Transparency and the WTO: Notification Obligations - Course Guide

- What are the objectives of the course?
- What can you expect of this course?
- What is the WTO Progressive Learning Strategy (PLS)?
- How is the training material structured?
- What online tools can you use?
- Who is who?
- How do you meet other participants and contact your trainer?
- How do you get your certificate?
- What is the User Agreement?
- How do you start your course?
What are the objectives of the course?

Welcome to the course "Transparency and the WTO: Notification Obligations"!
You will have **two months** (starting the date of your the first login on the website) to take the course AND submit ALL exams. Your account will expire at 23:59 (Geneva time) of the last day. In order to finalise the course in a timely manner, you should submit the ALL exams before this deadline.
This Course Guide is envisaged to give you an overview of the organization of your course as well as of the main functions of the E-Learning platform. At the end of the Course Guide, you will find the User Agreement, which was initially sent with your username and password. We advise you to print this Guide and have it readily available throughout the course.

**Course Objectives**
By the end of the course, participants will have:
- acquired knowledge on the main functions and basic principles of the WTO;
- understood the development and content of specific commitments in the Schedules in GATT and GATS;
- understood the reason and importance of notification obligations at the WTO;
- understood how notifications are prepared and how they are reviewed at the WTO;
- learned how to find relevant Schedules and Notifications and how to use online facilities to access their information through databases;
- established a network of professional contacts with other participants and WTO experts.
What can you expect of this course?

This course has been developed in a new interactive format: Learning by doing. You will find many active exercises and multimedia elements as well as riddles and serious games.

WTO E-Learning courses give you the flexibility to combine your training activities and professional responsibilities. Furthermore, you will be able to fully benefit from interactive activities such as Chat Sessions with WTO Experts. WTO E-Learning is available for government officials from developing Member countries and Observers.

While the WTO E-Learning material is freely available on the WTO E-Learning website, you have to register and submit the nomination form in order to access the course exams and obtain a WTO certificate. Once your registration process is complete, a username and password will be sent to you by email. Your access codes will be available for a two month period. In this period, you will have to complete AND submit all exams. During these two months a Trainer will be available to assist you with any questions you may have and you can participate in all online discussions.
What is the WTO Progressive Learning Strategy (PLS)?

WTO E-Learning courses are part of the WTO Progressive Learning Strategy (PLS). The primary aim of the PLS is to promote higher levels of learning, with a view to sustaining the human and institutional capacity of beneficiary countries to participate more effectively in the WTO. This course is a level 2 (intermediate level) course in the specialist path of the PLS.

The PLS is the progressive, multi modular sequencing of products aimed at improving the delivery of WTO technical assistance and training.

To know more about the WTO PLS, please go to:
http://www.wto.org/english/tratop_e/devel_e/teccop_e/pls_e.pdf
To know more about WTO technical assistance and training, please go to:
http://www.wto.org/english/tratop_e/devel_e/teccop_e/tct_e.htm
How is the training material structured?

**Training material:** The course is divided into 3 modules. Each module contains training materials and interactive exercises and multimedia elements such as videos, animations and podcasts.

**Videos/Animations/podcast:** A series of videos, animations and podcasts are available in every part of the course. There is always a transcript available. Don’t miss it!

**Question corner:** Newly developed active exercises were included in this course. You find them periodically after each section in the course. It will help you to understand the content.

**TIP:** This section gives you a little extra information on the subject.

**Go to:** Want to study more? Here you can find links to further readings and go deeper into the subject.

**Time to apply your knowledge:** At the end of each module, you will find the section: Time to apply your knowledge. Here you find riddles and serious games to repeat the content of the module and apply your knowledge before taking the end-of-the-module-exam. Ever done a word puzzle with WTO terminology? Check it out!

**Take away:** This is a summary of the main content of a specific module. It is also available as a podcast and an ebook.
What online tools can you use?

- **Pre-Test:** Take a test and test your knowledge before you study the course material. This is optional but we highly recommend you take the Pre-Test to see how your knowledge improves.

- **News Forum:** There are two special developed discussion topics on notification obligations for you available in the News Forum. Of course you can participate in all discussions. We count on your participation!

- **End-of-the-module exam:** Apart from the exercises in the Question Corner and in Time to apply your Knowledge, you will have to take an exam with multiple choice questions at the end of each module.

Monitor your own progress in the **Academic Profile**! You find the results of the end-of-the-module exams here.
Who is who?

Participants
Government officials from developing Member countries and Observers who are taking the course and interact with their trainer and other participants to exchange views and opinions on WTO issues and build a network around the world.

Trainer
Your Trainer is a WTO expert who is available to guide you and respond to your queries on the academic content of the course. Feel free to contact your Trainer using the Internal Email Service, whenever you need some clarification.

Help Desk
The E-Learning Help Desk is ready to assist you on technical issues related to the functioning of the website.

Ann – your cyber coach
You will meet Ann in the Question Corner where you can find all the interactive exercises.
How do you meet other participants and contact your trainer?

Get in contact with your trainer and fellow participants and build a network. The E-Learning website offers interactive tools to foster the exchange among course participants, as well as between participants and WTO experts.

**Post Office:** Your own E-Learning email account! Use it to contact your Trainer, Help Desk, other participants... and build-up your network. Have you every wondered how other participants get through the course and if they have the same questions as yourself? Why don’t you contact your fellow course participants?

**News Forum:** This is the place to discuss the latest WTO news of interest for you by exchanging comments and views with other participants and trainers. Topics are regularly posted by your trainers. Feel free to suggest a topic – It could be related to the content of the course, challenges in your work assignments, WTO news, etc. Let us know what you want to discuss!

**Chat Session:** Chat Sessions with WTO Experts and Special Guests will be organized during the course. You find updated information in the chat area. An invitation with the date and time will also be sent to you.

**TIP:** Do not wait to fully benefit from the interactive features of the E-Learning website! Take the first step in contacting your Trainer and take the initiative in the process... talk about the most important trade issues for your country and region with colleagues and share your knowledge and experiences.
How do you receive a certificate?

At the end of each module, you will have to complete AND submit an exam. These exams contain multiple choice questions addressing the substantive content.

You can take each exam only once.

Should you have questions on the evaluation of your exams, please remember to first carefully read the reasoning for correct answer which you will see together with your test results.

The results of each exam will be taken into account for the calculation of your final average.

Upon successful completion of the course, the WTO Institute for Training and Technical Cooperation will issue and send you a certificate, signed by the Director General, if you:

- reach a final average of at least 60% of correct answers;
- have more than 50% in each exam except in one. (This means: If the course has 3 Modules, you have to have 2 exams above 50%);
- have taken part in the interactive activities (chat and/or forum).

Participants with outstanding results (i.e. a final average above 90%) will receive a Certificate with Distinction.

The results and certificates will be sent via email.
What is the User Agreement?

The use of the E-Learning platform, the training materials and interactive features is subject to the terms and conditions contained in the User Agreement. You have automatically agreed to the User Agreement by using the log-in details (username and password) that were sent to you. The User Agreement reads as follows:

1. The E-Learning platform is property of the World Trade Organization. It is managed by the E-Learning Unit of the Institute for Training and Technical Cooperation and its objective is to deliver online courses on the WTO and its Agreements, while taking full advantage of the internet and the latest multimedia technologies.

2. The User is a trade official from a developing country or economy in transition, nominated by his/her respective government. The User enjoys access to the E-Learning platform during the duration of the course, under the following terms and conditions:
   
a. The WTO is the copyright holder of the content of the E-Learning platform. Training materials and other tools available online shall not be disseminated without prior written authorization from the WTO E-Learning Unit;
   
b. During the course, the User may print the training materials and documents available on the E-Learning platform for his/her personal use only;
   
c. Citations and references to the course materials available on the E-Learning platform shall fully acknowledge the source (i.e. WTO E-Learning course);
   
d. Only authorized Users (i.e. participants, nominated by their governments, who have received a username and password) are entitled to use the E-Learning platform;
   
e. The User is responsible for maintaining the confidentiality of the username and password to access the E-Learning platform. If you become aware of any unauthorized use of your account, you shall notify the E-Learning Unit (elearning@wto.org) immediately;
   
f. The utilization of the E-Learning platform and its contents shall be exclusively in relation to the course that is being followed by the User;
   
g. Communications through email and the Discussion Forum may be monitored by the WTO to ensure civility and compliance with the User Agreement;
   
h. If the User breaches the terms and conditions of this User Agreement, his/her right to access the E-Learning Platform will be revoked unilaterally by the WTO.
How do you start your course?

The E-Learning website has been designed for you, to foster an efficient training experience and allow you to interact with other participants and WTO experts. It contains the training materials for your course and newly developed interactive exercises, multimedia elements as well as riddles and serious games. Don’t miss it!

Time to start!
Enter the website with your the username and password that were sent to you by email and start with Module 1!

Don’t forget to send us the feedback questionnaire at the end of the course. The E-Learning courses are designed for you and your feedback will help us to improve our courses and take into account your needs.

Enjoy the course!
Why Module 1?

- To understand the functioning of the WTO including the basic principles and its exceptions.
- To understand the general rights and obligations when joining the WTO.
- To understand the relation to notification obligations in the WTO.
Module 1 – The Multilateral Trading System: WTO Basic Principles and Exceptions

1) Main Functions of the WTO

2) Basic Principles of the WTO
   • Most-Favoured Nation (MFN)
   • National Treatment
   • More open and predictable trade
   • Transparency
   • Development Dimension

3) Main Exceptions to the Basic Principles
   • General Exceptions
   • Regional Trade Agreements
   • Enabling Clause
   • Trade Remedies
   • Waivers

4) Cross-Cutting Issues
   • WTO Negotiations - The Doha Development Agenda
   • Monitoring and Evaluation in the WTO
   • The WTO Dispute Settlement System
   • Trade and Environment
   • Capacity Building for Developing Members

After each section, you will be asked some self-assessment questions in the QUESTION CORNER.
1) Main Functions of the WTO

What is the WTO?
The WTO is the only international organization dealing with multilateral rules of trade. Trade liberalization is the main approach that WTO Members have adopted to promote economic growth and development. The aim of the WTO is to improve the welfare of the people of its Members by expanding production of and trade in goods and services.

For more information on the WTO, please go to: http://www.wto.org/english/thewto_e/whatis_e/what_is_e.htm

Did you know that we have an introductory course on the WTO and its functions and agreements? Have a look!

What does the WTO do?
The WTO provides a framework for Members to negotiate multilateral rules to govern their international trade relations. The result of trade negotiations among WTO Members are contained in the WTO Agreements. The Agreements provide the legal ground-rules for international trade in goods, trade in services and trade-related aspects of intellectual property rights. The WTO facilitates the administration and operation of the WTO Agreements through its various bodies and organs composed by representatives of its Member governments. It also provides a forum for Members to settle their trade disputes.

For more information on what the WTO can do, please go to: http://www.wto.org/english/thewto_e/whatis_e/10thi_e/10thi00_e.htm
How does it work?

The WTO is an inter-governmental organization. All decisions in the WTO are taken by its Member governments. The Ministerial Conference, which meets once every two years is the topmost decision making body. The second tier is the General Council, which meets regularly in Geneva and carries out the day-to-day work. Both bodies are composed by representatives of all WTO Members. The WTO has other organs and subsidiary bodies, which are in charge of specific WTO subjects.

The decision making at the WTO is based on consensus, but when consensus is not possible, the WTO Agreements allow for voting.

When voting is applied, decisions taken by the Ministerial Conference and the General Council shall be taken by a majority of the votes, unless otherwise provided and on the basis of one country-one vote.

The WTO has almost a global Membership. More than 150 governments are Members of the WTO. Any government wishing to become a Member of the WTO has to go through an accession process, which involves negotiating with the WTO Members. The accession process is one of learning and preparation for WTO Membership. Each accession is unique and negotiated on a case-by-case basis, taking into account the particular situation of the acceding country.

When joining the WTO, Members notify their implementing legislation, i.e. laws, regulations, decisions of general application (One-time notification).

For more information on Ministerial Conferences, please go to: http://www.wto.org/english/thewto_e/minist_e/minist_e.htm

For more information on the WTO, please go to: http://www.wto.org/english/thewto_e/whatis_e/tif_e/org1_e.htm
What are the WTO's main Functions?

- serves as a forum for Member governments to negotiate multilateral trade rules
- is a system of multilateral trade rules (rights and obligations) resulting from negotiations among its Members, which are contained in the WTO Agreements
- has an institutional structure of its own integrated by various bodies and organs composed by representatives of its Member governments
- facilitates the administration and operation of the WTO Agreements through its bodies and organs (composed by all Members), which are in charge of monitoring the implementation of the Agreements
- serves as a forum for Members to settle their trade disputes according to the rules and procedures set forth in the Dispute Settlement Understanding (DSU)
- provides technical assistance to developing and LDC countries to help them participate more effectively in the WTO and take full advantage of trade liberalization
- cooperates with other international organizations to achieve greater coherence in global economic policy-making
Who are the WTO Members?

