

The World Trade Organization

Historical background

- (23) Countries signed the (GATT) on 1947 and it was brought into force in 1948. There was more than one round of negotiations (Geneva 1947, Italy 1949, England 1950 - 1951, Geneva 1955 - 1956, Dillon (Switzerland) 1959 to 1962, Tokyo 1963 - 1967, Geneva 1973 – 1979, Uruguay 1986 – 1994). The organization was established in 1995. It is one of the youngest international organizations where the WTO is the successor to the General Agreement on Tariffs and Trade (GATT), which was established in the aftermath of World War II. Thus, despite the fact that the WTO is still the young, the multilateral trading system, which was originally set up under GATT reached the age of 50 years. The golden jubilee was celebrated in Geneva on May 19, 1998 in the presence of many leaders of states and governments.
- The past twenty years witnessed a phenomenal growth in world trade. Merchandise exports have increased in an average of 6% per annum. GATT and the WTO helped to create a strong and prosperous trade system, which contributed to the unprecedented growth. The system evolved through a series of negotiations or trade rounds, which were held under the banner of GATT, the first rounds mainly tackled the reduction of tariffs. The following negotiations included other issues such as countering dumping of markets and procedures that are not related to tariffs. The final round of 1986 to 1994 led to the establishment of the World Trade Organization. The negotiations did not end at this point, some negotiations continued after the end of the Uruguay Round. In February 1997, an agreement was reached regarding the wireless and wire telecommunications services, with the approval of 69 governments on wide range liberation procedures that exceeded those agreed on in the Uruguay Round. 40 governments completed in the same year, successfully, negotiations on trade without special tariffs on information technology products, 70 member states also

completed an agreement on financial services that covers more than 95% of banking trade, insurance, and financial information. Members of the World Trade Organization approved during the ministerial meeting held in May 1998 to study the emerging trade issues of global e-commerce. Negotiations began in 2000 on agriculture and services.

Benefits of accession to the WTO

- The WTO is the only global organization concerned in international laws on trade between nations. The basic mission of the organization is to ensure that trade flows smoothly and freely.

Carrying out that mission by the organization will come out with the desired results as follows:

1. The guaranteed results. Consumers and producers both know they could enjoy the continuous supply of goods while ensuring the widest selection of finished products, components and raw materials as well as production services. Thereby, both of them ensure that external markets will remain always open for them. The result achieved from all that is the establishment of a world dominated by economic prosperity and peace.
2. The other result is confidence: the consumers and producers to know that they can be confident that they enjoy guaranteed supply and more choices of finished products, components, raw materials and services they use.

Decision-making mechanism and dispute resolution

- Decision-making in the WTO is typically taken by consensus of Member States, and then ratified by the parliaments of the Member States. Objection regarding trade disputes is done through the dispute settlement mechanism of the World Trade Organization (WTO) where

the focus is on interpreting agreements and commitments and how to ensure the commitment by the trade policies. This way the risk that disputes extends to political or military conflicts are reduced. By the reduction of trade barriers, the WTO system also removes other barriers between individuals and nations.

Decisions in the WTO are usually taken through unanimous votes of the Member States and then later be approved by national parliaments. Any trade disputes are turned to the dispute settlement mechanism in the organization where they resort to the conventions and treaties to ensure that the systems and the countries' trade policies are compatible with them. In this way, the risk of dispute turning into a political or military conflict are reduced, and be the logical consequence of this mechanism is a thriving, peaceful, and more responsible world. By the reduction in trade barriers, WTO regulations lead to the reduction of barriers between nations and states. The axis of the system is known as the multilateral trading system which is the WTO agreements that were signed by the majority the world trade countries and approved by their parliaments. Those conventions are the legal principles and rules of international trade, and they are in turn the basic contracts to ensure the important commercial rights of the Member States, they also oblige governments to preserve the continuity of their trade policies within acceptable limits in the interest of everyone.

Terms of Reference

The primary purpose for which World Trade Organization was established is to help the flow of trade smoothly and freely. The organization does this through:

1. Management of agreements on trade.
2. Presence as a forum for trade negotiations.
3. Resolving Trade-related disputes.
4. Review of nation related trade policies.

5. Assisting the developing countries in trade policy-related topics through Technological and training programs aid.
6. Cooperating with other world organizations.

