AMERICAN CASEBOOK SERIES®

# Documents Supplement to

LEGAL PROBLEMS OF
INTERNATIONAL
ECONOMIC RELATIONS

Sixth Edition

John H. Jackson William J. Davey Alan O. Sykes, Jr.

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# LEGAL PROBLEMS OF INTERNATIONAL ECONOMIC RELATIONS

# DOCUMENTS SUPPLEMENT

Sixth Edition

By

## John H. Jackson

University Professor Georgetown University Law Center

William J. Davey

Guy Raymond Jones Chair in Law Emeritus
University of Abinois College of Law

Alan O. Sykes Jr.

Robert A. Kind Jr. Frofessor of Law
New York University School of Law

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### INTRODUCTION

This Documents Supplement contains the basic international agreements on trade in goods and services and the principal U.S. statutes regulating international trade, as well as the North American Free Trade Agreement and the Articles of Agreement of the International Monetary Fund. Because it is impossible to predict which provisions of an agreement may turn out to be of interest in the years to come or in specific classroom discussions, we have tried to include complete sets of documents, even though comprehensiveness comes at a price, including additional weight to carry.

We have divided the Documents Supplement into four parts:

Part I: The World Trade Organization, including the General Agreement on Tariffs and Trade and all of the Uruguay Round Agreements now in force

Part II: The International Monetary Fund, including its Articles of Agreement

Part III: The North American Free Trade Agreement, including the side agreements on the environment, labor and safeguards

Part IV: U.S. trade laws

In order to simplify use of the Supplement, each part has its own introduction to explain the organization of that part.

By organizing the Documents Supplement on the basis of agreements, it is inevitable that specific subjects will be treated in several parts of the Supplement. In order to further simplify use of the Supplement, in the following chart we indicate the provisions on several important subjects that are found in the various parts of the Documents Supplement. We have included cross references to the casebook as well.

We have used the following abbreviations:

AD Agreement Agreement on Implementation of Article VI

(Antidumping)

GATS General Agreement on Trade in Services

GATT General Agreement on Tariffs and Trade

NAFTA North American Free Trade Agreement

SCM Agreement Agreement on Subsidies and Countervailing

Measures

TBT Agreement Agreement on Technical Barriers to Trade

Agreement on Trade-Related Aspects of Intel-TRIPS Agreement lectual Property Rights Valuation Agreement Agreement on Implementation of Article VII Uruguay Round UR Topic Location Documents Page number Agriculture WTO Agreement on Agriculture (item 4) ......115 UR Decision (item 26) ......523 NAFTA NAFTA, ch. 7A (item 40)......696 Casebook Balance of WTO GATT, arts. XII, XV, XVIII:B (item 2) ... 35, 41, 47 Payments GATT 1994 Understanding (item 3)......98 GATT 1979 Declaration (item 3) ...... 102 GATS, art. XII (item 16) ......378 IMF Articles of Agreement (item 39)......583 U.S. trade laws Casebook GATT, arts. II, V, VII-X Customs Rules WTO (item 2)......21, 26, 29 GATT 1994 Understanding (art. II) (item 3) .....95 Valuation Agreement (item 10) ......239 Agreement on Preshipment Inspection (item 11)......271 Agreement on Rules of Origin (item 12)......283 UR Decisions (items 24 & 30) ......517, 531 NAFTA NAFTA, chs. 3-5 (item 40) ......635 U.S. trade laws Tariff Act of 1930 § 402 (19 U.S.C. § 1401a) (valuation)(item 45)......962 Chapter 8......399 Casebook Dispute WTO GATT, arts. XXII-XXIII (item 2) ......55 Settlement Dispute Settlement Understanding (item 18)......445 UR Decisions (item 33)......543 NAFTA NAFTA, chs. 19 & 20 (item 40)......839, 863 U.S. trade laws NAFTA Implementing Act §§ 402-05 (item 51)......1414 Uruguay Round Implementing Act §§ 123, 127 (item 52)......1443, 1449 Casebook GATT, art. VI (item 2)......27 Dumping WTO AD Agreement (item 9) .......209 UR Decisions (item 29)......529 NAFTA NAFTA, ch. 19 (item 40) ......839 U.S. trade laws Tariff Act of 1930 §§ 731-783 (item 45) .......... 1017

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## PART 1

# THE WORLD TRADE ORGANIZATION

#### Introduction to Part I

. . .

