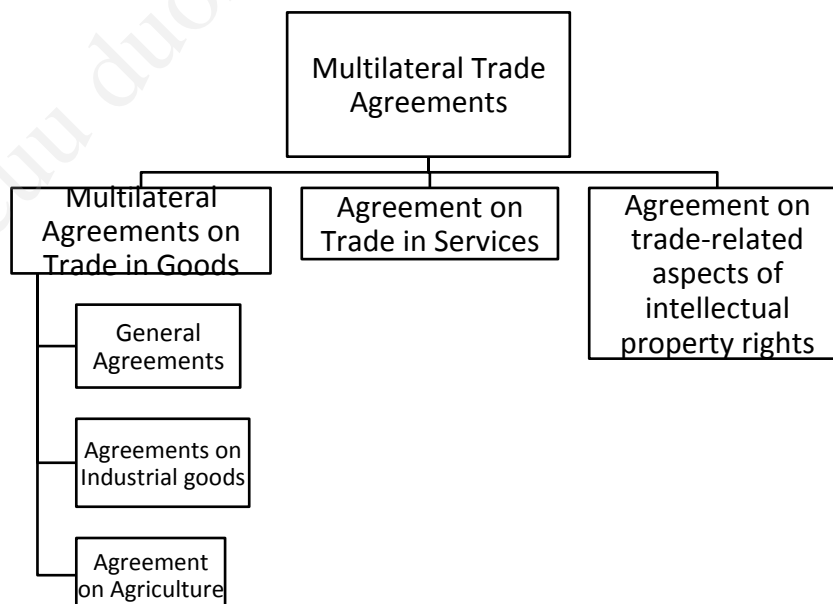
Which international organizations?



Codex = joint FAO/WHO Codex Alimentarius Commission
 OIE = Office international des epizooties
 IPPC = International Plant Protection Convention (FAO)

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Structure of the WTO Agreements (cont.)



GATS

- General Agreement on Trade in Services (GATS)
 - An agreement under the WTO system
 - Launched in 1995: The rules and principles on trade in services
- Objectives: promote services trade liberalization
- The annex to the GATS and the Ministerial decision
 - Annex on MFN Exemptions
 - Annex on Movement of Natural Persons
 - Annex on Air Transport Services
 - Annex on Financial Services
 - Annex on Sea Freight
 - Annex on Basic Telecommunications

GATS (cont.)

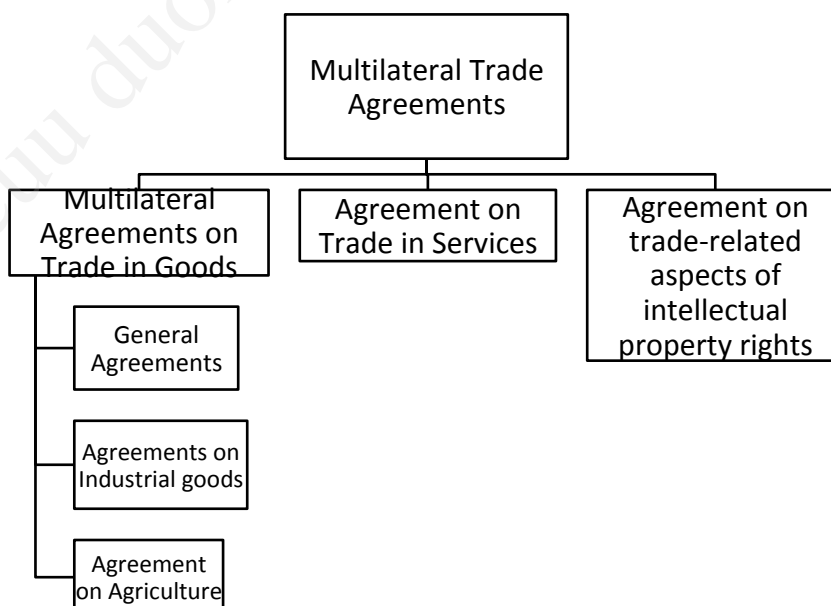
- Business Services
- Information services
- Building services
- Distribution Services
- Educational services
- Environmental Services
- Financial services
- Health services
- Travel services
- Service culture, recreation and sport
- Transport services
- Other Services

The services sector under GATS
classification: 12 sectors with
155 sub-sectors.

