

CONTENTS

List of figures xv

Preface xvii

Table of WTO cases xix

Table of GATT cases liii

- 1 International trade and the law of the WTO** 1
 - 1 Introduction 1
 - 2 Economic globalisation and international trade 4
 - 2.1 Emergence of the global economy 4
 - 2.2 A blessing or a curse? 13
 - 2.3 Free trade versus restricted trade 17
 - 2.4 International trade to the benefit of all? 26
 - 3 The law of the WTO 30
 - 3.1 International rules on international trade 31
 - 3.2 Basic rules of WTO law 35
 - 4 Sources of WTO law 40
 - 4.1 The Marrakesh Agreement Establishing the World Trade Organization 40
 - 4.2 Other sources of WTO law 50
 - 5 WTO law in context 59
 - 5.1 WTO law and international law 60
 - 5.2 WTO law and national law 63
 - 6 Summary 71
 - Exercise 1: Globaphiles versus Globaphobes 73
- 2 The World Trade Organization** 74
 - 1 Introduction 74
 - 2 The origins of the WTO 75
 - 2.1 The General Agreement on Tariffs and Trade of 1947 76
 - 2.2 Uruguay Round of Multilateral Trade Negotiations 79

| | | |
|----------|--|------------|
| 3 | Mandate of the WTO | 82 |
| 3.1 | Objectives of the WTO | 82 |
| 3.2 | Functions of the WTO | 84 |
| 4 | Membership and institutional structure | 104 |
| 4.1 | Membership of the WTO | 104 |
| 4.2 | Institutional structure of the WTO | 118 |
| 5 | Decision-making in the WTO | 136 |
| 5.1 | WTO decision-making in theory | 136 |
| 5.2 | WTO decision-making in practice | 142 |
| 5.3 | Participation in WTO decision-making | 144 |
| 6 | Other issues | 148 |
| 6.1 | Legal status of the WTO | 149 |
| 6.2 | WTO budget | 149 |
| 7 | Summary | 152 |
| | Exercise 2: To join or not to join? | 155 |
| 3 | WTO dispute settlement | 156 |
| 1 | Introduction | 157 |
| 2 | Jurisdiction of the WTO dispute settlement system | 160 |
| 2.1 | Nature of the jurisdiction | 160 |
| 2.2 | Scope of the jurisdiction | 162 |
| 3 | Access to the WTO dispute settlement system | 172 |
| 3.1 | Right of recourse to WTO dispute settlement | 172 |
| 3.2 | Access of Members other than the parties | 177 |
| 3.3 | Indirect access to the WTO dispute settlement system | 177 |
| 4 | Key features of WTO dispute settlement | 179 |
| 4.1 | Single, comprehensive and integrated system | 180 |
| 4.2 | Different methods of dispute settlement | 180 |
| 4.3 | Multilateral dispute settlement | 182 |
| 4.4 | Preference for mutually acceptable solutions | 183 |
| 4.5 | Mandate to clarify WTO provisions | 184 |
| 4.6 | Remedies for breach | 194 |
| 5 | Institutions of WTO dispute settlement | 205 |
| 5.1 | Dispute Settlement Body | 206 |
| 5.2 | Panels | 209 |
| 5.3 | The Appellate Body | 231 |
| 5.4 | Other entities involved in WTO dispute settlement | 244 |
| 6 | Process of WTO dispute settlement | 244 |
| 6.1 | General observations on the WTO dispute settlement process | 246 |
| 6.2 | Consultations | 269 |

- 6.3 Panel proceedings 274
- 6.4 Appellate Body proceedings 283
- 6.5 Implementation and enforcement 291
- 7 Developing-country Members and WTO dispute settlement 299
 - 7.1 Special rules for developing-country Members 300
 - 7.2 Legal assistance for developing-country Members 300
- 8 Future challenges to WTO dispute settlement 302
- 9 Summary 304
 - Exercise 3: Right over might 311
- 4 Most-favoured-nation treatment 315**
 - 1 Introduction 315
 - 2 Most-favoured-nation treatment under the GATT 1994 317
 - 2.1 Nature of the MFN treatment obligation of Article I:1 of the GATT 1994 317
 - 2.2 MFN treatment test of Article I:1 of the GATT 1994 320
 - 2.3 Most-favoured-nation treatment obligation and the Enabling Clause of the GATT 1994 330
 - 3 Most-favoured-nation treatment under the GATS 335
 - 3.1 Nature of the MFN treatment obligation of Article II:1 of the GATS 335
 - 3.2 MFN treatment test of Article II:1 of the GATS 336
 - 4 Summary 345
 - Exercise 4: Tyres 347
- 5 National treatment 349**
 - 1 Introduction 349
 - 2 National treatment under the GATT 1994 350
 - 2.1 Nature of the national treatment obligation of Article III of the GATT 1994 352
 - 2.2 National treatment test for internal taxation on like products 356
 - 2.3 National treatment test for internal taxation on directly competitive or substitutable products 370
 - 2.4 National treatment test for internal regulation 382
 - 3 National treatment under the GATS 403
 - 3.1 Nature of the national treatment obligation of Article XVII:1 of the GATS 403
 - 3.2 National treatment test of Article XVII:1 of the GATS 406
 - 4 Summary 414
 - Exercise 5: Beer 416