Structure

The number of the World Trade Organization WTO members includes 153 states representing more than 90% of the world trade. 31 others are negotiating for membership. Decisions are taken unanimously by the members. The supreme body for making decisions in the WTO is the Ministerial Conference, which holds sessions once every two years at least.

The General Council comes in the second ranked (generally, it includes ambassadors and heads of delegations in Geneva, but Sometimes involves officials sent from the capitals of member states). It holds sessions several times a year in its headquarters in Geneva. The General Council also holds sessions as the Trade Policy Reviewer Body as well as the Disputes Resolving Body. The next level includes the goods council, the services council, and intellectual property council (TRIPS) that report to the general council.

Many of the specialized committees and groups of work teams deal with conventions, each separately, and other topics such as the environment, development, applications for membership, regional trade agreements, and access to markets. The First Ministerial Conference in Singapore in 1996 added three new working groups to this structure. It is concerned with the relationship between trade, investment and interaction between trade and competition policy, and transparency in government procurement.

WTO and some political issues

WTO Principles

- Trade without discrimination
 - The principle of transparency through the reduction of customs tariffs with clear, transparent, and low tariffs.
 - The principle of reciprocity: the state reduces customs restrictions and liberalizes trade; in return, another state does the same (reciprocity).
 - The principle of preferential trade treatment
1. Give developing countries preferential trade relations with developed countries to support the development plans of the developing countries.
 2. The most important principles of the organization, that are considered one of the applicable principles in the bilateral agreements with world countries, namely: (national treatment), article III of the GATT, and Most Favored Nations (MFN) Article I of the GATT.

Membership in the Organization and Normalization with Israel

The principles and agreements of WTO do not require normalization of trade between the members of the organization, basing on the exception mentioned in Article 13 of the Marrakesh Agreement to establish a World Trade Organization (Article 33 of the former GATT) which allows a state to "non-application" of the Convention to another state on a condition of informing the prior consent of the General Council (MC) on the accession.

Members and Observers

The number of member states that have joined the (GATT) reached 117 states in 1994. Therefore, the signatories to this agreement become a

member, automatically, in the organization as soon it accepts package agreements (GATT, GATS, and TRIPS). However, Iraq did not accept to continue and thus withdrew from the agreement and did not become a member.

The number of members in this organization reached (153), recently, the Russian Federation, Samoa and Montenegro joined the Eighth Ministerial Meeting, which was held on 8/12/2011. In addition to (31) observer members. This number includes Iraq which enjoyed an observer rank. The number of Arab countries that enjoy full membership in the organization reached (12) that are Kuwait, Egypt, Morocco, Tunisia, Mauritania, Bahrain, the United Arab Emirates, Qatar, Djibouti, Jordan, Oman, and Saudi Arabia, while, the countries with observer status were Sudan, Algeria, Lebanon, Yemen, Iraq, Libya, and Syria.

World Trade Agreement

1. World Trade Organization Agreement.
2. General Agreement on Tariffs and Trade (GATT).
3. General Agreement on Trade in Services (GATS).
4. Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS).

Business Conferences

In the second ministerial meeting in Geneva in 1998, the Ministers decided that the WTO will study the e-commerce, a task that will be divided between the councils and current committees, then, the Seattle conference in 1999 and Doha 2001 when new negotiations for improving the integration of developing countries with the global trading system. It also contained many topics for negotiations from 2001 to 2005 (in the agricultural, environmental aspects,,,, etc.). The Ministers also met on 2003 in Cancun (Mexico) in order to provide a full review on what was agreed upon in Doha, but, the conferees failed to reach

consensus on most issues discussed during the conference. Therefore, no final announcement was made; they issued a brief statement expressing their desire to follow up on the cases. During Hong Kong conference on 2005 the United States of America agreed to stop its support for cotton starting from 2007, and stop the support of rich countries for agricultural exports no later than 2013. Iraq attended the conference, which was held in Geneva on 2009 which could not stop the war of bananas between banana exporting countries by reducing tariffs applied on farmers' exports at \$4,301 billion.