<table>
<thead>
<tr>
<th>GATT rounds of trade negotiations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td>1947</td>
</tr>
<tr>
<td>1949</td>
</tr>
<tr>
<td>1951</td>
</tr>
<tr>
<td>1956</td>
</tr>
<tr>
<td>1960-1961</td>
</tr>
<tr>
<td>1964-1967</td>
</tr>
<tr>
<td>1986-1994</td>
</tr>
</tbody>
</table>

For more information on WTO Members and Observers, please go to:  
http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm
1) What is the WTO?

2) How are decisions made in the WTO? Please select the correct answers.

- 51%,
- 66%
- voting
- 33%
- 75%
- consensus

3) Please complete the following paragraph on "predictability and transparency" with the words from the list below.

A ________business environment, i.e. _____and predictability concerning market-opening commitments is important to encourage ______ and create jobs. _____ companies, investors and governments should be confident that trade barriers, including _____ and___________, should not be raised arbitrarily; tariff rates and market-opening commitments are _____ in the Members' ______ of Commitment of the WTO. _____ can fully enjoy the ______ of competition: choice and lower prices.

Words: non-tariff barriers, foreign, bound, consumers, investment, tariffs, schedules, stable, stability, benefits
Answers

1) What is the WTO?

- It is an organization for liberalizing trade.
- It is a forum for governments to negotiate trade agreements.
- It is a place for Members to settle trade disputes.
- It operates a system of negotiated trade rules.

2) How are decisions made in the WTO?

- 66%
- voting
- consensus

The decision making at the WTO is based on consensus. When consensus is not possible, the WTO Agreements allow for voting - decisions taken by the Ministerial Conference and the General Council shall be taken by a majority of the votes, unless otherwise provided and on the basis of one country-one vote.

3) Please complete the paragraph on "predictability and transparency".

A **stable** business environment, i.e. **stability** and predictability concerning market-opening commitments is important to encourage **investment** and create jobs. **Foreign** companies, investors and governments should be confident that trade barriers, including **tariffs** and **non-tariff barriers**, should not be raised arbitrarily; tariff rates and market-opening commitments are **bound** in the Members' **Schedules** of Commitment of the WTO. **Consumers** can fully enjoy the **benefits** of competition: choice and lower prices.
2) Basic Principles of the WTO

The WTO facilitates the smooth flow of global trade through the administration and monitoring of a rules-based system. These rules are contained in the WTO Agreements, which consist of several legal documents covering a wide range of trade-related issues.

The WTO Agreements can be seen as a set of rights and obligations that apply to the Members of the organization. The Agreements are based on a number of basic principles, which constitute the foundation of the Multilateral Trading System (MTS).
Basic Principles of the WTO

<table>
<thead>
<tr>
<th>Principle</th>
<th>General Description</th>
<th>Legal Basis Goods</th>
<th>Legal Basis Services</th>
<th>Legal Basis TRIPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most-Favoured Nation (MFN)</td>
<td>Members are not allowed to discriminate between their trading partners.</td>
<td>Art. I GATT</td>
<td>Art. II GATS</td>
<td>Art. 4 TRIPS Agreement</td>
</tr>
<tr>
<td>National Treatment</td>
<td>Members cannot discriminate between domestic and foreign like products, services or nationals.</td>
<td>Art. III GATT</td>
<td>Art. XVII GATS</td>
<td>Art. 3 TRIPS Agreement</td>
</tr>
</tbody>
</table>
| More open and predictable trade | Requires the elimination or reduction of obstacles to trade. Measures affecting trade shall not be applied arbitrarily. | Main provisions (GATT):  
  • Art. II.1 (tariff bindings and Schedules)  
  • Art. XI (prohibition quantitative restrictions)  
  • Other provisions contained in the Multilateral Agreements on Trade in Goods (see below)  
| Transparency                  | Requires Members to inform about their trade regulations as to allow other Members and traders to know what are the trade rules | Art. X GATT  
  • Other provisions contained in the Multilateral Agreements on Trade in Goods | Art. III GATS         | Art. 63 of TRIPS Agreement |
| Development Dimension         | Aims at helping developing and LDC Members to better participate in the WTO and benefit from trade liberalization | Main provisions:  
  • Part V GATT  
  • Enabling Clause  
  • Other provisions contained in the Multilateral Agreements on Trade in Goods | Art. IV GATS         | Arts. 65, 66 and 67 of TRIPS Agreement |

Note (*): Under GATS, Members decide in which sectors they would like to accept commitments.
Most-Favoured Nation (MFN)

The MFN principle ensures non-discrimination between trading partners. If a WTO Member grants to a country an advantage, it has to give such advantage to all WTO Members. The MFN principles ensures that every time a WTO Member lowers a trade barrier or opens up a market, it has to do so for the like goods or services from all WTO Members – without regard of the Members' economic size or level of development.

It is important to note that:

- The MFN principle requires to accord to all WTO Members any advantage given to any other country (Member or not of the WTO)
- A WTO Member could give an advantage to other WTO Members, without having to accord advantage to non-Members (only WTO Members benefit from the most favourable treatment)

For developing countries and others with little bargaining power, the MFN principle ensures that they are able to benefit from the best trading conditions resulting from the negotiations. It also reduces transaction costs associated with market access.

It should be noted that the MFN principle is subject to some important exceptions.

For more information on basic principles, please go to: http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm
### Most-Favoured Nation (MFN)

<table>
<thead>
<tr>
<th></th>
<th>GATT</th>
<th>GATS</th>
<th>TRIPS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subject</strong></td>
<td>goods</td>
<td>services and services providers</td>
<td>nationals</td>
</tr>
<tr>
<td><strong>Main elements</strong></td>
<td>any advantage, favour or privilege granted to any country</td>
<td>treatment no less favourable than that accorded to any country</td>
<td>any advantage given to any country</td>
</tr>
<tr>
<td></td>
<td>shall be accorded immediately and unconditionally</td>
<td>shall be accorded immediately and unconditionally</td>
<td>shall be accorded immediately and unconditionally</td>
</tr>
<tr>
<td></td>
<td>to the &quot;like products&quot; of all other Members</td>
<td>to &quot;like services and services suppliers&quot; of all other Members</td>
<td>to the nationals of all other Members</td>
</tr>
<tr>
<td><strong>Coverage</strong></td>
<td>applies to all goods</td>
<td>applies to any measure - except where a departure is allowed by the GATS (*) - that affects trade in services in any sector falling under the Agreement</td>
<td>applies to all categories of intellectual property covered by the TRIPS Agreement</td>
</tr>
</tbody>
</table>
National Treatment

While the MFN principle seeks to ensure that a WTO Member does not discriminate between WTO Members, the national treatment principle ensures non-discrimination between domestic and foreign products, services or nationals.

Trade in Goods

For trade in goods, the national treatment principle prohibits a WTO Member from favouring its domestic products over the imported like products of other Members. The national treatment applies to internal measure, as opposed to border measures (e.g. tariffs). It covers:

- Internal taxation (e.g. sales, value added tax), and
- Internal laws, regulations and requirements affecting the internal sale, transportation, distribution or use of products.

Goods that can enter a Member's customs territory thanks to reduced border barriers should not be put in an uncompetitive position because of the application of internal measures.

Internal Taxation

Art. III:2, applicable to internal taxation contains two levels of obligations regarding internal taxation depending on whether imported and domestic products can be considered:

- Like products (first sentence), or
- Directly competitive or substitutable products

The term "like products" is considered as a subset of "directly competitive or substitutable products". The same criteria for determining likeness under the MFN principle are relevant for determining whether the imported and domestic products are "like products" in the context of the national treatment principle.

Instead, the determination of whether the imported and domestic products are directly competitive or substitutable involves analysing the competitive conditions in the relevant market.

For more information on basic principles, please go to:
http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm
Art. III:4, applicable to internal regulations, requires treating imported products no less favourable than domestic "like products".

<table>
<thead>
<tr>
<th>The National Treatment Principle - Trade in Goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Treatment</td>
</tr>
<tr>
<td>Coverage</td>
</tr>
<tr>
<td>To apply, imported and domestic products shall be:</td>
</tr>
<tr>
<td>Other elements</td>
</tr>
</tbody>
</table>
Trade in Services

In the area of services, the national treatment principle refers to non-discrimination between, on the one hand, domestically produced services or domestic service providers and, on the other hand, imported services or foreign services providers. The national treatment principle applies in the context of trade in services only to the extent that WTO Members have made explicit commitments.

The GATS requires that, in scheduled sectors, services and service suppliers of any other Member are granted no less favourable competitive opportunities than those accorded to a Member's own "like services and services suppliers". Any departure would need to be inscribed as a limitation on national treatment in the Schedule of specific commitments of the Member concerned.

Trade-Related Aspects of Intellectual Property Rights (TRIPS)

The TRIPS Agreement requires each Member to accord to the nationals of other Members, treatment no less favourable than it accords to its nationals with regard to the protection of intellectual property.

The exceptions to the national treatment principle allowed under the four pre-existing World Intellectual Property Organization (WIPO) Conventions (Paris, Berne Rome and IPIC*) are also allowed under the TRIPS Agreement.

(*) Note: Treaty on Intellectual Property in Respect of Integrated Circuits.

For more information on national treatment commitments, please go to:
http://www.wto.org/english/tratop_e/serv_e/gats_factfiction6_e.htm

For more information on national treatment in TRIPS, please go to:
http://www.wto.org/english/tratop_e/trips_e/trips_notif_3_arts1-3_3-1_e.htm
More open and predictable trade

Lowering trade barriers is one of the most obvious means of encouraging trade. These trade barriers include customs duties ("tariffs"), as well as import bans or quotas. However, there are also several other measures that could restrict or even impede market access for goods and services.

WTO Members have recognized that the substantial reduction of tariffs and other barriers to trade constitutes, together with the non-discrimination principle, a key instrument to achieve the objectives of the WTO.

Trade in Goods

The main WTO provisions on market access for trade in goods cover:

- The progressive reduction and binding of tariffs
- The general elimination of quantitative restrictions
- The reduction of other barriers to trade

The progressive Reduction and Binding of Tariffs

Under the GATT/WTO, the use of tariffs is not prohibited; however, Members have committed to carry out multilateral negotiations periodically with a view to substantially reducing the general level of tariffs and other charges on imports and exports.

Tariff negotiations should be conducted on a reciprocal and mutually advantageous basis. This requirement, however, has been adapted to take into consideration the principle of special and differential treatment. This implies requiring from developing country and LDC Members lesser liberalization than from developed Members.

WTO Members had also agreed to bind their tariffs at the reduced levels and to record such tariff bindings, together with other concessions, in their WTO Schedules of Concessions.

For more information on the economic rationale for open trade, please go to: http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact3_e.htm

Did you know that we have a WTO E-Learning course on Trade Theory and Policy? Click here!
Members may apply a tariff which is lower than the bound level; however, they cannot exceed the bound levels specified in their Schedules of Concessions. If a Member applies a lower tariff, it has to grant that benefit on an MFN basis.

Tariff bindings provide predictability and security for market access for goods mainly through their inclusion in the Schedules, which are not easily changed. In order to modify their tariff concessions, a Member has to negotiate with Members holding special rights.

**The general Elimination of Quantitative Restrictions**

WTO Members cannot, as a general rule, apply quantitative restrictions (e.g. bans or quotas) on the goods imported from or exported to another Member.

Whereas tariffs are allowed as long as they do not exceed the scheduled bound levels and are applied on an MFN basis, quantitative restrictions are generally prohibited (while quantitative restrictions impose absolute limits on imports, tariffs do not). It is important to distinguish between quantitative restrictions and tariff-rate-quotas, which are permitted.

Despite the general rule prohibiting quantitative restrictions, there are some specific exceptions which allow their imposition in certain circumstances. In this regard, quantitative restrictions must be applied on a non-discriminatory basis, according to Art. XIII of the GATT. This requirement applies equally to the allocation of tariff-rate-quotas.

**The Reduction of other Barriers to Trade**

With the progressive reduction of tariffs, it was perceived that governments were gradually shifting to other forms of measures to restrict market access for goods and protect their domestic industries.

In the WTO, a number of Agreements on trade in goods set out specific disciplines on non-tariff measures (all measures other than tariffs that may restrict trade).
WTO Agreements (non-tariff measures)

In general, the agreements impose disciplines on the application and administration of these measures so that they would not constitute unnecessary barriers to international trade.