GATS (cont.)

- 04 modes of supply
 - Mode 1: Cross-border supply
 - Mode 2: Consumption abroad
 - Mode 3: Commercial presence
 - Mode 4: Natural persons presence

Structure of the WTO Agreements (cont.)



TRIPs

- Contents of TRIPS is consistent with The conventions of the World Intellectual Property Organization (WIPO), the Paris Convention, Berne Convention, the Rome Convention, IPIC Treaty.
- Coverage:
 - Copyright and Related Rights
 - Trademarks
 - Geographical Indications
 - Industrial Designs
 - License of invention
 - Design
 - Protection of confidential information

Main contents

An overview of the WTO

- History
- Purposes and structure
- Activities (Ministerial Conferences and Doha Round)

WTO Agreements

WTO Dispute Settlement System

Vietnam's integration into the WTO

Dispute Settlement System of the WTO



The Dispute Settlement System of the WTO

“is a central element in providing security and predictability to the multilateral trading system.”
(Article 3.2 of the DSU)

“Crown Jewel” of the WTO – Mike Moore, former DG

Overview

- **An integrated system:**
 - Applies to all the multilateral agreements
 - A single set of rules for all disputes
 - Only a few specific rules in some agreements
 - All members must accept the jurisdiction of the DSB

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The DSB - Dispute Settlement Body



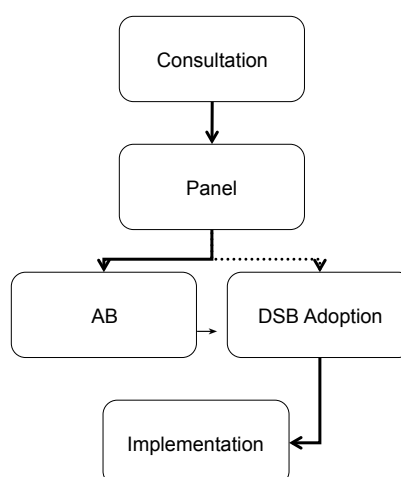
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The DSB (cont.)

- WTO Members: Members of the DSB
- WTO's DSB has executed under 2 levels
 - Panel – Ban Hội thẩm
 - Ad-hoc mechanism
 - Established by DSB for each particular dispute (3-5 members)
 - “well-qualified government and /or non-governmental individuals” (8.1)
 - Appellate Body (AB) – Ban Phúc thẩm
 - Regular
 - Appointed by DSB (7 members)
- DSB is not directly involved in the process of adjudication (xét xử) of disputes
- The Panel and the Appellate Body will take role of legal institutions

Main stages of dispute settlement

- Stages (10 Stages)
- Four main stages:
 - Consultation
 - Panel and Appellate Body review
 - Adoption of report by the DSB
 - Implementation



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Consultations

- **The request for consultations:**



- The complainant required a consultation in writing.
- Indicates the reasons for the request; identification of the measures; legal basis for complaint (Art 4.4)
- Notified to DSB, Related Councils and Committees.
- Case study: Case DS189

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Consultations: Deadlines

- The defendant
 - must answer to request for consultations: within 10 days
 - beginning of consultations: 30 days (from receipt of request)



- **Many disputes are settled in consultation stage, without further proceedings**



- If consultations fail to resolve the matter within 60 days from receipt of request.....
- Or if no response or no entering into consultations
- A request for establishment of a panel can be made

Establishment of panels

- The request for establishment of a panel:
 - “identify the specific measures at issue and provide a brief summary of the legal basis of the problem sufficient to present the problem clearly” (Art 6.2)
- Establishment at the latest at “DSB meeting following that at which the request first appears on the DSB’s agenda”, by reverse/negative consensus (Art. 6.1 DSU)



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Panel Examination

Function of panels (Art. 11):

- Objective assessment of the matter before it, including facts and the applicability of and conformity with the relevant agreements



Normally 2 meetings with parties (Art. 12) and 1 meeting with third parties (Art. 10)



Prepare a report (Art. 12.7)

- Findings of fact,
- applicability of relevant provisions and
- basic rationale supporting any finding and recommendation.