- 6 Tariff barriers** 418
- 1 Introduction 418
 - 2 Customs duties on imports 420
 - 2.1 Definition and types 420
 - 2.2 Purpose of customs duties on imports 425
 - 2.3 Customs duties as a lawful instrument of protection 426
 - 2.4 Negotiations on the reduction of customs duties 426
 - 2.5 Tariff concessions and Schedules of Concessions 438
 - 2.6 Protection of tariff concessions 445
 - 2.7 Modification or withdrawal of tariff concessions 449
 - 2.8 Imposition of customs duties on imports 453
 - 3 Other duties and charges on imports 463
 - 3.1 Definition and types 464
 - 3.2 Rule regarding other duties or charges on imports 465
 - 3.3 Measures exempted from the rule 467
 - 4 Customs duties and other duties and charges on exports 470
 - 4.1 Definition and purpose 470
 - 4.2 Rules applicable on export duties 471
 - 5 Summary 474
 - Exercise 6: Carlie goes to Europe 477
- 7 Non-tariff barriers** 479
- 1 Introduction 480
 - 2 Quantitative restrictions on trade in goods 481
 - 2.1 Definition and types 481
 - 2.2 Rules on quantitative restrictions 482
 - 2.3 Administration of quantitative restrictions 491
 - 2.4 Special and differential treatment 497
 - 3 Other non-tariff barriers on trade in goods 498
 - 3.1 Lack of transparency 498
 - 3.2 Unfair and arbitrary application of trade measures 502
 - 3.3 Customs formalities and procedures 507
 - 3.4 Government procurement laws and practices 509
 - 3.5 Other measures and actions 511
 - 4 Market access barriers to trade in services 514
 - 4.1 Definition and types of market access barriers 515
 - 4.2 Rules on market access barriers 517
 - 4.3 Negotiations on market access for services 518
 - 4.4 Schedules of Specific Commitments 522
 - 4.5 Modification or withdrawal of commitments 530

- 5 Other barriers to trade in services 531
 - 5.1 Lack of transparency 532
 - 5.2 Unfair and arbitrary application of trade measures 533
 - 5.3 Licensing and qualification requirements and technical standards 533
 - 5.4 Government procurement laws and practices 535
 - 5.5 Other measures and actions 535
- 6 Summary 537
 - Exercise 7: Shoe Ease 541
- 8 General and security exceptions 543**
 - 1 Introduction 543
 - 2 General exceptions under the GATT 1994 545
 - 2.1 Key features of Article XX of the GATT 1994 546
 - 2.2 Two-tier test under Article XX of the GATT 1994 552
 - 2.3 Specific exceptions under Article XX of the GATT 1994 553
 - 2.4 Chapeau of Article XX of the GATT 1994 572
 - 2.5 Policy space for Members to protect other societal values 581
 - 3 General exceptions under the GATS 583
 - 3.1 Two-tier test under Article XIV of the GATS 584
 - 3.2 Specific exceptions under Article XIV of the GATS 584
 - 3.3 Chapeau of Article XIV of the GATS 593
 - 4 Security exceptions under the GATT 1994 and the GATS 594
 - 4.1 Article XXI of the GATT 1994 595
 - 4.2 Article XIVbis of the GATS 599
 - 5 Summary 600
 - Exercise 8: Tetra Pack containers 604
- 9 Economic emergency exceptions 606**
 - 1 Introduction 606
 - 2 Safeguard measures under the GATT 1994 and the *Agreement on Safeguards* 607
 - 2.1 Requirements for the use of safeguard measures 610
 - 2.2 Domestic procedures and notification and consultation requirements 621
 - 2.3 Characteristics of safeguard measures 623
 - 3 Safeguard measures under other WTO agreements 632
 - 3.1 Safeguard measures under the *Agreement on Agriculture* 632
 - 3.2 Safeguard measures under China's Accession Protocol 634
 - 3.3 Safeguard measures under the GATS 635