<table>
<thead>
<tr>
<th>Agreement</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement)</strong></td>
<td>The SPS Agreement recognizes Members’ right to apply measures to protect human, animal and plant life or health from sanitary and phytosanitary risks, while minimizing any negative and unnecessary effects on trade. Members may adopt SPS measures provided these measures are applied only to the extent necessary to protect health and are based on science. In addition, they shall not arbitrarily or unjustifiably discriminate between Members or be applied in a manner which would constitute a disguised restriction on international trade.</td>
</tr>
<tr>
<td><strong>Agreement on Technical Barriers to Trade (TBT Agreement)</strong></td>
<td>The TBT Agreement recognizes Members’ right to adopt technical regulations and standards to fulfil a legitimate objective, as long as these measures do not constitute unnecessary obstacles to trade and do not discriminate against Members. The TBT Agreement does not cover SPS measures as defined in the SPS Agreement.</td>
</tr>
<tr>
<td><strong>Art. V of the GATT</strong></td>
<td>The objective of Art. V is to allow freedom of transit through the territory of each Member for transport to or from the territory of other Members. It requires Members not to hinder traffic in transit by imposing unnecessary delays, restrictions or unreasonable charges, and to accord MFN treatment to transiting goods of all Members.</td>
</tr>
<tr>
<td>Agreement</td>
<td>Objective</td>
</tr>
<tr>
<td>-----------</td>
<td>-----------</td>
</tr>
<tr>
<td>Art. VII of the GATT and the Agreement on Customs Valuation</td>
<td>The Agreement on Customs Valuation aims for a fair, uniform and neutral system for the valuation of goods for customs purposes — a system that conforms to commercial realities, and which outlaws the use of arbitrary or fictitious customs values.</td>
</tr>
<tr>
<td>Art. VIII of the GATT on Customs Fees and Formalities</td>
<td>Art. VIII includes specific obligations applicable to fees and charges imposed on or in connection with importation (or exportation). It recognizes the need to reduce the number and complexity of such fees and formalities and to lower transaction costs for traders.</td>
</tr>
<tr>
<td>Agreement on Rules of Origin</td>
<td>The Agreement on Rules of Origin aims at the harmonization of non-preferential rules of origin and at ensuring that such rules do not themselves create unnecessary obstacles to trade. It ensures that such rules do not have restricting or distorting effects on international trade and that they are administered in a consistent, impartial and reasonable manner.</td>
</tr>
<tr>
<td>Agreement on Import Licensing Procedures</td>
<td>The Agreement on Import Licensing Procedures establishes disciplines on users of import licensing systems with the objective of ensuring that procedures applied for granting import licences do not in themselves restrict trade. It aims to simplify, clarify and minimize the administrative requirements necessary to obtain import licences.</td>
</tr>
<tr>
<td>Agreement on Trade-Related Investment Measures (TRIMS)</td>
<td>The TRIMS Agreement sets out rules on certain investment measures that have a distorting effect on trade in goods. The disciplines of the TRIMS Agreement focus on discriminatory treatment of imported and exported products and do not govern the issue of entry and treatment of foreign investment.</td>
</tr>
</tbody>
</table>
Agriculture in the WTO

Agricultural trade remains an important part of overall economic activity in many WTO Members. Furthermore, agriculture plays an important role in the development of many Members.

The Agreement on Agriculture allows governments to support their rural economies, but preferably through policies that are less "trade-distorting". The Agreement covers "agricultural products" as defined in Annex 1 of the Agreement. It allowed some flexibility in the way commitments were implemented by developing countries, which did not have to cut their subsidies or lower their tariffs as much as developed countries, and had extra time to implement their obligations. Least-Developed Countries were exempted from such reduction commitments. The Agreement has three pillars:

• Market Access
• Domestic support
• Export competition

For more information on agriculture in the WTO, please go to: http://www.wto.org/english/tratop_e/agric_e/agric_e.htm

Did you know that we have an E-Learning course “Agriculture in the WTO”? Click here!

Trade in Services

As with Members' Schedules of tariff concessions for goods, each WTO Member is required under the GATS to submit a Schedule for trade in services.

By scheduling commitments, a Member guarantees other Members minimum conditions of access on an MFN basis, comparable to a tariff binding under the GATT. Since these are ceiling bindings, Members are not prevented from being more 'generous' (or less discriminatory) in practice.

The GATS does not prescribe the sector scope or level of liberalization. It is up to each Member to decide which sector it wishes to commit, as well as any corresponding limitations on market access. WTO Members may also choose to undertake additional commitments on issues not falling under market access or national treatment provisions of the GATS.

Schedules may vary widely in their sector scope and the levels of commitments implied, reflecting Members' national policy objectives and constraints. Similarly to the Schedules on tariff concessions for goods, commitments can only be withdrawn or modified after negotiations and agreement on any compensatory adjustment with affected Members.

For more information on Trade in Services in the WTO, please go to: http://www.wto.org/english/tratop_e/serv_e/serv_e.htm

Did you know that we have an E-Learning course “Trade in Services in the WTO”? Click here!
Transparency

In the WTO, transparency obligations ensure that policies and regulations affecting trade are made accessible to governments and traders. Transparency has also a systemic importance. It allows the monitoring of Members’ trade measures and practices, and of their impact on the MTS.

The WTO mechanisms and tools to enhance transparency include mainly those directed to keep the WTO Membership informed about individual Member’s policies and practices having an impact on trade (internal transparency - within the WTO).

There are also a number of initiatives and programmes directed to inform the general public, including academics and civil society, about WTO’s activities (external transparency).

**Internal transparency: keeping the WTO informed**

- Notification of Members’ trade measures to the WTO.
- Domestic publication of Members’ trade regulations.
- Review of Members’ national trade policies through the Trade Policy Review Mechanism (TPRM).
- Other transparency mechanisms (including databases).

**External transparency: keeping the public informed**

- Initiatives and programmes aimed at informing the general public about WTO’s activities.

Transparency obligations are spelled out across all WTO Agreements, including those in the GATT, the GATS and the TRIPS Agreement.
Development Dimension

Trade plays an important role in promoting economic growth and reducing poverty in the development world. More than two thirds of **WTO Members** are developing countries and LDCs. The WTO Agreements recognize the particular situation of these countries and the link between trade and development by providing special and differential treatment in favour of developing country and LDC Members.

Special and differential treatment is considered a useful tool which recognizes the economic and developmental asymmetries among countries in order to provide special flexibilities or rights to developing countries and LDCs to help them benefit from trade liberalization and integrate into the MTS.

The WTO deals with the special needs of developing countries and LDCs in the following ways:

- The WTO Agreements contain **provisions on special and differential treatment** for developing countries and LDCs.
- Capacity building programmes such as **Aid for Trade** and **WTO trade-related technical assistance** (TRTA) activities.
- The **Committee on Trade and Development** (CTD), its **Sub-Committee on LDCs**, and its subsidiary bodies, are the focal points for consideration and coordination of work related to trade and development in the WTO.

*Did you know that least developed countries (LDCs) are defined at the UN? Click here!*

For more information on the relation of trade and development, please go to: [http://www.wto.org/english/tratop_e/develop_e/devel_e.htm](http://www.wto.org/english/tratop_e/develop_e/devel_e.htm)

*Did you know that we have a WTO E-Learning course on “Trade and Development”? Click here!*
Special and Differential Treatment

The universe of special and differential treatment (S&D) provisions consists of more than 145 provisions spread across the different WTO Agreements (for trade in goods, services and intellectual property rights), as well as many decisions. All the provisions applicable to developing Members apply also to LDCs, but the latter enjoy additional rights. These provisions can be classified into different categories according to the objectives they pursue:

The GATT has a special section on trade and development, including provisions on the concept of "non-reciprocity" in trade negotiations (implies requiring from developing country Members "less liberalization" than from developed Members). This principle has permitted developing Members, for example, to undertake lower levels of tariff bindings in multilateral rounds of negotiations.

Another provision is the Enabling Clause, which constitutes an exception to the MFN principle and aims at increasing commercial opportunities for developing country and LDC Members (see Exceptions).

The WTO provisions on special and differential treatment are currently under revision within the Doha Round of negotiations with a view to make them more effective and operational.

For more information on Special and Differential Treatment, please go to: http://www.wto.org/english/tratop_e/devel_e/dev_special_differential_provisions_e.htm
1) What are the basic principles of the WTO?

2) If a WTO Member grants to a country an advantage, it has to give such advantage to all WTO Members. This principle ensures non-discrimination between trading partners. Do you know which basic principle it is?

3) Can you define two transparency mechanisms in the WTO: Notifications and Trade Policy Reviews?
Answers

1) What are the basic principles of the WTO?

The basic principles of the WTO are the Most-Favoured Nation (MFN), the National Treatment, more open and predictable trade, transparency and the development dimension.

2) If a WTO Member grants to a country an advantage, it has to give such advantage to all WTO Members. This principle ensures non-discrimination between trading partners. Do you know which basic principle it is?

The MFN Principle.

3) Can you define two transparency mechanisms in the WTO: Notifications and Trade Policy Reviews?

- Trade Policy Mechanism: Members review national trade policies through the Trade Policy Review Mechanism (TPRM).
- Notifications: Regular notifications of Members’ trade measures have to be submitted to the WTO.
3) Main Exceptions to the Basic Principles

WTO Members may, in certain circumstances, deviate from their main obligations and apply trade restrictive measures, provided that they comply with certain conditions. Such trade restrictions are considered to serve legitimate objectives, such as the protection of health or the environment. The exceptions provide flexibility for the Members to meet such policy objectives.
<table>
<thead>
<tr>
<th>Exception</th>
<th>General Description</th>
<th>Legal Basis Goods</th>
<th>Legal Basis Services</th>
<th>Legal Basis TRIPS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Exceptions</strong></td>
<td>Members may apply measures which restrict trade if, for example, they are necessary to protect human, animal or plant health. Such measures cannot constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade.</td>
<td>Art. XX</td>
<td>Art. XIV</td>
<td>No general exceptions as such (*)</td>
</tr>
<tr>
<td><strong>Regional Trade Agreements</strong></td>
<td>Members are allowed to provide preferential treatment to their trading partners within a customs union or a free trade area (goods), or economic integration arrangements (services), without having to extend such treatment to all WTO Members, subject to certain conditions.</td>
<td>Art. XXIV Understanding on Art. XXIV</td>
<td>Art. V</td>
<td>No provision</td>
</tr>
<tr>
<td><strong>Enabling Clause (S&amp;D provision)</strong></td>
<td>Developed Members may give unilaterally preferential treatment to products originating in developing and LDC Members, without having to extend such better treatment to other Members. Developing Members are allowed to conclude among themselves agreements on trade in goods, subject to more flexible requirements than those contained in Art. XXIV of the GATT.</td>
<td>Paragraph 2(a) of the Enabling Clause</td>
<td>Paragraph 2(c) of the Enabling Clause</td>
<td></td>
</tr>
</tbody>
</table>

(*) Note: However, the TRIPS Agreement allows Members to adopt measures, for example, necessary to protect public health, provided that such measures are consistent with the TRIPS Agreement.
<table>
<thead>
<tr>
<th>Exception</th>
<th>General Description</th>
<th>Legal Basis</th>
<th>Legal Basis</th>
<th>Legal Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Goods</td>
<td>Services</td>
</tr>
<tr>
<td>Security Exception</td>
<td>Members may apply trade-restrictive measures, which may restrict trade in goods, if they are necessary to protect essential security interests.</td>
<td>Art. XXI</td>
<td>Art. XIVbis</td>
<td>Art. 73</td>
</tr>
<tr>
<td>Balance of Payments</td>
<td>Members may take trade-restrictive measures to safeguard their external financial position and balance of payments, subject to specific conditions.</td>
<td>Arts. XII &amp; XVIII:B Understanding on the BOPs</td>
<td>Art. XII</td>
<td>No BOPs provision</td>
</tr>
<tr>
<td>Trade Remedies</td>
<td>For trade in goods, Members are allowed to apply trade defence mechanisms to remedy a situation of unfair trade practices (anti-dumping and countervailing measures) or a surge of imports (safeguard measures) when these cause injury to the domestic industry, subject to specific requirements.</td>
<td>Arts. VI and XIX GATT (also Agreement on Anti-Dumping, Agreement, SCM Agreement and Agreement on Safeguards)</td>
<td>Negotiations on emergency safeguards (Art. X)</td>
<td>No provisions</td>
</tr>
<tr>
<td>Waivers</td>
<td>Members have the right to request a temporary authorization to derogate from any WTO obligation contained in the Multilateral Trade Agreements, subject to the approval of the other Members.</td>
<td>Art. IX:3 of the Agreement Establishing the WTO</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
General Exceptions

The purpose of the general exceptions is to ensure that commitments undertaken by the Members under the WTO Agreements do not hinder the pursuit of legitimate policy objectives, such as the protection of health or the environment.

The general exceptions allow Members to derogate from the WTO basic principles, provided that they comply with certain conditions set forth in the Agreements. Art. XIV of the GATS is similar to Art. XX of the GATT, although there are certain differences (*).

There are two steps for the application of the general exceptions under Art. XX of the GATT (goods) and Art. XIV of GATS (services):

1. To identify whether the policy pursued through the measure falls within the range of policies provided in the sub-paragraphs of Art. XX (GATT) or XVI (GATS) and meets the conditions provided therein.

2. The measure at issue must not lead to arbitrary discrimination or unjustifiable discrimination between countries where the same conditions prevail or a disguised restriction on international trade according to the "chapeau" of such provisions.

It is within the authority of each WTO Member to set the objectives it seeks to achieve and the level of protection it wants to obtain. However, Members are bound to implement these objectives through measures consistent with the requirements provided in the WTO Agreements.

