

Expanding Frontiers of Global Trade Rules

The political economy dynamics of the
international trading system

Nitya Nanda



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The World Trade Organization

The World Trade Organization (WTO) is one of the most important international organizations in existence today. It contains a set of disciplines that affect the ability of governments to impose trade restrictions, and has helped to support the steady expansion of international trade since the 1950s. It is a unique organization in providing a framework for member states to make binding policy commitments that are enforced through a unique dispute settlement system and a variety of transparency mechanisms.

Despite – or because of – its success, the WTO has recently become the focus of vociferous protests by anti-globalization activists. This book separates the facts from the propaganda and provides an accessible overview of the WTO's history, structure, and policies as well as a discussion of the future of the organization. It also confronts the criticisms of the WTO and assesses their validity.

This is essential reading for students of international trade, international political economy, commercial law, and international organizations as well as activists and others interested in a balanced account of a key global institution.

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The CUNY Graduate Center, New York, USA

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University of Manchester, UK

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Foreword

The current volume is the sixteenth in a dynamic series on “global institutions.” The series strives (and, based on the volumes published to date, succeeds) to provide readers with definitive guides to the most visible aspects of what we know as “global governance.” Remarkable as it may seem, there exist relatively few books that offer in-depth treatments of prominent global bodies and processes, much less an entire series of concise and complementary volumes. Those that do exist are either out of date, inaccessible to the non-specialist reader, or seek to develop a specialized understanding of particular aspects of an institution or process rather than offer an overall account of its functioning. Similarly, existing books have often been written in highly technical language or have been crafted “in-house” and are notoriously self-serving and narrow.

The advent of electronic media has helped by making information, documents, and resolutions of international organizations more widely available, but it has also complicated matters. The growing reliance on the Internet and other electronic methods of finding information about key international organizations and processes has served, ironically, to limit the educational materials to which most readers have ready access – namely, books. Public relations documents, raw data, and loosely refereed web sites do not make for intelligent analysis. Official publications compete with a vast amount of electronically available information, much of which is suspect because of its ideological or self-promoting slant. Paradoxically, a growing range of purportedly independent web sites offering analyses of the activities of particular organizations has emerged, but one inadvertent consequence has been to frustrate access to basic, authoritative, critical, and well-researched texts. The market for such has actually been reduced by the ready availability of varying quality electronic materials.

For those of us who teach, research, and practice in the area, this access to information has been particularly frustrating. We were delighted, then, when Routledge saw the value of a series that bucks this trend and provides key reference points to the most significant global institutions. They are betting that serious students and professionals will want serious analyses. We have assembled a first-rate line-up of authors to address that market. Our intention, then, is to provide one-stop shopping for all readers – students (both undergraduate and postgraduate), interested negotiators, diplomats, practitioners from nongovernmental and intergovernmental organizations, and interested parties alike – seeking information about the most prominent institutional aspects of global governance.

The World Trade Organization

The World Trade Organization (WTO) needs little introduction. Few global institutions have attracted the kind of public attention it has, let alone in such a short space of time. The mass demonstrations during the organization's Seattle ministerial meeting in late 1999 and again in Cancún four years later (which, though causing less disruption to the meeting, took a macabre turn with the suicide of Korean protestor Lee Kyang Hae) have contributed to a folklore that has grown up around this institution. While other global and regional organizations have certainly had their fair share of displays of public disaffection, they pale in comparison with the theater that routinely accompanies WTO ministerial meetings.