Panel report issue to the parties



Panel report issues to DSB

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Adoption of Panel Reports

- Panel reports not considered for adoption until 20 days after circulation
- Adoption **within 60 days of circulation**, by reverse consensus....
- ... **Except if appealed**



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[Standing Appellate Body (AB)]

- Composition: 7 Members
- Appointed by the DSB
- Term of Office: 4 years (renewable once)
- Requirements:
 - demonstrated expertise in law, international trade
 - unaffiliated with Member government

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[Procedure of Appellate Review]

- Notice of Appeal
- Written submissions
 - Appellant
 - Appellee
 - Third participant
- Oral hearing
- Exchange of views
- Circulation of report

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[Appellate Body Report]

- **Report of the Appellate Body:**
 - “The Appellate Body may uphold, modify or reverse the legal findings and conclusions of the panel” (Art. 17.13)
- **Adoption of Appellate Body report:** by reverse consensus within 30 days of circulation to Members (Art. 17.14)

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Implementation of jurisdiction

- **Recommendations:**
 - If violation: recommendation that the Member **bring the measures into conformity**
 - If **No violation** (but impairment): mutually satisfactory adjustment
- Within 30 days of adoption of report, Member concerned informs the DSB of its **intentions in respect of implementation** of the recommendations and rulings (Art. 21.3)

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Complied or not?

- If Member fails to bring measure into conformity within reasonable period of time, possibility of **temporary** measures: **compensation** or “**suspension of concessions**” (retaliation)

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[No compliance?]

• **Compensation:**

- voluntary
- negotiated
- compatible with WTO obligations

- If no compensation agreed within 20 days after expiry of reasonable period of time....

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[No compensation?]

• **Suspension of concessions (retaliation):**

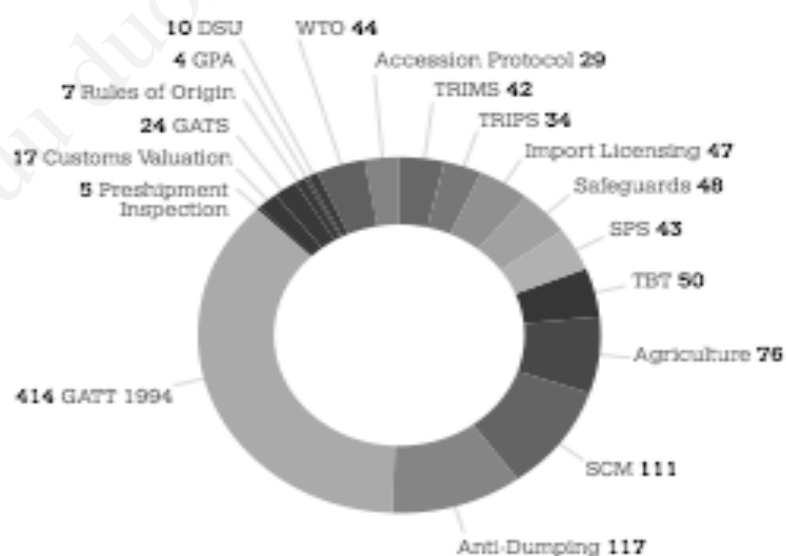
- same sector/other sector/other agreement
- level of suspension: “equivalent to the level of nullification or impairment” (Art. 22.4 DSU)
- authorization to suspend: within 30 days of expiry of reasonable period of time (reverse consensus)

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Dispute settlement activity in 2016

- 520 trade disputes have been submitted to the WTO for settlement since 1995 (414 under GATT)
- WTO members involved in disputes from 1995 to 2016:
 - Complaint: US (112), the EU (97), Canada (35) and Brazil (30)
 - Respondent: the EU (83), China (38), India (24) and Argentina (22)
- In 2016, the WTO dispute settlement system had its busiest year so far, averaging 22 active panel, arbitration (trọng tài) and AB proceedings per month.