First: Terms for joining WTO

1. Make concessions on Tariffs: WTO requires the State wishing to join to provide a table for concessions contains tariffs that constitute obligations that cannot be lifted in principle except in special cases.
2. Commitments in services: the state provides a table of commitments that will be followed in the services sector includes a list of barriers and conditions encountered in sectors and professional service activities and set a timetable for their removal.
3. Abide by the WTO agreements: the state wishing to join the WTO pledges to sign the Protocol of Accession which includes approval to the application and the commitment of all WTO agreements (except the Governmental Tenders Agreement and Convention on Civil Aircrafts because they are optional conventions), which means the state has to agree to agreements of the Uruguay Round. That means the state cannot choose between conventions unlike what prevailed during the GATT days, especially after the Tokyo Round, where most developing states did not sign on the results represented by private agreements.

Second: Admission Procedures

States submit an application. It is presented to the General Council meeting and is voted on; it must obtain unanimous approval, when accepting application the state becomes a member as an observer. Then the process of preparing the accession requirements begins, as well as the work team, and team leader who follows the stages of accession, then it submits a Memorandum on the Foreign Trade Regime (MFTR) to the members of WTO to comment and ask questions about it. Then questions are given to the applicant state by the Organization Secretariat, the state in turn answers the questions that are studied during a meeting held by the working group.

Accession and Files

Set of requirements (Accession files ACC1, MFTR)

Governmental agricultural subsidies (ACC4), TBT and SPS files, intellectual property file (ACC9), services and negotiating the opening or closing of sectors file (ACC5), presentations of goods and negotiate tariffs. All files are discussed during the meetings of the negotiating team and the working team at WTO. After the completion of all inquiries, the work team in the organization recommends admission of the state and that it had fulfilled all requirements. A meeting of the General Council holds session votes unanimously on the admission of the state as a full member of the organization. The state is regarded a member state after 30 days from the approval of its Government and Parliament to join.

States are accepted in the WTO membership by adopting one of the following two ways:

- **The first way:** the state receives messages of an ad hoc committee to consider the applications for new membership, the committees are often composed of major industrial countries, in addition to the most important countries with trade relations with the state wishing to gain

membership. The applications include a list of goods and services which will gain reduction in customs tariff.

- **The second way:** the state interested in WTO membership provides a list on its own that includes cuts in tariffs as a basis for negotiation.

In some cases both ways take place together.

Iraq joining the WTO

On 11 February 2004 Iraq's membership as an observer was accepted unanimously after a meeting of the WTO General Council. The National Committee to join the WTO was formed on 7 June 2004 under the chairmanship of the Minister of Commerce and 35 members from other ministries to facilitate the procedures that Iraq must follow in order to join the organization and to pinpoint the obstacles and overcome them before continuing to move towards full accession. Foreign Ministry named its representative in this committee, Ambassador Bassem Hattab Al Tu'ma, Head of the Economy Department. On December 2004, the working group that negotiates Iraq's joining the organization was formed. Since then, the National Committee began working to finalize the first joining file (MFTR ACC1), a memorandum was submitted on 2005, it was distributed on 2005 to the members, a number of questions were asked to Iraq and they were answered.

The Course of Negotiations

The first working group meeting to review the (MFTR) was set on 25 of May 2007. Iraq formed a negotiating team to attend the meeting; the team was headed by the Minister of Trade. The members of the delegations that attended the first meeting asked about many subjects, the most prominent of which was on the Iraqi investment law, intellectual property, privacy program, and plans prepared by Iraq to make its domestic law consistent with WTO agreements and work rules.

Iraqi delegation presented immediate answers for these questions, referring to the possibility of expanding these answers with written answers to be provided at a later time. The meeting ended and named the second meeting of the working group to discuss requirements; **the first quarter of 2008 as the date for Iraq's work (the answers + ACC4+ACC8+ACC9+ the legislative action plan for Iraqi laws)**

During the second meeting of the Iraqi delegation in 2008, the delegation had to provide answers to questions on the written questions submitted to it by other delegations in the first meeting, and presented as well as an action plan for legislation, create accession documents to the agricultural and services trade sector, and technical constraints to trade, health measures, and intellectual property. Chairwoman of the session asked Iraq to submit offers of goods and services and to answer questions in preparation for the third negotiating meeting. No date was set for the meeting yet, due to the termination of Ms. Claudia assignments as ambassador for her country in the Organization and the Chairwoman of the negotiating working group. Omar Hilali Ambassador of the Kingdom of Morocco to the organization was chosen as head of the negotiating team who will head the third negotiating meeting.

Requirements of the current stage for Iraq

- Prepare answers to the questions
- Prepare goods and services file
- Completion of the required legislation
- Prepare to enter into Technical bilateral negotiations