| | | |
|-----------|--|------------|
| 4 | Balance-of-payments measures under the GATT 1994 and the GATS | 636 |
| 4.1 | Balance-of-payments measures under the GATT 1994 | 636 |
| 4.2 | Balance-of-payments measures under the GATS | 645 |
| 5 | Summary | 646 |
| | Exercise 9: Glass producers in dire straits | 647 |
| 10 | Regional trade exceptions | 648 |
| 1 | Introduction | 648 |
| 2 | Proliferation of regional trade agreements | 650 |
| 3 | Regional trade exceptions under the GATT 1994 | 655 |
| 3.1 | Exceptions relating to customs unions | 656 |
| 3.2 | Exceptions relating to free trade areas | 661 |
| 3.3 | Interim agreements | 663 |
| 3.4 | Special and differential treatment of developing-country Members | 663 |
| 4 | Regional trade exceptions under the GATS | 664 |
| 4.1 | Requirements for economic integration agreements | 665 |
| 4.2 | Labour markets integration agreements | 668 |
| 4.3 | Special and differential treatment of developing-country Members | 668 |
| 5 | Institutional and procedural matters | 668 |
| 6 | Summary | 671 |
| | Exercise 10: Stepping stone or stumbling block? | 672 |
| 11 | Dumping | 673 |
| 1 | Introduction | 674 |
| 2 | Basic elements of WTO law on dumping | 675 |
| 2.1 | History of the law on dumping | 675 |
| 2.2 | Concept of 'dumping' | 676 |
| 2.3 | WTO treatment of dumping | 677 |
| 2.4 | Response to injurious dumping | 678 |
| 2.5 | Current use of anti-dumping measures | 679 |
| 3 | Determination of dumping | 682 |
| 3.1 | 'Normal value' | 684 |
| 3.2 | 'Export price' | 687 |
| 3.3 | Comparison of the 'export price' with the 'normal value' | 687 |
| 4 | Determination of injury to the domestic industry | 696 |
| 4.1 | 'Domestic industry' | 696 |
| 4.2 | 'Injury' | 699 |
| 5 | Demonstration of a causal link | 708 |
| 5.1 | Relevant factors | 709 |
| 5.2 | 'Non-attribution' requirement | 710 |
| 5.3 | Cumulation | 711 |

| | | |
|-----------|--|-----|
| 6 | Anti-dumping investigation | 712 |
| 6.1 | Initiation of an investigation | 712 |
| 6.2 | Conduct of the investigation | 715 |
| 6.3 | Public notice and judicial review | 721 |
| 7 | Anti-dumping measures | 723 |
| 7.1 | Imposition of provisional anti-dumping measures | 723 |
| 7.2 | Price undertakings | 724 |
| 7.3 | Imposition and collection of anti-dumping duties | 724 |
| 7.4 | Duration, termination and review of anti-dumping duties | 728 |
| 7.5 | Problem of circumvention of anti-dumping duties | 732 |
| 8 | Institutional and procedural provisions of the <i>Anti-Dumping Agreement</i> | 733 |
| 8.1 | The Committee on Anti-Dumping Practices | 733 |
| 8.2 | Dispute settlement | 734 |
| 9 | Special and differential treatment for developing-country Members | 737 |
| 10 | Summary | 739 |
| | Exercise 11: Dirty play, but by whom? | 742 |
| 12 | Subsidies | 744 |
| 1 | Introduction | 745 |
| 2 | Basic elements of WTO law on subsidies and subsidised trade | 746 |
| 2.1 | History of the law on subsidies and subsidised trade | 746 |
| 2.2 | Concept of 'subsidy' | 747 |
| 2.3 | WTO treatment of subsidies | 748 |
| 2.4 | Response to injurious subsidised trade | 748 |
| 2.5 | Current use of subsidies and countervailing duties | 748 |
| 3 | Subsidies covered by the <i>SCM Agreement</i> | 750 |
| 3.1 | Financial contribution | 750 |
| 3.2 | Financial contribution by a government | 758 |
| 3.3 | Financial contribution conferring a benefit | 760 |
| 3.4 | Requirement of 'specificity' of the subsidy | 764 |
| 4 | Prohibited subsidies | 770 |
| 4.1 | Export subsidies | 770 |
| 4.2 | Import substitution subsidies | 775 |
| 4.3 | Multilateral remedies for prohibited subsidies | 776 |
| 5 | Actionable subsidies | 779 |
| 5.1 | Subsidies causing injury | 779 |
| 5.2 | Subsidies causing nullification or impairment | 785 |
| 5.3 | Subsidies causing serious prejudice | 785 |
| 5.4 | Multilateral remedies for actionable subsidies | 811 |
| 5.5 | Non-actionable subsidies | 813 |