The purpose of the chapeau is the prevention of abuse of the general exceptions. The chapeau serves to ensure that Members’ rights to avail themselves of the general exceptions are exercised in good faith to protect interests considered legitimate under the GATT and GATS.

(*) Note: Not all exceptions included in Art. XX of the GATT are included in Art. XIV of the GATS. Conversely, Art. XIV of the GATS contains some general exceptions which are not listed in Art. XX of the GATT.
Regional Trade Agreements

By definition, parties to a regional trade agreement (RTA) offer each other more favourable treatment in trade matters than to the rest of the world (including WTO Members). As you know, this is contrary to the MFN principle. The number of RTAs involving WTO Members has increased notably in the recent years. Free trade areas are more prevalent than customs unions.

The purpose of a customs union or a free trade area should be to facilitate trade among the parties to the RTA and not to raise barriers to the trade with other WTO Members. RTAs shall be in line with the objectives of the MTS, and not constitute obstacles to it. Other requirements comprise provisions on interim agreements and transition periods and transparency provisions.

The Enabling Clause (paragraph 2c) allows developing Members to conclude among themselves agreements on trade in goods (South-South agreements) subject to more flexible requirements than those contained in Art. XXIV of the GATT.

It is worth noting that the Transparency Mechanism for RTAs (transparency requirements) applies to all RTAs, whether notified under the GATT, the GATS or the Enabling Clause.

For more information on Regional Trade Agreements, please go to: http://www.wto.org/english/tratop_e/region_e/region_e.htm

Did you know that we have a WTO E-Learning course on Regional Trade Agreements? Click here!
Enabling Clause

The Enabling Clause constitutes an S&D provision, which aims at increasing the commercial opportunities for developing and LDC Members.

The Enabling Clause provides the WTO legal basis for the Generalized System of Preferences (GSP). It "enables" developed Members to give preferential treatment on a non-reciprocal basis to products originating in developing Members and LDC Members, without having to give such better treatment to other Members. Developing and LDC Members benefiting from such preferential treatment are not required to open their markets to the developed Members offering them more favourable treatment. These arrangements are subject to the Transparency Mechanism for Preferential Trade Arrangements (PTAs).

The Enabling Clause operates as an exception to the MFN principle, subject to the conditions provided therein. In this regard, any preferential tariff treatment provided under the Enabling Clause to developing Members must be "non-discriminatory".

The Enabling Clause also allows developing Members to conclude (reciprocal) trade agreements on trade in goods among themselves (South - South agreements), without having to extend such treatment to other WTO Members.
Trade Remedies

WTO Members are allowed to apply trade defence mechanisms to remedy a situation of unfair trade practices (anti-dumping and countervailing measures) or a surge of imports (safeguard measures) when these cause injury and subject to certain requirements. Even if these measures are not referred to as exceptions, they also allow Members to depart - temporarily - from certain core WTO obligations, for example, to impose tariffs above the bound levels.

Anti-dumping, countervailing and safeguard measures have some common features, but also differ in some aspects. A common feature is that they can be applied only after conducting a domestic investigation where certain substantive and procedural requirements provided in the respective Agreements are met. From the three mechanisms, anti-dumping and countervailing measures are more frequently used than safeguard measures.

For more information on Trade Remedies, please go to:
http://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm8_e.htm

Did you know that we have a WTO E-Learning course “Trade Remedies and the WTO”? Click here!
<table>
<thead>
<tr>
<th></th>
<th>Anti-dumping Measures</th>
<th>Countervailing measures</th>
<th>Safeguard measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective</strong></td>
<td>To remedy dumping causing injury to the domestic industry</td>
<td>To remedy subsidization causing injury to the domestic industry</td>
<td>To remedy serious injury to the domestic industry caused by a surge of imports and give time to facilitate adjustment</td>
</tr>
</tbody>
</table>
| **Substantive requirements** | • Dumped imports  
• Material injury  
• Causal link                            | • Subsidized imports  
• Material injury  
• Causal link                              | • Increased imports  
• Serious injury  
• Causal link  
• The measure must be applied as a result of unforeseen developments and of the effect of the obligations incurred by a contracting party under the GATT 1994 |
| **Recipient of the measure** | Products of enterprises practicing dumping                                            | Products of enterprises benefiting from subsidies granted by Members                     | Products of enterprises of Members (measure applied, in principle, on an MFN basis*)                    |
| **Form of the measure** | Anti-dumping duty (may exceed bound tariff rate)                                        | Countervailing duty (may exceed bound tariff rate)                                        | Among others, tariff duty increase (may exceed bound tariff rate) or quota                               |
Waivers

A WTO Member has the right to request to the other Members, in exceptional circumstances, an authorization to derogate temporally from any provision contained in the WTO Multilateral Agreements. A waiver is normally used when there are no other exceptions which would allow a Member to derogate from a WTO provision.

<table>
<thead>
<tr>
<th>Exception</th>
<th>General Description</th>
<th>Legal Basis Goods</th>
<th>Legal Basis Services</th>
<th>Legal Basis TRIPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waivers</td>
<td>Members have the right to request a temporary authorization to derogate from any WTO obligation contained in the Multilateral Trade Agreements, subject to the approval of the other Members.</td>
<td>GATT</td>
<td>GATS</td>
<td>TRIPS</td>
</tr>
</tbody>
</table>

*Art. IX:3* of the Agreement Establishing the WTO
1) What are the main exceptions to the basic principles of the WTO?

2) Members may apply measures which restrict trade if, for example, they are necessary to protect human, animal or plant health. Such measures cannot constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade. Do you know which exceptions from the basic principle is meant?

3) Members are allowed to provide preferential treatment to their trading partners within a customs union or a free trade area (goods), or economic integration arrangements (services), without having to extend such treatment to all WTO Members, subject to certain conditions. Do you know which exceptions from the basic principle is meant?
1) What are the main exceptions to the basic principles of the WTO?

The main exceptions to the basic principles are General Exceptions, Regional Trade Agreements, the Enabling Clause, Trade Remedies and Waivers.

2) Members may apply measures which restrict trade if, for example, they are necessary to protect human, animal or plant health. Such measures cannot constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade. Do you know which exceptions from the basic principle is meant?

General Exceptions.

3) Members are allowed to provide preferential treatment to their trading partners within a customs union or a free trade area (goods), or economic integration arrangements (services), without having to extend such treatment to all WTO Members, subject to certain conditions. Do you know which exceptions from the basic principle is meant?

Regional Trade Agreements (RTAs).
4) Cross-Cutting Issues

- Monitoring and Evaluation in the WTO
- The WTO Dispute Settlement System
- Trade and Environment
- Capacity Building for Developing Members
- WTO Negotiations - The Doha Development Agenda
Monitoring and Evaluation in the WTO

What would be the purpose of negotiating detailed trade rules, if they were not implemented? It is in this context that the so-called “monitoring and evaluation” comes into play. Monitoring and Evaluation of trade policies is one of the most intense areas of work in the WTO. It contributes to enhance the transparency and smooth functioning of the MTS. Regular peer review and collective monitoring aim at exploring, understanding and discussing Members' implementation of their WTO obligations.

Notifications
Members are required to notify to the WTO Secretariat their laws and regulations concerned with WTO matters. All WTO councils and committees participate in the implementation of WTO notification requirements. Notifications allow all WTO Members to be informed about other Members' policies affecting trade.

Trade Policy Review Mechanism
The TPRM is a permanent mechanism which applies to all WTO Members on a rotary basis and involves a peer-group assessment of each Member's trade policies and practices and their impact on the functioning of the MTS. The TPRM is not intended to evaluate Members' compliance to specific rules. The reviews have enabled the Membership to understand Member’s trade policies and practices and, at the same time, have provided feedback to the reviewed Member.
Works of WTO Councils and Committees
WTO bodies and committees seek to ensure that the WTO Agreements are being properly implemented. Monitoring and evaluation takes place through reviews of notifications, questions, examination of individual policies and other monitoring procedures.

Transparency Mechanisms (TM) for RTAs and PTAs
The TM for RTAs applies to all RTAs. It includes early announcement of RTAs, notification of the RTA and consideration of the RTA by the WTO Membership. The mechanism seeks to strengthen the WTO monitoring of RTAs and enhance understanding of their systemic effects. The TM for PTAs applies to preferential arrangements notified under the Enabling Clause (which essentially means GSP schemes). It lays out a procedure similar to the one laid out in the TM for RTAs.
Capacity Building for Developing Members

Many countries do not have the human, institutional and infrastructural capacity to participate effectively in international trade. The objective is to translate more open trade into real, increased and perceived benefits for all. In order to help to get the full benefits of these opportunities, market openings need to be accompanied by capacity building initiatives to help developing and LDC Members bring to market internationally competitive and tradable goods and services. Programmes and initiatives are directed to enhance trade capacity in developing country and LDC Members.

Trade-related technical assistance and training (TRTA): Trade-related technical assistance and training is directed towards helping government officials from beneficiary countries to better understand WTO rules so that they can better exercise their rights of Membership, negotiate more effectively with their trading partners and take better advantage of market opportunities. There is also Technical Assistance available related to notification obligations.

Other initiatives include Aid for Trade, Enhanced Integrated Framework (EIF) and Standards and Trade Development Facility (STDF).

For more information on technical assistance and training including different technical assistance products, please go to: http://www.wto.org/english/tratop_e/devel_e/teccop_e/tct_e.htm
**Aid for Trade**: This programme aims to help developing countries, particularly LDCs, develop the trade-related capacity and infrastructure they need to implement and benefit from trade. It is recognized that Aid for Trade (AfT) cannot be a substitute for the development benefits that will result from the successful conclusion of the DDA, particularly on market access. Nevertheless, it can be a valuable complement to the DDA.

**Enhanced Integrated Framework** (EIF): This programme helps least-developed countries (LDCs) play a more active role in the global trading system. The programme has a wider goal of promoting economic growth and sustainable development and helping to lift more people out of poverty.

**Standards and Trade Development Facility** (STDF): The Standards and Trade Development Facility (STDF) supports developing countries in building their capacity to implement international sanitary and phytosanitary (SPS) standards, guidelines and recommendations as a means to improve their human, animal and plant health status and ability to gain or maintain access to markets.
WTO Negotiations - The Doha Development Agenda

In 2001, WTO Members launched a new round of trade negotiations. The Doha Development Agenda (DDA) includes trade negotiations and other issues arising from the implementation of the WTO Agreements.

Successive rounds of trade negotiations have greatly reduced impediments to trade. The successful conclusion of the current Round of negotiations - the DDA - is expected to create further economic opportunities for all WTO Members. More open markets will allow Members to improve welfare by expanding export volumes and revenues, and through better access to their markets for imports.

WTO Members have placed the needs of developing and LDC Members at the heart of the Doha work programme. An open rules-based multilateral trading system has the potential to facilitate the full integration of LDCs into global trade. Open markets play an essential role in supporting growth and job creation.

The developmental aspects of the Doha Round permeate all negotiating subject areas, which put special emphasis on the needs and interests of developing countries.

These aspects include the review of S&D provisions, lower commitments (e.g. lower tariff reductions) and other special flexibilities (e.g. longer transitional periods) for developing countries. Specific efforts are being made in the negotiations to address the needs of the LDCs, as well as those of small and vulnerable economies.

For more information on the Doha Round, please go to: http://www.wto.org/english/tratop_e/dda_e/dda_e.htm

To find the Doha Ministerial Declaration, please go to: http://www.wto.org/english/thewto_e/minist_e/min01_e/mindecl_e.htm
### Main Development Aspects of the DDA

<table>
<thead>
<tr>
<th>Implementation-related issues</th>
<th>Aim at addressing difficulties particularly developing countries face in implementing several provisions contained in the current WTO Agreements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>S&amp;D</strong></td>
<td>Members agreed that all S&amp;D provisions contained in the current WTO Agreements shall be reviewed with a view to strengthening them and making them more precise, effective and operational.</td>
</tr>
</tbody>
</table>
| **LDCs**                     | • Decision on Duty-Free Quota-Free (DFQF): provide DFQF market access for at least 97% of products from LDCs.  
                              | • Cotton: reduce trade-distorting domestic support for cotton production more ambitiously and to implement this over a shorter period of time. |
| **Small vulnerable economies (SVEs)** | The objective is to frame responses to the trade-related issues identified for the fuller integration of SVEs into the MTS. |
Trade and Environment

WTO rules help set the framework for WTO Members to design and implement measures to address environmental concerns. The WTO Agreements also allow Members to adopt trade-related measures to protect the environment, which may restrict trade, subject to certain conditions aimed at balancing the right of Members to achieve such legitimate objectives and the right of other Members in terms of market access.

The WTO contributes to protection and preservation of the environment through its objective of trade openness, through its rules and enforcement mechanism, through work in different WTO bodies, and through on-going efforts under the Doha Development Agenda. It is considered that trade liberalization in certain sectors has the potential to yield benefits for the MTS, benefits for development and benefits for the environment (win-win-win situation).

For more information on Trade and Environment, please go to: http://www.wto.org/english/tratop_e/envir_e/envir_e.htm
The WTO Dispute Settlement System

The WTO provides a forum for the settlement of trade disputes between WTO Members. Dispute settlement constitutes a mechanism of last resort, where a Member can enforce its rights if no other action undertaken to ensure implementation through WTO monitoring mechanisms has worked out.