Figure 1: WTO agreements* referred to in requests for consultations, 1995-2016 (number of times)





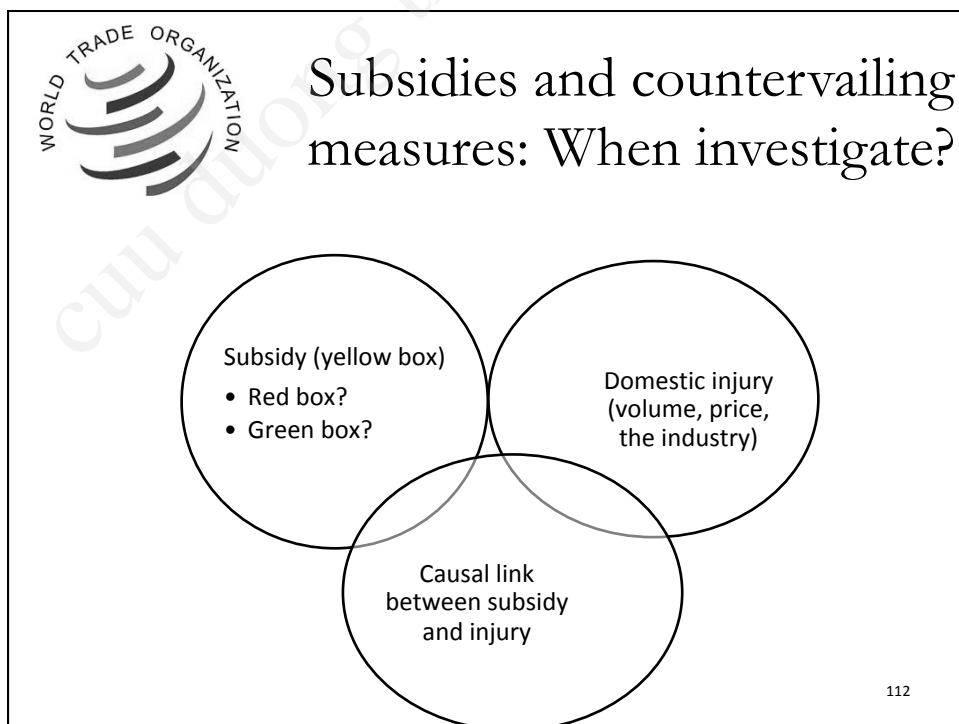
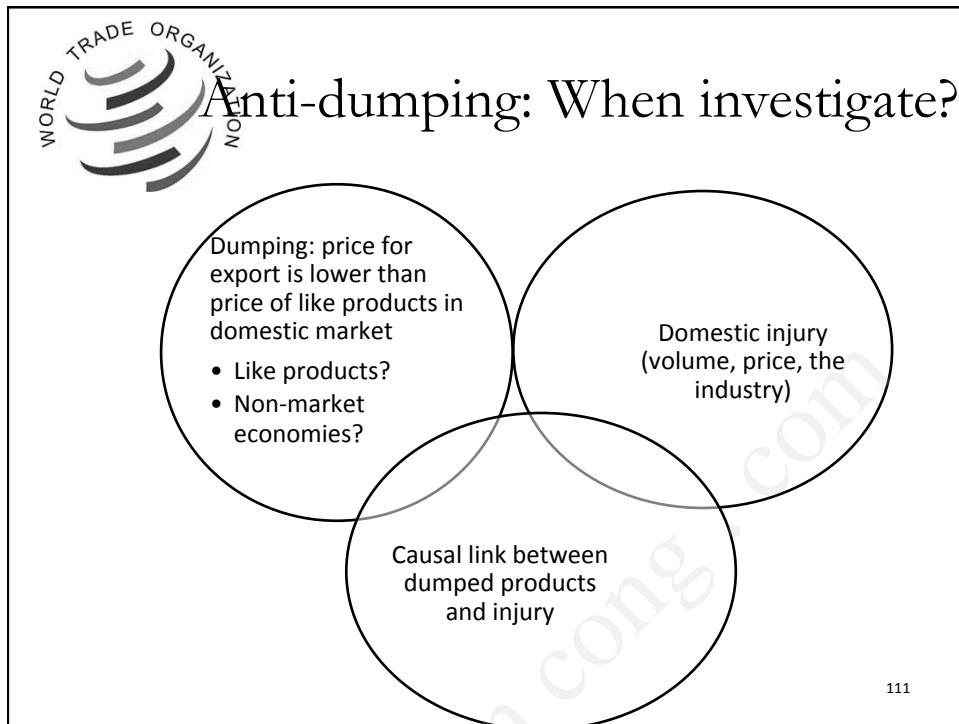
Trade Remedies (Các biện pháp phòng vệ thương mại)