Part I contains the constituent documents of the Agreement Establishing the World Trade Organization. The documents are arranged as they appear in the annexes to that agreement, with the exception that the General Agreement on Tariffs and Trade 1947, with its accompanying notes, is reproduced as the first document in Annex IA-Multilateral Agreements on Trade in Goods. It is followed (and modified) by the General Agreement on Tariffs and Trade 1994, which is based on the 1947 text, but with some specified modifications (including 6 understandings relating to specific GATT articles and the Marrakesh Protocol). We have included only one of the plurilateral agreements listed in Annex 4—the Agreement on Government Procurement. The Dairy and Beef Agreements were terminated in 1997. The 1979 Tokyo Round Civil Aircraft agreement remains in force; efforts to renegotiate it did not succeed in the Uruguay Round. We have also included the Ministerial Decisions, Declarations and Understandings that were reached at the time the WTO Agreement was signed at Marrakesh on April 15, 1994. In addition, we have included the Singapore and Doha ministerial declarations and an important documents related to GATS (the telecoms reference paper).

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## ITEM 1

# AGREEMENT ESTABLISHING THE WORLD TRADE ORGANIZATION

The Parties to this Agreement,

Recognizing that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production of and trade in goods and services, while allowing for the optimal use of the world's resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development,

Recognizing further that there is need for positive efforts designed to ensure that developing countries, and especially the least developed among them, secure a share in the growth in international trade commensurate with the needs of their economic development,

Being desirous of contributing to these objectives by entering into reciprocal and mutually advantageous arrangements directed to the substantial reduction of tariffs and other barriers to trade and to the elimination of discriminatory treatment in international trade relations,

Resolved, therefore, to develop an integrated, more viable and durable multilateral trading system encompassing the General Agreement on Tariffs and Trade, the results of past trade liberalization efforts, and all of the results of the Uruguay Round of Multilateral Trade Negotiations,

Determined to preserve the basic principles and to further the objectives underlying this multilateral trading system,

Agree as follows:

#### Article I

Establishment of the Organization

The World Trade Organization (hereinafter referred to as "the WTO") is hereby established.

#### Article II

#### Scope of the WTO

- 1. The WTO shall provide the common institutional framework for the conduct of trade relations among its Members in matters related to the agreements and associated legal instruments included in the Annexes to this Agreement.
- 2. The agreements and associated legal instruments included in Annexes 1, 2 and 3 (hereinafter referred to as "Multilateral Trade Agreements") are integral parts of this Agreement, binding on all Members.
- 3. The agreements and associated legal instruments included in Annex 4 (hereinafter referred to as "Plurilateral Trade Agreements") are also part of this Agreement for those Members that have accepted them, and are binding on those Members. The Plurilateral Trade Agreements do not create either obligations or rights for Members that have not accepted them.
- 4. The General Agreement on Tariffs and Trade 1994 as specified in Annex 1A (hereinafter referred to as "GATT 1994") is legally distinct from the General Agreement on Tariffs and Trade, dated 30 October 1947, annexed to the Final Act Adopted at the Conclusion of the Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, as subsequently rectified, amended or modified (hereinafter referred to as "GATT 1947").

#### Article III

#### Functions of the WTO

- 1. The WTO shall facilitate the implementation, administration and operation, and further the objectives, of this Agreement and of the Multilateral Trade Agreements, and shall also provide the framework for the implementation, administration and operation of the Plurilateral Trade Agreements.
- 2. The WTO shall provide the forum for negotiations among its Members concerning their multilateral trade relations in matters dealt with under the agreements in the Annexes to this Agreement. The WTO may also provide a forum for further negotiations among its Members concerning their multilateral trade relations, and a framework for the implementation of the results of such negotiations, as may be decided by the Ministerial Conference.
- 3. The WTO shall administer the Understanding on Rules and Procedures Governing the Settlement of Disputes (hereinafter referred to as the "Dispute Settlement Understanding" or "DSU") in Annex 2 to this Agreement.