The WTO dispute settlement system aims at providing a fast, efficient and rule-oriented system to resolve trade disputes under the WTO covered Agreements. By doing so, it provides security and predictability to the Members and more particularly private economic operators.

The Dispute Settlement Understanding (DSU) sets out rules and procedure to be followed in resolving disputes. It also contains some provisions on special and differential treatment for developing Members.

Only WTO Member governments have the right to participate in the dispute settlement system. The DSU applies to all disputes brought under the covered Agreements, that is, the majority of the WTO Agreements.

What are the main stages of the dispute settlement process?

For more information on Dispute Settlement Cases, please go to:
http://www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm
What are the main stages of the dispute settlement process?

Approximately...the total time of a dispute is 12 months (up to the panel stage) and 1 year and 3 months (if there is appeal).
1) Please complete the following paragraph on "Monitoring and Evaluation" with the words from the list below.

Why is Monitoring and Evaluation so important for the WTO and its Members?

Monitoring and ___________ of trade policies is a very important area of the work of the WTO. It contributes to enhance the ___________ and smooth functioning of the __________ Trading System (MTS). __________ peer review and collective ___________ aim at exploring, understanding and discussing Members' implementation of their WTO obligations.

Words: transparency, evaluation, regular, monitoring, multilateral

2) What do WTO Councils and Committees do?

3) Please match the two corresponding parts of the following sentences.

- WTO Negotiations are conducted ...
- Technical assistance and training helps government officials from beneficiary Members ...
- Monitoring and Evaluation relates directly to ...
- The overall conduct of the negotiations is supervised by ...
- Technical assistance and training is directed towards ...
- ... to better understand WTO rules and participate in the MTS.
- ... the Trade Negotiations Committee (TNC).
- ... by Members.
- ... government officials from developing countries and LDCs.
- ... the principle of transparency and ensuring the implementation of WTO commitments.
1) Please complete the following paragraph on "Monitoring and Evaluation".

Monitoring and **Evaluation** of trade policies is a very important area of the work of the WTO. It contributes to enhance the **transparency** and smooth functioning of the **Multilateral Trading System (MTS)**. **Regular** peer review and collective **monitoring** aim at exploring, understanding and discussing Members' implementation of their WTO obligations.

2) What do WTO Councils and Committees do?

WTO bodies and committees seek to ensure that the WTO Agreements are being properly implemented. Monitoring and Surveillance takes place through reviews of notifications, questions, examination of individual policies and other monitoring procedures.

3) Please match the two corresponding parts of the following sentences.

- WTO Negotiations are conducted by Members.
- Technical assistance and training helps government officials from beneficiary Members to better understand WTO rules and participate in the MTS.
- Monitoring and Evaluation relates directly to the principle of transparency and ensuring the implementation of WTO commitments.
- The overall conduct of the negotiations is supervised by the Trade Negotiations Committee (TNC).
- Technical assistance and training is directed towards government officials from developing countries and LDCs.
1) Please explain the differences between the two principles: Most-Favoured Nation (MFN) and National Treatment.

2) Please match the principles on the right with the legal basis on the left.

- Members are not allowed to discriminate between their trading partners (Art. I GATT, Art. II GATS, Art. 4 TRIPS Agreement).
- Members cannot discriminate between domestic and foreign like products, services or nationals (Art. III GATT, Art. XVII GATS, Art. 3 TRIPS Agreement).
- Requires the elimination or reduction of obstacles to trade (e.g. GATT Art. II.1 and Art. XI, Art. XVI and Art. XX GATS).
- Requires Members to inform about their trade regulations (Art. X GATT, Art. III GATS, Art. 63 TRIPS Agreement).
- Aims at helping developing and LDC Members to better participate in the WTO and benefit from trade liberalization (e.g. Part V GATT, Enabling Clause, Art. IV GATS, Art. 65, 66 and 67 TRIPS Agreement).

- Most-Favoured Nation (MFN)
- National Treatment
- More open and predictable trade
- Transparency
- Special and differential treatment for less-developed Members
Time to apply your knowledge

3) Please match the terms on the right with their definition on the left.

- Members may apply measures which cannot constitute a means of arbitrary or unjustifiable discrimination (Art. XX GATT, Art. XIV GATS).
- Members are allowed to provide preferential treatment to their trading partners within a customs union or free trade area or economic integration without having to extend such treatment to all WTO Members (Art. XXIV GATT, Art. V GATS).
- Developing Members are allowed to conclude among themselves agreements on trade in goods, subject to more flexible requirements than those contained in Art. XXIV of the GATT.
- Members have the right to request a temporary authorization to derogate from any WTO obligation contained in the Multilateral Trade agreements, subject to the approval by Members (Art. IX:3 Agreement Establishing the WTO).

- General Exceptions
- Regional Trade Agreements
- Enabling Clause
- Waivers
Answers

1) Please explain the differences between the two principles: Most-favoured nation (MFN) and National Treatment.

The MFN prohibits discrimination among WTO Members. A Member cannot give an advantage to products coming from one Member (e.g. lower tariffs or reduction of import formalities) without applying such advantage to all WTO Members. The National Treatment principle prohibits discrimination between domestic and imported products.

2) Please match the principles with the legal basis.

- **Most-Favoured Nation (MFN)**
  Members are not allowed to discriminate between their trading partners (Art. I GATT, Art. II GATS, Art. 4 TRIPS Agreement).

- **National Treatment**
  Members cannot discriminate between domestic and foreign like products, services or nationals (Art. III GATT, Art. XVII GATS, Art. 3 TRIPS Agreement).

- **More open and predictable trade**
  Requires the elimination or reduction of obstacles to trade (e.g. GATT Art. II.1 and Art. XI, Art. XVI and Art. XX GATS).

- **Transparency**
  Requires Members to inform about their trade regulations (Art. X GATT, Art. III GATS, Art. 63 TRIPS Agreement)

- **Special and differential treatment for less-developed Members**
  Aims at helping developing and LDC Members to better participate in the WTO and benefit from trade liberalization (e.g. Part V GATT, Enabling Clause, Art. IV GATS, Art. 65, 66 and 67 TRIPS Agreement).
3) Please match the terms with their definition.

- **General Exceptions**
  Members may apply measures which cannot constitute a means of arbitrary or unjustifiable discrimination (Art. XX GATT, Art. XIV GATS).

- **Regional Trade Agreements**
  Members are allowed to provide preferential treatment to their trading partners within a customs union or free trade area or economic integration without having to extend such treatment to all WTO Members (Art. XXIV GATT, Art. V GATS).

- **Enabling Clause**
  Developing Members are allowed to conclude among themselves agreements on trade in goods, subject to more flexible requirements than those contained in Art. XXIV of the GATT.

- **Waivers**
  Members have the right to request a temporary authorization to derogate from any WTO obligation contained in the Multilateral Trade agreements, subject to the approval by Members (Art. IX:3 Agreement Establishing the WTO).
Word Puzzle

Can you find the words in the puzzle?

<table>
<thead>
<tr>
<th>G</th>
<th>A</th>
<th>T</th>
<th>T</th>
<th>A</th>
<th>C</th>
<th>W</th>
<th>L</th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>T</td>
<td>P</td>
<td>R</td>
<td>M</td>
<td>H</td>
<td>A</td>
<td>D</td>
</tr>
<tr>
<td>R</td>
<td>K</td>
<td>I</td>
<td>B</td>
<td>R</td>
<td>N</td>
<td>I</td>
<td>C</td>
</tr>
<tr>
<td>M</td>
<td>F</td>
<td>N</td>
<td>A</td>
<td>O</td>
<td>K</td>
<td>V</td>
<td>A</td>
</tr>
<tr>
<td>E</td>
<td>B</td>
<td>U</td>
<td>I</td>
<td>R</td>
<td>H</td>
<td>E</td>
<td>E</td>
</tr>
<tr>
<td>G</td>
<td>A</td>
<td>T</td>
<td>S</td>
<td>C</td>
<td>E</td>
<td>R</td>
<td>T</td>
</tr>
<tr>
<td>D</td>
<td>A</td>
<td>R</td>
<td>R</td>
<td>T</td>
<td>A</td>
<td>S</td>
<td>U</td>
</tr>
<tr>
<td>N</td>
<td>T</td>
<td>R</td>
<td>I</td>
<td>P</td>
<td>S</td>
<td>C</td>
<td>R</td>
</tr>
<tr>
<td>E</td>
<td>N</td>
<td>A</td>
<td>B</td>
<td>L</td>
<td>I</td>
<td>N</td>
<td>G</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Enabling</th>
<th>GATS</th>
<th>GATT</th>
</tr>
</thead>
<tbody>
<tr>
<td>MFN</td>
<td>National</td>
<td>RTAs</td>
</tr>
<tr>
<td>TPRM</td>
<td>TRIPS</td>
<td>Waivers</td>
</tr>
</tbody>
</table>
Word Puzzle - Terms and Definitions

**Enabling:** The Enabling Clause is an exception to the MFN principle. 1) It enables developed Members to give preferential treatment to products coming from developing and LDC Members (e.g. to apply lower tariffs or duty free access to products coming from those countries). 2) It allows developing Members to conclude agreements among themselves only.

**GATS:** The General Agreement on Trade in Services (GATS) was created to extend the multilateral trading system to the service sector. It was negotiated at the end of the Uruguay Round.

**GATT:** The General Agreement on Tariffs and Trade (GATT) is a multilateral agreement regulating international trade in goods.

**MFN:** The MFN principle ensures non-discrimination between trading partners. If a WTO Member grants to a country an advantage, it has to give such advantage to all WTO Members.

**National:** National Treatment - Members cannot discriminate between domestic and foreign like products, services or nationals.

**RTAS:** Regional Trade Agreements - Members are allowed to provide preferential treatment to their trading partners within a customs union or a free trade area (goods), or economic integration arrangements (services), without having to extend such treatment to all WTO Members, subject to certain conditions.

**TPRM:** The TPRM is a permanent mechanism which applies to all WTO Members on a rotary basis and involves a peer-group assessment of each Member's trade policies and practices and their impact on the functioning of the MTS.

**TRIPS:** The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) sets down minimum standards for many forms of intellectual property (IP) regulation as applied to nationals of other WTO Members. It was negotiated at the end of the Uruguay Round.

**Waivers:** A WTO Member has the right to request to the other Members, in exceptional circumstances, an authorization to derogate temporally from any provision contained in the WTO Multilateral Agreements. A waiver is normally used when there are no other exceptions which would allow a Member to derogate from a WTO provision.
The WTO is a system of multilateral trading rules and facilitates the administration of WTO Agreements through its bodies, councils and committees.

There are five basic principles and five exceptions. Notifications of a Member’s trade measures are very important for transparency. It is also important to remember that the transparency obligations are spelled out throughout the agreements, including the GATT, GATS and TRIPS.

Looking at the cross-cutting issues of the WTO, Monitoring and Evaluation is most important concerning notification obligations. What would be the purpose of negotiating trade rules if they were not implemented? Notifying trade laws and regulations to the WTO gives governments and traders the opportunity to understand and discuss the implementation of WTO rules.
Why Module 2?

- To recap the GATT and the GATS.
- To understand Schedules of Concessions (Goods Schedules).
- To understand Schedules of Specific Commitments (Services Schedules).
- To understand specific rights and obligations of being a Member of the WTO and their relation to notification requirements.
Module 2 – Notification of specific commitments
Schedules of the WTO

RECAP: What is the GATT? What is the GATS?

1) Trade in Goods (GATT)
   - What is a Schedule of Concessions?
   - What are bound and applied tariffs?
   - What is the Harmonized Commodity Description and Coding System?
   - What is the Consolidated Tariff Schedules (CTS)?
   - What about Agriculture?
   - Example - Schedule of Concessions

2) Trade in Services (GATS)
   - What is a Schedule of Specific Commitments?
   - What are commitments and limitations?

3) Can Schedules be modified in GATT and GATS?

4) What about Trade-Related Aspects of Intellectual Property Rights (TRIPS)?

After each section, you will be asked some self-assessment questions in the QUESTION CORNER.
RECAP: What is the GATT?

International trade in goods is covered by the General Agreement on Tariffs and Trade (GATT). The GATT is an international trade agreement and sets out the basic obligations on trade in goods, including the principle of non-discrimination (Most-Favoured Nation (MFN) and national treatment), the observance of tariff bindings, the general elimination of quantitative restrictions, general transparency rules and some special and differential treatment provisions.

The GATT was concluded in 1947. From 1948 to 1994, before the WTO was created, the GATT provided the rules for the bulk of world trade and presided over periods that saw some of the highest growth rates in international trade.

The GATT developed rules for a multilateral trading system (MTS) through a series of trade negotiations or rounds. The early rounds dealt mainly with tariff reductions on goods, but later rounds included other areas, such as, anti-dumping and non-tariff barriers. The last round lasted from 1986 to 1994 and is generally known as the "Uruguay Round", which led to the creation of the WTO in 1994.