109

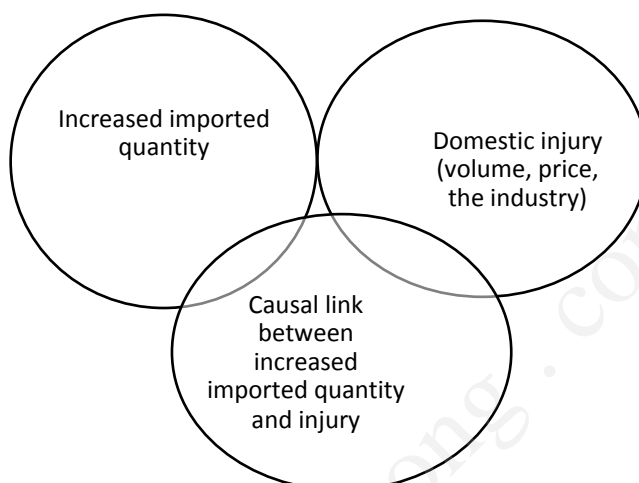
What are Trade Remedies?

- Anti-dumping (Chống bán phá giá)
- Subsidies and countervailing measures (Trợ cấp và biện pháp đối kháng)
- Safeguards (Biện pháp tự vệ)

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Safeguards: When investigate?



Main contents

An overview of the WTO

WTO Agreements

WTO Dispute Settlement System

Vietnam's integration into the WTO

A long process from 1995



A long process from 1995

7/1994	Became observer of GATT
4/1/1995	WTO received Vietnam's application for membership
30/1/1995	The working team on Vietnam's accession was created (about 40 persons)
26/8/1996	Submitted the Memorandum on Foreign Trade Regime
7/1998 đến 7/2006	Multilateral negotiations on the implementation of WTO agreements, bilateral negotiations on market access of goods and services
7/11/2006	Vietnam joined the WTO
11/1/2007	Officially became the 150th member of the WTO



Negotiations

→ 11 years of negotiations

- More than 200 talks/sessions
- 14 sessions of multilateral negotiations related to policy transparency and commitments consistent with the WTO Agreements.
- Bilateral negotiations with 28 partners. 3 Fastest; 3 sessions, Slowest: 13 sessions

Multilateral negotiations: 14 sessions

- To make policies transparent and commit on macroeconomic policies.
- Basically accept to fulfill all of the WTO Agreements
 - **Removal of the prohibited subsidies** concerning export ratios, local content requirement, direct subsidies for exports
 - **Implementation of the allowed subsidies** concerning the promotion of trade, investment, tourism, enhancing the quality of goods, freight ...
 - **Domestic support** to agriculture: 10%
 - **Remove import prohibitions**: cigarettes, used cars

Bilateral negotiations: 28 partners

- Each WTO member had the right to set out specific requirements on tariffs, non-tariff measures and regulations affecting trade in services
 - China: 7 sessions
 - EU
 - USA (May 5-2006)



Vietnam – 150th member of the WTO



Vietnam's commitment in WTO

	Tariff rate at accession	Final tariff rate	Percentage change	WTO' commitments of China
Agriculture products	25,2	20,9	10,6	16,7
Manufactured products	16,1	12,6	23,9	9,6
Overall	17,2	13,4	23,0	10,1

<http://trungtamwto.vn/an-pham/cam-ket?page=1>

END OF CHAPTER 12