| | | |
|-----------|--|------------|
| 6 | Countervailing measures | 813 |
| 6.1 | Conditions for the imposition of countervailing duties | 814 |
| 6.2 | Conduct of countervailing investigations | 815 |
| 6.3 | Application of countervailing measures | 823 |
| 6.4 | Countervailing duties or countermeasures | 832 |
| 7 | Institutional and procedural provisions | 832 |
| 7.1 | Transparency and notification requirements | 832 |
| 7.2 | Subsidies Committee | 833 |
| 7.3 | Dispute settlement | 833 |
| 8 | Special and differential treatment for developing-country Members | 834 |
| 9 | Agricultural subsidies under the <i>Agreement on Agriculture</i> | 835 |
| 9.1 | Agricultural export subsidies | 837 |
| 9.2 | Domestic agricultural support measures | 842 |
| 9.3 | The 'peace' clause | 844 |
| 10 | Summary | 845 |
| | Exercise 12: Airbus replay | 849 |
| 13 | Technical barriers to trade | 850 |
| 1 | Introduction | 850 |
| 2 | Scope of application of the <i>TBT Agreement</i> | 852 |
| 2.1 | Measures to which the <i>TBT Agreement</i> applies | 852 |
| 2.2 | Entities covered by the <i>TBT Agreement</i> | 860 |
| 2.3 | Temporal scope of application of the <i>TBT Agreement</i> | 861 |
| 2.4 | Relationship with other WTO agreements | 861 |
| 3 | Substantive provisions of the <i>TBT Agreement</i> | 863 |
| 3.1 | MFN treatment and national treatment obligations | 863 |
| 3.2 | Obligation to refrain from creating unnecessary obstacles to international trade | 872 |
| 3.3 | Obligation to base technical barriers to trade on international standards | 878 |
| 3.4 | Other substantive provisions | 883 |
| 4 | Institutional and procedural provisions of the <i>TBT Agreement</i> | 887 |
| 4.1 | TBT Committee | 887 |
| 4.2 | Dispute settlement | 889 |
| 4.3 | Technical assistance | 889 |
| 5 | Summary | 890 |
| | Exercise 13: Safe cars | 892 |

- 14 Sanitary and phytosanitary measures** 894
- 1 Introduction 894
 - 2 Scope of application of the *SPS Agreement* 896
 - 2.1 Measures to which the *SPS Agreement* applies 896
 - 2.2 Entities covered by the *SPS Agreement* 900
 - 2.3 Temporal scope of application of the *SPS Agreement* 901
 - 2.4 Relationship with other WTO agreements 902
 - 3 Substantive provisions of the *SPS Agreement* 903
 - 3.1 Basic principles 904
 - 3.2 Goal of harmonisation 910
 - 3.3 Obligations relating to risk assessment 914
 - 3.4 Obligations relating to risk management 920
 - 3.5 Provisional measures and the precautionary principle 926
 - 3.6 Other substantive provisions 933
 - 4 Institutional and procedural provisions of the *SPS Agreement* 941
 - 4.1 SPS Committee 941
 - 4.2 Dispute settlement 943
 - 4.3 Technical assistance 946
 - 5 Summary 947

Exercise 14: Healthy fruit 949
- 15 Intellectual property rights** 951
- 1 Introduction 952
 - 2 The origins and objectives of the *TRIPS Agreement* 952
 - 2.1 Origins of the *TRIPS Agreement* 953
 - 2.2 Objectives and principles of the *TRIPS Agreement* 954
 - 3 Scope of application of the *TRIPS Agreement* 956
 - 3.1 Substantive scope of application 956
 - 3.2 Temporal scope of application 958
 - 4 General provisions and basic principles of the *TRIPS Agreement* 959
 - 4.1 Relationship between the *TRIPS Agreement* and WIPO conventions 960
 - 4.2 The national treatment obligation 962
 - 4.3 The most-favoured-nation treatment obligation 968
 - 4.4 Exhaustion of intellectual property rights 970
 - 5 Substantive protection of intellectual property rights 972
 - 5.1 Copyright and related rights 972
 - 5.2 Trademarks 979

| | | |
|-----------|---|-------------|
| 5.3 | Geographical indications | 988 |
| 5.4 | Patents | 993 |
| 6 | Enforcement of intellectual property rights | 1002 |
| 6.1 | General obligations | 1002 |
| 6.2 | Civil and administrative procedures and remedies | 1003 |
| 6.3 | Provisional measures and border measures | 1005 |
| 6.4 | Criminal procedures | 1006 |
| 6.5 | Acquisition and maintenance of intellectual property rights | 1007 |
| 7 | Institutional and procedural provisions of the <i>TRIPS Agreement</i> | 1007 |
| 7.1 | Council for TRIPS | 1008 |
| 7.2 | Transparency | 1008 |
| 7.3 | Dispute settlement | 1009 |
| 8 | Special and differential treatment of developing-country Members | 1010 |
| 8.1 | Transitional periods | 1011 |
| 8.2 | Technical assistance and transfer of technology | 1012 |
| 9 | Summary | 1013 |
| | Exercise 15: Malaria | 1016 |
| 16 | Future challenges | 1017 |
| | <i>Index</i> | <i>1020</i> |