The Uruguay Round brought about the biggest reform to the world trading system since the GATT was established. Since 1995, the WTO has performed the role of an international organization for trade rules.

What is the GATT 1947 and the GATT 1994?

If you would like to know more about the GATT Rounds of Negotiations, please go to: http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact4_e.htm
What happened at the Uruguay Round?

The amount of trade under binding commitments was significantly increased during the Uruguay Round.

Percentages of tariffs bound before and after the Uruguay Round talks (1986-94):

<table>
<thead>
<tr>
<th></th>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed countries</td>
<td>78</td>
<td>99</td>
</tr>
<tr>
<td>Developing countries</td>
<td>21</td>
<td>73</td>
</tr>
<tr>
<td>Transition economies</td>
<td>73</td>
<td>98</td>
</tr>
</tbody>
</table>


In agriculture, 100% of products now have bound tariffs. All non-tariff barriers had to be eliminated or converted to tariffs as a result of the Uruguay Round. This process is known as tariffication. The result of the Uruguay Round is a substantially higher degree of market security for traders and investors.

Rounds of trade negotiations

For more information on the Uruguay Round, please go to: http://www.wto.org/english/tratop_e/schedules_e/goods_schedules_e.htm
## ROUNDS OF TRADE NEGOTIATIONS UNDER THE AUSPICES OF THE GATT

<table>
<thead>
<tr>
<th>Year</th>
<th>Place/Name</th>
<th>Subjects Covered</th>
<th>Parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>1947</td>
<td>Geneva</td>
<td>Tariffs</td>
<td>23</td>
</tr>
<tr>
<td>1949</td>
<td>Annecy</td>
<td>Tariffs</td>
<td>13</td>
</tr>
<tr>
<td>1951</td>
<td>Torquay</td>
<td>Tariffs</td>
<td>38</td>
</tr>
<tr>
<td>1956</td>
<td>Geneva</td>
<td>Tariffs</td>
<td>26</td>
</tr>
<tr>
<td>1960-1961</td>
<td>Geneva, Dillon Round</td>
<td>Tariffs</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- first negotiations on non-tariff barriers;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- creation of plurilateral codes; and</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- creation of the Enabling Clause – i.e. the &quot;Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries&quot;.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>It supplemented the Generalized System of Preferences (GSP) which was adopted before the Tokyo Round in 1971 and extended further and differential treatment and more favourable treatment in favour of developing countries.</td>
<td></td>
</tr>
<tr>
<td>1986-1994</td>
<td>Geneva, Uruguay Round</td>
<td>Tariffs, non-tariff measures, rules, services, TRIPS, dispute settlement, textiles, agriculture, creation of WTO, etc.</td>
<td>123</td>
</tr>
</tbody>
</table>

*For an update on the ongoing negotiations, please go to: [http://www.wto.org/english/tratop_e/dda_e/dda_e.htm](http://www.wto.org/english/tratop_e/dda_e/dda_e.htm)*
What is the GATT 1947 and the GATT 1994?

The GATT 1947 was the main agreement before the GATT 1994.

The GATT 1947 is now part of the GATT 1994 and is still in effect under the WTO framework, subject to the modifications of the GATT 1994.

The GATT 1994 contains not only the GATT 1947 but also other decisions adopted by the Members between 1947 and 1994 e.g. some codes on certain non-tariff barriers, and rules on trade related aspects of services and intellectual property rights.

The GATT 1994 was agreed by the Members in 1994 and resulted in the creation of the WTO.

For more details on what is included in the GATT 1994, please go to: http://www.wto.org/english/docs_e/legal_e/06-gatt_e.htm
What does the Council for Trade in Goods do?

The Council for Trade in Goods is responsible for the operation of the GATT Agreement and for the work of the committees, working groups and working parties on sectors of activity covered by the Agreement. These committees consist of all Member countries. The committees are:

- Agriculture
- Market access for goods
- Sanitary and phytosanitary measures
- Subsidies and countervailing measure
- Anti-dumping
- Customs valuation
- Rules of origin
- Import licensing
- Investment
- Safeguards
- State trading enterprises (working group)
- Information technology agreement

The Goods Council reports to the General Council.

Please click here to see an organizational chart of the committees.

TIP: You can find the current chair persons of the committees here: http://www.wto.org/english/thewto_e/sect_e/secre_e/current_chairs_e.htm
RECAP: What is the GATS?

The General Agreement on Trade in Services (GATS) is the first and only set of multilateral rules governing international trade in services, negotiated in the Uruguay Round.

The GATS was developed in response to the huge growth of the services economy over the past 30 years and the greater potential for trading services brought about by the communications revolution.

The agreement covers all internationally-traded services — for example, banking, telecommunications, tourism, professional services, etc. It also defines four ways or “modes” of trading services.

The Council for Trade in Services operates under the guidance of the General Council and is responsible for overseeing the functioning of the General Agreement on Trade in Services (GATS).

The Council for Trade in Services reports to the General Council.

TIP: You can find the current chair persons of the committees here: http://www.wto.org/english/thewto_e/ secre_e/current_chairs_e.htm
What are the four modes of supply?

The definition of services trade under the GATS is four-pronged, depending on the territorial presence of the supplier and the consumer at the time of the transaction. Pursuant to Art. I:2, the GATS covers services supplied as follows:

- **Cross-boarder supply:** The possibility for non-resident service suppliers to supply services cross-boarder into the Member’s territory.
  
  Example: international telephone calls
- **Consumption abroad:** The freedom for the Member’s residents to purchase services in the territory of another Member.
  
  Example: tourism
- **Commercial presence:** The opportunity for foreign service suppliers to establish, operate or expand a commercial presence in the Member’s territory, such as a branch, agency, or wholly-owned subsidiary.
  
  Example: foreign banks setting up operations in a country
- **Presence of national persons:** The possibilities offered for the entry and temporary stay in the Member’s territory of foreign individuals in order to supply a service.
  
  Example: fashion models or consultant
1) Please complete the following paragraph on the “GATT” with the words from the list below.

The ____ sets out the basic obligations on trade in_____, including the principle of non-discrimination (MFN and national treatment), the observance of _____ bindings, the general elimination of quantitative restrictions, general __________ rules and some special and ________ treatment provisions.

Words: goods, GATT, transparency, tariff, differential

2) Which of the following is true?

• The Goods Council reports to the General Council.
• Specialized committees, working groups and parties deal with the individual Agreements.
• The Council for Trade in Goods is responsible for the operation of the GATT Agreement.
• The Council for Trade in Goods is not responsible for the work of the committees.
• The Committee on Agriculture reports directly to the General Council.

3) Please complete the following paragraph on the “GATS” with the words from the list below.

The ____ is a relatively new agreement compared to the General Agreement on Tariffs and Trade (GATT), which entered into force in 1948. The GATS is the _____ multilateral trade __________ to cover trade in services. Its creation was one of the major achievements of the Uruguay Round of trade negotiations, from 1986 to 1993. ____ Members of the World Trade Organization (WTO) are signatories to the ____ and have to assume the resulting obligations.

Words: first, GATS (2x), all, agreement
4) Please match the four modes of supply with their corresponding definition.

Modes of supply
1. International telephone calls
2. Tourism
3. Foreign banks setting up operations in a country
4. Fashion models or consultant

Definitions
A. Service provided from the territory of one Member into the territory of any other Member without the movement of either the service provider or the service receiver.
B. Service provided through the establishment of a commercial presence by the service provider of one Member in the territory of another Member.
C. Service provided through the presence of the individual service provider (natural person) of a Member in the territory of another Member.
D. Service provided in the territory of one Member to the service consumer of any other Member.
Answers

1) Please complete the paragraph on the “GATT”.

The GATT sets out the basic obligations on trade in goods, including the principle of non-discrimination (MFN and national treatment), the observance of tariff bindings, the general elimination of quantitative restrictions, general transparency rules and some special and differential treatment provisions.

2) Which of the following is true?

• The Goods Council reports to the General Council. (TRUE)
• Specialized committees, working groups and parties deal with the individual Agreements. (TRUE)
• The Council for Trade in Goods is responsible for the operation of the GATT Agreement. (TRUE)
• The Council for Trade in Goods is not responsible for the work of the committees.
• The Committee on Agriculture reports directly to the General Council.

3) Please complete the paragraph on the “GATS”.

The GATS is a relatively new agreement compared to the General Agreement on Tariffs and Trade (GATT), which entered into force in 1948. The GATS is the first multilateral trade agreement to cover trade in services. Its creation was one of the major achievements of the Uruguay Round of trade negotiations, from 1986 to 1993. All Members of the World Trade Organization (WTO) are signatories to the GATS and have to assume the resulting obligations.

4) Please match the four modes of supply with their corresponding definition.

1-A; 2-D; 3-B; 4-C
1) Trade in Goods (GATT)

WTO negotiations produce general rules that apply to all Members and specific commitments made by individual Member governments. Every Member has its own tailor-made notification obligations according to its Schedule and WTO Agreements.

These specific commitments for the Trade in Goods are listed in documents called Schedule of Concessions which reflect specific tariff concessions and other commitments that Members have given in the context of trade negotiations such as the Uruguay Round.

Schedules of Concessions are legal documents attached to the Marrakesh Agreement to the GATT 1994 or to a Protocol of Accession and form an integral part of legally binding commitments made by the WTO Members.

Members that are part of a Customs Union have sometimes a Schedule together with the other Members of the customs union.
What is a Protocol of Accession?

The Protocol of Accession sets out the terms on which the applicant will be invited to accede.

It cross-references all negotiated specific commitments, as contained in the Accession Working Party Report.

The Goods and Services Schedules of the acceding Member are annexed to their Protocol of Accession.

*TIP: Did you know that [WTO E-Learning](https://www.wto.org) has a course “Accessions to the WTO”? You will learn about the various steps of the accession process and what accession negotiations entail.*
What is a Schedule of Concessions?

For trade in goods in general, Schedules of Concessions usually consist of maximum tariff levels which are often referred to as bound tariffs or bindings (GATT Art. II).

Schedules entail a list of products with a maximum applicable tariff or custom duty* agreed by a Member concerned (bound tariffs) and, if any, their reduction commitments.

Products are identified by the Harmonized Commodity Description and Coding System (“Harmonized System”), established by the World Customs Organization (WCO).

Members can access all tariff concessions in the Consolidated Tariff Schedules Database (CTS) at any time.

*Both terms can be used.

For more information and all the Members’ Schedules, please go to: http://www.wto.org/english/tratop_e/schedules_e/goods_schedules_table_e.htm

TIP: Why don’t you have a look at your country’s Schedule?
Each schedule consists of four parts:

- **Part I**: Most-Favoured Nation or MFN concessions, maximum tariffs to goods from other WTO Members. Part I is further divided into:
  - Section 1A — tariffs on agricultural products
  - Section 1B — tariff quotas on agricultural products
  - Section II — Other products

- **Part II**: Preferential concessions (tariffs relating to trade arrangements listed in GATT Art. I)

- **Part III**: Concessions on non-tariff measures (NTMs)

- **Part IV**: Specific commitments on domestic support and export subsidies on agricultural products
Each schedule contains the following information:

- Tariff item number
- Description of the product
- Rate of duty
- Present concession established
- Initial Negotiating Rights (or INR, such as main suppliers of product)
- Concession first incorporated in a GATT Schedule
- INR on earlier occasions
- Other duties and charges
- For agricultural products special safeguards may also be defined

How does a schedule look?
<table>
<thead>
<tr>
<th>Tariff Item Number</th>
<th>Description of Products</th>
<th>Base Rate of Duty</th>
<th>Bound Rate of Duty</th>
<th>Implementation Period</th>
<th>Initial Negotiating Right (INR)</th>
<th>Other Duties and Charges</th>
<th>Other Terms and Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ad valorem (%)</td>
<td>Other</td>
<td>U/B</td>
<td>Ad valorem (%)</td>
<td>Other</td>
<td>From</td>
<td>To</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>03010</td>
<td>Live Fish:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0301.10.00</td>
<td>Ornamental fish</td>
<td>$5/kg</td>
<td>B</td>
<td>0.0</td>
<td></td>
<td>1995</td>
<td>2004</td>
</tr>
<tr>
<td>0301.90.00</td>
<td>Other live fish</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0301.93.00</td>
<td>Carp</td>
<td>0.0</td>
<td>U</td>
<td>5.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(... )</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Reduction Commitments

In negotiations, Members do not only agree on binding tariffs and the level of support, but also on reduction commitments and the period over which the reduction will take place (implementation period) based on the agreed modalities.

In the Schedule, you will find a column on the agreed target tariff and support as well as the implementation period.

LDCs are exempt from any reduction commitments.