Public interest in the WTO emerged as a consequence of increasing anxiety about the social and political consequences of economic liberalization. Many worried that the competitive pressures to which producers would be exposed as a result of WTO-negotiated market openings would place an increasing strain on already vulnerable workers and a global environment exhibiting numerous signs of distress. Moreover, concerns were raised that the benefits to be had from further liberalization would disproportionately accrue to a small elite of large corporations in the leading industrialized states and not to the large mass of the world's population.¹

Public interest in the WTO has, however, come with a cost. Although the institution is among the most familiar (often impressively so) of global institutions, many misconceptions prevail. The WTO is a member-driven institution. While the Secretariat is perhaps able to exercise influence at the margins, it does not decide the content of trade negotiations, nor does it decide how negotiations are conducted. Member states, as in all intergovernmental bodies, call the shots. And

the manner in which trade negotiations are conducted has evolved from practices first put into place by the original signatories to the General Agreement on Tariffs and Trade (GATT).² That said, the degree to which member states are able to exercise influence in content and conduct of negotiations varies greatly and some of the WTO's decision-making procedures are at best described as idiosyncratic.³

The profile along with the controversy surrounding and impact of the WTO meant that a book on it was at the top of our list of desirable titles when we first conceived the series in 2004. And next to that entry on our list were the people we most wanted to write the book for us. We were delighted then when Bernard Hoekman and Petros Mavroidis agreed to our initial approach.

They need little introduction. Both are excellent scholars and authorities in their field. Bernard Hoekman is a highly regarded economist and long-standing observer of, as well as participant in, the GATT/WTO system. He is currently research manager of the international trade team at the World Bank and a research fellow at the Center for Economic Policy Research, and former economist at the GATT. He is co-author of one of the earliest, best-selling, and most widely cited books on the WTO (*The Political Economy of the World Trading System*)⁴ and has written more than 150 articles and book chapters on issues relating to trade and development. Petros Mavroidis is a first-rate trade lawyer and renowned authority on the WTO. He is currently Edwin B. Parker Professor of Foreign and Comparative Law at the University of Columbia Law School and Professor of Law at the University of Neuchâtel. He has written 5 books and edited 11 more on international trade and related law as well as published over 70 articles and book chapters.

Hoekman's and Mavroidis' expertise are visible on every page. This book is an authoritative guide to the WTO. Its subtitle – *Law, Economics, and Politics* – indicates the scope of their analysis. It deals in admirable detail with the workings of the institution, the intricacies of the legal agreements that the WTO administers, and considers the future of the organization and the multilateral trading system amid the turbulence of the current round of negotiations. It is an outstanding volume on this most important of institutions. It deserves to be read by all interested in trade, development, governance, and the global economy. As always, comments and suggestions from readers are welcome.

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The views expressed in this book are those of the authors alone and should not be attributed to the World Bank.

Abbreviations

AB	Appellate Body
ACP	African, Caribbean and Pacific
AD	antidumping
CPC	Central Product Classification
CRTA	Committee on Regional Trade Agreements
CTD	Committee on Trade and Development
CVD	countervailing duty
DDAGTF	Doha Development Agenda Trust Fund
DSB	Dispute Settlement Body
DSU	Dispute Settlement Understanding
EC	European Communities
EU	European Union
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GPA	Government Procurement Agreement
GSP	Generalized System of Preferences
HS	Harmonized Commodity Description and Coding System
IMF	International Monetary Fund
INR	initial negotiating right
IPR	intellectual property right
ITA	Information Technology Agreement
ITC	International Trade Centre, Geneva
ITO	International Trade Organization
ITTC	Institute for Training and Technical Cooperation
LDC	least-developed country
MAI	Multilateral Agreement on Investment
MFA	Multifibre Arrangement
MFN	most-favored-nation
NGO	nongovernmental organization

NT	national treatment
NTB	nontariff barrier
OECD	Organization for Economic Cooperation and Development
PRC	People's Republic of China
PTA	preferential trade agreement
QR	quantitative restriction
RPT	reasonable period of time
SCM	subsidies and countervailing measures
SDT	special and differential treatment
SGA	Safeguards Agreement
SPS	Agreement on Sanitary and Phytosanitary Measures
TA	technical assistance
TBT	technical barrier to trade
TNC	Trade Negotiating Committee
TPRM	Trade Policies Review Mechanism
TRIPs	trade-related intellectual property rights
TRQ	tariff rate quota
UN	United Nations
UNCITRAL	United Nations Committee on International Trade Law
UNCTAD	United Nations Conference on Trade and Development
VER	voluntary export restraint
WCO	World Customs Organization
WTO	World Trade Organization

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