



WTO AGREEMENTS

GATT, TBT, and SPS

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WTO AGREEMENTS

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The GATT

From 1948 to 1994, the General Agreement on Tariffs and Trade (GATT) provided the rules for much of world trade and presided over periods that saw some of the highest growth rates in international commerce. It seemed well-established, but throughout those 47 years, it was a provisional agreement and organization. In the other words, GATT was a multilateral agreement regulating international trade. The original GATT agreement is from year 1947, the last modifications on the agreement have been made in year 1994. (WTO website)

Background

United States political leaders intercepted during the Second World War that the reconstruction of countries requires more global trade and lower tariffs. Before the Second World War, many countries raised their level of Tariffs to protect their home market from global economic crises. Especially, Tariffs were raised during the 1920s and the 1930s.

Trade barriers were a key reason for political uncertainty and economic recession on the 1930s. In the end, these reasons led to the global war. Nowadays, the reason for low tariffs global trade can be seen to maintain the peace, freedom, and democracy. Economic point of view, lower tariffs develop economic growth and welfare. according to Economic theories, free global trade leads more effective use of resources. (Björklund etc. 2006: 35)

The development of GATT

The original intention was to create a third institution to handle the trade side of international economic cooperation, joining the two institutions, the World

Bank and the international Monetary Fund. Over 50 countries participated in negotiations to create an international Trade Organization (ITO).

The Negotiations of ITO and GATT agreements were held during the end of 1940s. The ITO Charter was agreed in Havana in March 1948, but ratification in some national legislatures proved impossible.

For almost half a century, the GATT's basic legal principles remained much as they were in 1948. There were additions in the form of a section on development added in the 1960s and "plurilateral" agreements (i.e. with voluntary membership) in the 1970s, and efforts to reduce tariffs further continued. Much of this was achieved through a series of multilateral negotiations called as "trade rounds" - The biggest leaps forward in international trade liberalization have come through these rounds which were held under GATT's auspices. (WTO website)

GATT trade rounds

Year	Place	Subjects covered	Countries
1947	Geneva	Tariffs	23
1949	Annecy	Tariffs	13
1951	Torquay	Tariffs	38
1956	Geneva	Tariffs	26
1960 - 1961	Geneva (Dillon Round)	Tariffs	62
1964 - 1967	Geneva (Kennedy Round)	Tariffs and antidumping measures	
1973 - 1979	Geneva (Tokyo Round)	Tariffs, non-tariff measures, "framework" agreements	102

1986 - 1994	Geneva (Uruguay Round	Tariffs, non-tariff measures, rule, services, agriculture, creation of WTO. etc	123
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The development of The GATT (WTO website)

In the early years, the GATT trade rounds concentrated on further reducing tariffs. Then, the Kennedy Round in the mid-sixties brought about a GATT Anti-Dumping Agreement and a section on development. The Tokyo Round during the 1970s was the first major attempt to tackle trade barriers that do not take the form of tariffs, and to improve the system. The Uruguay Round of 1986-94 was the last and most extensive of all. It led to the WTO and a new set of agreements. (WTO website)

Conclusion

GATT was provisional with a limited field of action, but succeeded in promoting and securing the liberalization in world trade. Continual reductions in tariffs helped the economic growth during the 1950s and 1960s. - around 8 % a year on average. GATT developed Countries' ability to trade with each other and to reap the benefits of trade. The Uruguay Round demonstrated that the multilateral trading system was recognized as an anchor of development and instrument of economic and trade reform.

GATT succeeded to reduce tariffs in the global trade. During the economic recessions in the 1970s and 1980s low tariffs drove governments to devise other forms of protection for sectors facing increased foreign competition.

By the early 1980s the General Agreement was clearly no longer as relevant to the realities of world trade as it had been in the 1940s. World trade had become far more complex and important than 40 years before. The

Globalization of the world economy was underway, trade in services, not covered by GATT rules, was the major interest to countries. These and other factor convinced GATT members that a new effort to reinforce and extend the multilateral system should be attempted. That effort resulted in the Uruguay Round and the creation of the WTO. (WTO website)

The Technical Barriers to Trade

The Technical Barriers to Trade, also known as TBT, is special agreement (*lex specialis*) in relation to the GATT agreement. TBT aims to ensure that technical regulations, standards, and conformity assessment procedures are non-discriminatory and do not create unnecessary obstacles to trade. At the same time, it recognises WTO members' right to implement measures to achieve legitimate policy objective, such as protection of human health and safety, or protection of the environment. (WTO website)

On the Tokyo Round The first draft of TBT has been made. The Tokyo Round agreement was only a procedural framework agreement specifying developing, approbation, and application the agreement. On the Uruguay round a complete agreement were negotiated. (Björklund etc. 2006: 370)

The agreement sets out a code of good practice for both governments and non-governmental or industry bodies to prepare, adopt and apply voluntary standards. Nowadays, the agreement is a multilateral and obligates all the members of the WTO.

The agreement says the procedures used to decide whether a product conforms with relevant standards have to be fair and equitable. It discourages any methods that would give domestically produced goods an unfair advantage. The agreement also encourages countries to recognize each other's procedures for assessing whether a product conforms. Without recognition,

products might have to be tested twice, first by the exporting country and then by the importing country. (WTO website)

The Sanitary and Phytosanitary Measures Agreement

The Sanitary and Phytosanitary Measures Agreement also known as the SPS-agreement is a separate agreement on food safety and animal and plant health standards. The SPS is special agreement in relation to the TBT and GATT, and it includes provisions on control, inspection and approval procedures.

The SPS allows countries to set their own standards. But it also says regulations must be based on science. They should be applied only to the extent necessary to protect human, animal or plant life or health. Standards should not arbitrarily or unjustifiably discriminate between countries where identical or similar conditions prevail.

Importers own standards might be sometimes a problem for the exporter. How exporter can be sure the practices it applies to its products are acceptable in an importing country? If an exporting country can demonstrate that the measures it applies to its exports achieve the same level of health protection as in the importing country, then the importing country is expected to accept the exporting country's standards and methods.

Member Countries are encouraged to use international standards, guidelines and recommendations. However, members may use higher standards if there is scientific justification. (WTO website)

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