General reduction commitments in the Uruguay Round

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tariffs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average cut for all agricultural products</td>
<td>-36%</td>
<td>-24%</td>
</tr>
<tr>
<td>Minimum cut per product</td>
<td>-15%</td>
<td>-10%</td>
</tr>
<tr>
<td><strong>Domestic support</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total AMS cuts for sector (base period: 1986-88)</td>
<td>-20%</td>
<td>-13%</td>
</tr>
<tr>
<td><strong>Exports</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value of subsidies</td>
<td>-36%</td>
<td>-24%</td>
</tr>
<tr>
<td>Subsidized quantities (base period: 1986-90)</td>
<td>-21%</td>
<td>-14%</td>
</tr>
</tbody>
</table>

Source: http://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm3_e.htm
What are Non-Tariff Measures (NTMs)?

Non-tariff measures (NTMs) are measures other than tariffs that are used to protect a domestic industry.

In the Uruguay Round, specific disciplines on different types of NTMs were included in a number of multilateral agreements.

In addition to Quantitive Restrictions (QRs), a number of NTMs are currently subject to WTO multilateral disciplines applicable to all Members.

“Part III” was included in the Schedules of Concessions to record commitments concerning the NTMs. Eleven Members made concessions by including specific commitments on areas such as the removal of import licensing, elimination of quantitative restrictions, etc.

Which WTO Agreements cover NTMs?

If you want to know more, please go to: http://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm9_e.htm

TIP: Did you know that the WTO E-Learning course “Market Access for goods and Non-Agricultural Market Access (NAMA) Negotiations” has a chapter on NTMs?
Which WTO Agreements cover NTMs?

The following NTMs currently subject to WTO multilateral disciplines applicable to all Members:

- Agreement on Sanitary and Phytosanitary Measures
- Agreement on Technical Barriers to Trade
- Art. V of the GATT 1994 on Freedom of Transit
- Art. VII of the GATT 1994 and the Agreement on Customs Valuation
- Art. VIII of the GATT 1994 on Fees and Formalities connected with Importation and Exportation
- Art. X of the GATT on Publication and Administration of Trade Regulations
- Agreement on Rules of Origin
- Agreement on Preshipment Inspection
- Agreement on Import Licensing Procedures
- Agreement on Trade Related Investment Measures

TIP: The WTO E-Learning programme offers courses on Agreement on Sanitary and Phytosanitary Measures and Agreement on Technical Barriers to Trade. Other NTMs are covered by the course on Market Access.
Initial Negotiating Rights (INR)

- An initial negotiating right is the right for a Member to negotiate compensation under GATT Art. XXVIII if a trading partner decides to permanently increase a bound duty.
- Initial Negotiating Rights (INRs) are granted to Members with whom a concession was initially negotiated in the course of bilateral negotiations.
- Initial negotiating rights are registered in the Schedule of Concessions of the Member who granted the concession itself.
- Members to whom an initial negotiating right has been granted are identified by a two letter country code, e.g. US (United States), MA (Morocco) etc.
- Rights can be invoked in the context of GATT Art. XXVIII renegotiation of Concessions.
Special Agricultural Safeguards (SSGs)

- The special safeguard provision of the Agreement on Agriculture allows for the temporary imposition of higher tariff duties which is based on either the volume of or on the price of imports.
- The “SSG” can be invoked in specific circumstances to compensate a marked decrease in prices or a jump in the volume of imports of the product concerned.
- After the Uruguay Round, 100% of agricultural products had bound tariffs; all non-tariff barriers were eliminated or converted to tariffs.
- For those products, where non-tariff measures were replaced with a tariff (tariffication), Members had the right to claim access to the special safeguard provision of the Agreement on Agriculture.
- The product must be listed in the Member’s Schedule with the letters “SSG”.

For more information on special agricultural safeguards (SSGs), please go to: http://www.wto.org/english/tratop_e/agric_e/neqs_bkgrnd11_ssg_e.htm
What are bound and applied tariffs?

A **bound tariff** is the maximum tariff or customs duty agreed by a Member concerned on a Most-Favoured Nation basis. A bound tariff is the maximum tariff that can be levied on imported products. Bound tariffs were negotiated in the [Uruguay Round](#) for all WTO Members. Acceding Members are negotiating their bound rates during the [accession process](#).

The rate of the tariff may not be raised without compensating the affected Member.

The bound tariffs or bindings are set out in each Member’s [Schedule of Concessions](#).

Binding tariffs to a maximum level ensure the negotiated market access and the level of liberalization for WTO Members.

An **applied tariff** is the actual tariff that is used on an imported product on a Most-Favoured Nation basis. The applied tariff is lower as the bound tariff; Members may not apply a higher tariff than a bound tariff.

The difference between the bound and the applied tariff is often called “water” or “binding overhang”. It provides room for Member’s to form their trade policies.

*TIP: Would you like to check your country’s bound or applied tariffs? Or those of a trading partner? [Click here](#)!*

Did you know that we have a course on “[WTO Market Access Databases](#)”. It explains and shows you how to find bound and applied tariffs of WTO Members.

If you want to know more about tariffs, please go to: [http://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm2_e.htm](http://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm2_e.htm)
What is the Harmonized Commodity Description and Coding System?

The **Harmonized Commodity Description and Coding System**, also called **Harmonized System (HS)**, is an international product nomenclature for the description, classification and coding of goods. It was developed and is administered by the World Customs Organization (**WCO**). It came into force 1988 (HS 1988) and has been revised several times (1992, 1996, 2002, 2007 and 2012) in order to adjust to technological advances.

The HS Nomenclature comprises about 5000 commodity groups arranged by sections and **chapters**. Each chapter is given a two digit numerical code, headings a four-digit numerical code and subheading a six-digit numerical code, etc.

*Let’s look at an example: Where can we find tomatoes and broccoli?*

Tomatoes can be found in Chapter 7: Edible vegetables and certain roots and tubers under heading 07.02 Tomatoes, fresh or chilled. The HS Code is 0702.00.

Broccoli can also be found in Chapter 7 under the heading 07.04 Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled. The HS Code for broccoli is 0704.10. Under the same heading 07.04 you will also find Brussels sprouts (HS Code 0704.20) and Other (HS Code 0704.90).

*TIP: What are the mainly produced products in your country? Look it up in the “Harmonized System” and find the corresponding tariff line!*
Chapters

**Section I** (Chapters 1-5, live animals and animal products);
**Section II** (Chapters 6-14, vegetable products);
**Section III** (Chapter 15, animal or vegetable fats and oils);
**Section IV** (Chapters 16-24, prepared foodstuffs, beverages and spirits, tobacco);
**Section V** (Chapters 25-27, mineral products);
**Section VI** (Chapters 28-38, chemical products);
**Section VII** (Chapters 39-40, plastics and rubber);
**Section VIII** (Chapters 41-43, leather and travel goods);
**Section IX** (Chapters 44-46, wood, charcoal, cork);
**Section X** (Chapters 47-49, wood pulp, paper and paperboard articles);
**Section XI** (Chapters 50-63, textiles and textile products);
**Section XII** (Chapters 64-67, footwear, umbrellas, artificial flowers);
**Section XIII** (Chapters 68-70, stone, cement, ceramic, glass);
**Section XIV** (Chapter 71, pearls, precious metals);
**Section XV** (Chapters 72-83, base metals);
**Section XVI** (Chapters 84-85, electrical machinery);
**Section XVII** (Chapters 86-89, vehicles, aircraft, vessels);
**Section XVIII** (Chapters 90-92, optical instruments, clocks and watches, musical instruments);
**Section XIX** (Chapter 93, arms and ammunition);
**Section XX** (Chapters 94-96, furniture, toys, miscellaneous manufactured articles);
**Section XXI** (Chapter 97, works of art, antiques).

For more information on the Harmonized System, please go to: [http://www.wcoomd.org/en.aspx](http://www.wcoomd.org/en.aspx)
What is the Consolidated Tariff Schedules (CTS) Database?

The CTS database contains all WTO Members' tariff concessions on goods in a standardized format. It also contains other additional commitments related to the negotiations on Agriculture.

The CTS database is a working tool only and has no legal status.

Nevertheless, CTS electronic files are subject to MEMBERS’ APPROVAL; each consolidated file was reviewed by the relevant Member before inclusion into the database.

What is the Consolidated Tariff Schedule?

- ONE listing;
- ALL the tariff concessions of a Member;
- All the UPDATES with respect to tariff concessions;

Would you like to check your country’s bound tariffs? Or those of a trading partner? Click here!

TIP: Did you know that WTO E-Learning offers a course on WTO Market Access Databases? Click here to see an animation on how to access the CTS.
What about Agriculture?

The Agreement on Agriculture (AoA) was negotiated in the 1986–94 Uruguay Round. WTO Member governments agreed to improve market access and reduce trade-distorting subsidies in agriculture.

All non-tariff barriers had to be eliminated or converted to tariffs as a result of the Uruguay Round. This process is known as **tariffication**. 100% of agricultural products have bound tariffs now.

In the case of agricultural products, concessions and commitments in the Schedules relate not only to tariffs but also to **tariff rate quotas**, limits on **export subsidies**, and some categories of **domestic support**.

In general, these commitments were phased in over a six years from 1995 for developed country Members and 10 years for developing country Members (**reduction commitments**).

**What is an agricultural product?**

For more information on reduction commitments in agriculture, please go to:
http://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm3_e.htm
What is an agricultural product?

The Agreement on Agriculture defines in its Annex 1 agricultural products by reference to the harmonised system of product classification.

The definition covers not only basic agricultural products such as wheat, milk and live animals, but the products derived from them such as bread, butter and meat, as well as all processed agricultural products such as chocolate and sausages. The coverage also includes wines, spirits and tobacco products, fibres such as cotton, wool and silk, and raw animal skins destined for leather production.

Fish and fish products as well as forestry products are not included.
What are tariff (rate) quotas?

Agricultural products are today protected only by tariffs. As all non-tariff barriers had to be eliminated or converted to tariffs as a result of the Uruguay Round (“tariffication”), in some cases, the calculated equivalent tariffs were too high to allow any real opportunity for imports.

To maintain existing import access levels and to provide minimum access opportunities, a system of tariff-rate quotas was created: lower tariffs for a specified quantity within the quotas (in quota tariff) and higher rates for quantities outside the quotas (out of quota tariff). The quota volume equalled to 3% - 5% of domestic consumption.

Imports entering under the tariff-quota (up to 1,000 tons) are generally charged 10%. Imports entering outside the tariff-quota are charged 80%. Under the Uruguay Round agreement, the 1,000 tons would be based on actual imports in the base period or an agreed “minimum access” formula.

The discussion since the Uruguay Round has focused broadly on two issues: the high levels of tariffs outside the quotas (with some countries pressing for larger cuts on the higher tariffs), and the quotas themselves - their size, the way they have been administered, and the tariffs charged on imports within the quotas.
What are export subsidies?

Export subsidies are subsidies contingent on export performance and their use is limited by the disciplines in the Agreement on Agriculture.

The right to use export subsidies is now limited to:
(i) export subsidies subject to product-specific reduction commitments within the limits specified in the Schedule of the WTO Member concerned; and
(ii) export subsidies consistent with the special and differential treatment provision for developing country Members (Art. 9.4 AoA).

The Agreement on agriculture provides a list of export subsidies that are subject to reduction commitments (Art. 9.1 AoA).

If no commitment is scheduled, Members are not allowed to introduce export subsidies. The non-use of export subsidies have to be notified (nil statement).

What are supporting tables?
What is domestic support?

There are two categories of domestic support:

1) **Exempt measures:** No or minimal distortive effect on agricultural production: Green Box (Annex 2 AoA), Development Programmes (Art. 6.2 AoA), Blue Box (Art. 6.5 AoA).
   
   **Example:** Green Box: Measures are set out in Annex 2 of the AoA. Green Box measures have to be (a) publicly funded and (b) shall not be providing price support).

2) **Non-exempt measures:** Trade-distorting effect on agricultural production that are subject to reduction commitments e.g. Amber Box (Current Total AMS).
   
   **Example:** Amber Box measures that are in favour of agricultural producers that do not fit in the exempt category.
   
   Measure: market price support

What is *de minimis*: If no commitment is scheduled a small allowance of support is allowed (Art. 7.2 (b) AoA). *De minimis* and no support have to be notified (nil statement).

**What are supporting tables?**

*For more information on domestic support including other exempt measures, please go to:*

http://www.wto.org/english/tratop_e/agric_e/ag_intro03_domestic_e.htm
What are supporting tables?

The documents that enclose the tables of supporting material are generally referred to as the Supporting Tables Relating to Commitments on Agriculture Products in Part IV of the Schedules or AGST Supporting Tables.

They are specifically noted in the Schedules containing domestic support and export subsidy reduction commitments and background information on data and methodology used by countries in deriving their commitments.

The basis for calculating specific commitments (incl. reduction commitments), such as the maximum subsidy levels, are in Members' Supporting Tables Relating to Commitments on Agriculture Products in Part IV of the Schedules (G/AG/AGST/series) and are based on the modalities document (MTN.GNG/MA/W/24) drawn up during the Uruguay Round.

What are modalities?

If you want to see the AGST supporting tables of WTO Members, please go to: http://www.wto.org/english/tratop_e/agric_e/supporting_tables_e.htm
What are modalities?

At the end of the negotiations, WTO Members agree on so called "modalities" which are part of the final deal.