- 4. The WTO shall administer the Trade Policy Review Mechanism (hereinafter referred to as the "TPRM") provided for in Annex 3 to this Agreement.
- 5. With a view to achieving greater coherence in global economic policy-making, the WTO shall cooperate, as appropriate, with the International Monetary Fund and with the International Bank for Reconstruction and Development and its affiliated agencies.

#### Article IV

#### Structure of the WTO

- 1. There shall be a Ministerial Conference composed of representatives of all the Members, which shall meet at least once every two years. The Ministerial Conference shall carry out the functions of the WTO and take actions necessary to this effect. The Ministerial Conference shall have the authority to take decisions on all matters under any of the Multilateral Trade Agreements, if so requested by a Member, in accordance with the specific requirements for decision-making in this Agreement and in the relevant Multilateral Trade Agreement.
- 2. There shall be a General Council composed of representatives of all the Members, which shall meet as appropriate. In the intervals between meetings of the Ministerial Conference, its functions shall be conducted by the General Council. The General Council shall also carry out the functions assigned to it by this Agreement. The General Council shall establish its rules of procedure and approve the rules of procedure for the Committees provided for in paragraph 7.
- 3. The General Council shall convene as appropriate to discharge the responsibilities of the Dispute Settlement Body provided for in the Dispute Settlement Understanding. The Dispute Settlement Body may have its own chairman and shall establish such rules of procedure as it deems necessary for the fulfilment of those responsibilities.
- 4. The General Council shall convene as appropriate to discharge the responsibilities of the Trade Policy Review Body provided for in the TPRM. The Trade Policy Review Body may have its own chairman and shall establish such rules of procedure as it deems necessary for the fulfilment of those responsibilities.
- 5. There shall be a Council for Trade in Goods, a Council for Trade in Services and a Council for Trade—Related Aspects of Intellectual Property Rights (hereinafter referred to as the "Council for TRIPS"), which shall operate under the general guidance of the General Council. The Council for Trade in Goods shall oversee the functioning of the Multilateral Trade Agreements in Annex 1A. The Council for Trade in Services shall oversee the functioning of the General Agreement on Trade in Services (hereinafter referred to as "GATS"). The Council for TRIPS shall

oversee the functioning of the Agreement on Trade-Related Aspects of Intellectual Property Rights (hereinafter referred to as the "Agreement on TRIPS"). These Councils shall carry out the functions assigned to them by their respective agreements and by the General Council. They shall establish their respective rules of procedure subject to the approval of the General Council. Membership in these Councils shall be open to representatives of all Members. These Councils shall meet as necessary to carry out their functions.

- 6. The Council for Trade in Goods, the Council for Trade in Services and the Council for TRIPS shall establish subsidiary bodies as required. These subsidiary bodies shall establish their respective rules of procedure subject to the approval of their respective Councils.
- 7. The Ministerial Conference shall establish a Committee on Trade and Development, a Committee on Balance-of-Payments Restrictions and a Committee on Budget, Finance and Administration, which shall carry out the functions assigned to them by this Agreement and by the Multilateral Trade Agreements, and any additional functions assigned to them by the General Council, and may establish such additional Committees with such functions as it may deem appropriate. As part of its functions, the Committee on Trade and Development shall periodically review the special provisions in the Multilateral Trade Agreements in favour of the least-developed country Members and report to the General Council for appropriate action. Membership in these Committees shall be open to representatives of all Members.
- 8. The bodies provided for under the Plurilateral Trade Agreements shall carry out the functions assigned to them under those Agreements and shall operate within the institutional framework of the WTO. These bodies shall keep the General Council informed of their activities on a regular basis.

#### Article V

#### Relations With Other Organizations

- 1. The General Council shall make appropriate arrangements for effective cooperation with other intergovernmental organizations that have responsibilities related to those of the WTO.
- 2. The General Council may make appropriate arrangements for consultation and cooperation with non-governmental organizations concerned with matters related to those of the WTO.

#### Article VI

#### The Secretariat

1. There shall be a Secretariat of the WTO (hereinafter referred to as "the Secretariat") headed by a Director–General.