Modalities are agreed guidelines and formulas on how WTO Members will apply their new commitments: They spell out which steps will be taken each year over a period of time. For example, on tariffs, modalities set how much they should be reduced and the length of the time period for the reduction (implementation period).

Not one-size-fits-all: the basic formulas for developing countries prescribe gentler cuts over a longer period. A range of flexibilities would allow countries to deviate from the basic formulas, either totally or for some products. This is designed to take account of countries’ different vulnerabilities.

To find out more about modalities, please go to:
http://www.wto.org/english/tratop_e/dda_e/modalities_e.htm
Example – Schedule of Concessions

Please have a look at the animation explaining a Schedule of Concessions. We will take you through it step by step.

*TIP: You can also download the animation in a pdf document.*
1) Please complete the following paragraph on “Schedules of Concessions” with the words from the list below.

The __________ of concessions are ______ documents attached to the ________ Agreement to the GATT 1994 or to a Protocol of ________ and form an integral part of __________ commitments made by the WTO.

Words: Accession, legally binding, schedules, legal, Marrakesh

2) What is a Schedule of Concessions? Can you come up with a definition?

3) Please match the four parts of a schedule with the correct description.

- Part I
- Part II
- Part III
- Part IV

- Preferential concessions
- Specific commitments on domestic support and export subsidies on agricultural products
- MFN concessions, maximum tariffs to goods from other WTO Members. This part consists of three parts: tariffs on agricultural products, tariff quotas on agricultural products, other products
- Concessions on non-tariff measures

4) What information must be included in a Schedule?

Tariff item number; description of the product; rate of tariff; present concession established; Initial Negotiating Rights (or INR, such as main suppliers of product); concession first incorporated in a GATT Schedule; INR on earlier occasions; other duties and charges; for agricultural products special safeguards may also be defined; Gross National Product (GNP); exchange rate; trading partners
5) Can you assign the following attributes to either bound or applied tariffs?
lower, maximum tariff, schedule, negotiated, actual tariff

6) In which chapter of the Harmonized System belong the following products? Can you find the HS Code? Look it up! Here is the link to the HS document:
• Tomatoes
• Carrots
• Roasted coffee
• Sweet potatoes
• Barley

7) Which of the following products are agricultural products and which are not?
Fish, wheat, tree, fruit, vegetable

8) Can you match the following items with their definitions?
• Tariff rate quota
• Domestic support
• Export subsidies
• AGST
• ... has two tariffs: a lower tariff within and a tariffs higher outside.
• ... include background information on data and methodology used by the Member in deriving their commitments.
• ... are limited by the disciplines in the Agreement on Agriculture.
• ... has exempt and non exempt measures.
1) Please complete the following paragraph on “Schedules of Concessions”.

The **schedules** of concessions are **legal** documents attached to the **Marrakesh** Agreement to the GATT 1994 or to a Protocol of **Accession** and form an integral part of **legally binding** commitments made by the WTO.

2) What is a Schedule of Concessions? Can you come up with a definition?

Each Member has a Schedule of Concessions which entails precise information of what was agreed by the Member concerned. The schedules of concessions are legal documents attached to the Marrakesh Agreement and form an integral part of legally binding commitments made by the WTO.

3) Please match the four parts of a schedule with the correct description.

- Part I: MFN concessions, maximum tariffs to goods from other WTO Members. This part consists of three parts: tariffs on agricultural products, tariff quotas on agricultural products, other products
- Part II: Preferential concessions
- Part III: Concessions on non-tariff measures
- Part IV: Specific commitments on domestic support and export subsidies on agricultural products

4) What information must be included in a Schedule?

- Tariff item number
- Description of the product
- Rate of tariff
- Present concession established
- Initial Negotiating Rights (or INR, such as main suppliers of product)
- Concession first incorporated in a GATT Schedule
- INR on earlier occasions
- Other duties and charges
- For agricultural products special safeguards may also be defined
Answers

5) Can you assign the following attributes to either bound or applied tariffs?
   • Bound tariff: maximum tariff, schedule, negotiated
   • Applied tariff: lower, actual tariff

6) In which chapter of the Harmonized System belong the following products? Can you find the HS Code? Look it up!
   • Tomatoes - Chapter 7 - HS Code 0702.00
   • Carrots - Chapter 7 - HS Code 0706.10
   • Roasted coffee - Chapter 9 - HS Code 0901.21
   • Sweet potatoes - Chapter 7 - HS Code 0714.20
   • Barley - Chapter 10 - HS Code 1003.10 or 1003.90

7) Which of the following products are agricultural products and which are not?
   Fish (non-agricultural product), tree (non-agricultural product), wheat, fruit, vegetable

8) Can you match the following items with their definitions?
   • Tariff rate quota - ... has two tariffs: a lower tariff within and a tariffs higher outside.
   • Domestic support - ... has exempt and non exempt measures.
   • Export subsidies - ... are limited by the disciplines in the Agreement on Agriculture.
   • AGST - ... include background information on data and methodology used by the Member in deriving their commitments.
Question Corner

There are no more questions. However, it is time for you to have a look at the Goods Schedules of your country!

You can find them here: http://www.wto.org/english/tratop_e/schedules_e/goods_schedules_table_e.htm
2) Trade in Services (GATS)

WTO negotiations produce general rules that apply to all Members, and specific commitments made by individual Member governments.

The GATS describes “Trade in Services” as a supply of a service through any of the four modes of supply.

The specific commitments and exemptions for the Trade in Services are listed in documents called “Schedule of Specific Commitments” which reflect specific sectoral and modal commitments that they have given in the context of trade negotiations, such as the Uruguay Round.

“Schedules of Specific Commitments” are legal documents attached to the Marrakesh Agreement to the GATT 1994 or to a Protocol of Accession and form an integral part of legally binding commitments made by the WTO.

Members that are part of a Customs Union have sometimes a Schedule together with the other Members of the customs union.
**Four modes of supply**

The definition of services trade under the GATS is four-pronged, depending on the territorial presence of the supplier and the consumer at the time of the transaction. Pursuant to Art. 1:2, the GATS covers services supplied as follows:

- **Cross-border supply**: The possibility for non-resident service suppliers to supply services cross-border into the Member’s territory.
  
  Example: international telephone calls

- **Consumption abroad**: The freedom for the Member’s residents to purchase services in the territory of another Member.
  
  Example: tourism

- **Commercial presence**: The opportunity for foreign service suppliers to establish, operate or expand a commercial presence in the Member’s territory, such as a branch, agency, or wholly-owned subsidiary.
  
  Example: foreign banks setting up operations in a country

- **Presence of national persons**: The possibilities offered for the entry and temporary stay in the Member’s territory of foreign individuals in order to supply a service.
  
  Example: fashion models or consultant
What is a Schedule of Specific Commitments?

In a Schedule of Specific Commitments, Members specify the extent of liberalisation guaranteed in a designated sector and mode of supply.

Scheduling commitments in Trade in Services guarantee WTO Members minimum Market Access conditions.

Each Member of the WTO is required to submit a Schedule which contains specific components on market access and national treatment as well as any additional commitments.

Although the term “service” is not defined in the agreement, WTO Members typically use the Services Sectoral classification List which comprises 12 service sectors. The Services Sectoral Classification List (MTN.GNS/W120) is based on the United Nations Central Product Classification System.

Schedules may vary in their sector scope and the levels of commitments compromised, reflecting Member’s national policy objectives and constraints. The GATS does not prescribe the sector scope or level of liberalization. It is up to each Member to decide which sector it wishes to commit, as well as any corresponding limitations on market access or national treatment. WTO Members may also choose to undertake additional commitments on issues not falling under market access or national treatment provisions of the GATS.

For a guide to reading the GATS schedules of specific commitments and the list of Art. II (MFN) exemptions, please go to: http://www.wto.org/english/tratop_e/serv_e/guide1_e.htm
Specific components on market access

Specific Commitments

• Services and service suppliers of any Member are guaranteed access to the market of another Member no less favourable than specified in the latter’s Schedule. Should a Member wish to maintain market access restrictions on a sector that has been committed in a Schedule, it may do so but must inscribe it as a limitation.

• Art. XVI:2 contains an exhaustive list of six types of such restrictions; four are quantitative in nature (sub-paragraphs a-d), one relates to limitations on the form of legal entity (sub-paragraph e) and another one to the existence of foreign equity ceilings (sub-paragraph f).

Types of restrictions and examples
**Types of restrictions and examples**

- **Number of service suppliers**
  Number of licenses for universities is limited to 8 in total; issuance of licenses is based on an economic needs test; nationality requirements for suppliers of services (equivalent to zero quota for foreigners).

- **Number of service operations or quantity of service output**
  Restrictions on the number of branches that may be operated by each bank; limitations on total broadcasting time available for foreign films.

- **Number of natural persons employed**
  Number of foreign bank clerks limited to five per cent of total bank staff.

- **Type of legal entity or joint venture**
  Foreign suppliers are permitted only to establish joint-stock or limited liability companies.

- **Participation of foreign capital**
  Foreign equity participation limited to 49%.
Specific components on National Treatment

Art. XVII requires that, in scheduled sectors, services and service suppliers of any other Member are granted no less favourable competitive opportunities than those accorded to a Member's own like services and service suppliers. Any departures would need to be inscribed as a limitation on national treatment.

The national treatment rule covers cases of both de jure and de facto discrimination. The former relates to measures that discriminate explicitly on the basis of supplier's origin (e.g. domestic producers of audiovisual services are given preferred access to frequencies for transmission), while the latter concerns measures which, while not formally distinguishing on the basis of origin or nationality, effectively offer less favourable treatment to foreign service suppliers (e.g. prior residency is required for the issuance of a licence to supply a service). See also explanation on de jure and de facto discrimination on trade in goods (Module 2).

Unlike Art. XVI, Art. XVII does not contain an exhaustive list of the types of measure which would constitute limitations. However, looking into current Schedules, it appears that Members commonly consider the following cases to be relevant (Guidelines for the Scheduling of Specific Commitments under the GATS, S/L/92 *):

Types of limitations and examples

* The objective of the Guidelines for the Scheduling of Specific Commitments under the GATS, adopted by the CTS on 23 March 2001 (S/L/92) –, is to explain, in a concise manner, how specific commitments should be set out in Schedules in order to achieve precision and clarity. It is based on the view that a common format for Schedules as well as standardization of the terms used in Schedules are necessary to ensure comparable and unambiguous commitments. The content of the Guidelines should not be considered as a legal interpretation of the GATS.
Types of limitations and examples

- **Subsidies**
  Eligibility for R&D subsidies reserved to nationals.

- **Tax measures**
  A federal excise tax is imposed on insurance premiums paid to non-domestically incorporated companies.

- **Discriminatory fees, charges, etc.**
  Charges taken for port services may be higher for foreign than for national-flag vessels.

- **Nationality and/or residency requirements**
  The majority of board Members must be citizens (permanent residents) of the country concerned.

- **Licensing and qualification requirements**
  Barristers and commercial lawyers in national law are required to be graduates of national universities.

- **Technology transfer/training requirements**
  Foreign service suppliers must train a certain number (percentage) of nationals.

- **Local content requirements**
  Preferential use of local services that are available at competitive prices and levels of quality.

- **Ownership of property/land**
  Foreigners are not permitted to own land.
Additional Commitments

According to Art. XVIII a Member may make commitments with respect to measures affecting trade in services not subject to scheduling under Art. XVI and XVII.

Entries in this last column are not obligatory. Such commitments can include, but are not limited to, undertakings with respect to qualifications, technical standards, licensing requirements or procedures, and other domestic regulations that are consistent with Art. VI.

Additional commitments are expressed in the form of undertakings, not limitations.
Commitments in a Schedule are organized by sector and by mode of supply. For each sector or sub-sector inscribed, the Schedule must indicate, with respect to the four modes of supply set out in Art. I, any limitations on market access or national treatment which may be maintained.

A commitment therefore consists of eight entries which indicate the presence or absence of market access and/or national treatment limitations with respect to each mode of supply.

To avoid lengthy repetition throughout the sectors covered, most Schedules are divided in two parts. Part I ("horizontal commitments") contains limitations which apply to all service sectors included in the Schedule. The purpose of having such a section is to avoid repeating the same entry many times in the Schedule Part II presents the sector-specific commitments.

The GATS approach to scheduling commitments is commonly known as a "positive-list" approach since each individual Member decides which sector and modes to commit, and how much market access and national treatment to provide.

If there are no limitations, the term "None" is inscribed to indicate that full market access and/or national treatment is being granted. Instead, if a Member chooses to remain free, in a given sector or mode of supply, to introduce or maintain whatever limitations on market access and national treatment, it would inscribe the term "Unbound".

**How does a schedule look?**

*For more detailed guidelines for the Scheduling of Specific Commitments, please go to the document S/L/92.*
AN OVERVIEW OF A SCHEDULE

Modes of supply: 1) Cross-border supply; 2) consumption abroad; 3) commercial presence; and, 4) presence of natural persons.

<table>
<thead>
<tr>
<th>SECTOR OR SUB-SECTOR</th>
<th>Limitations on market access</th>
<th>Limitations on national treatment</th>
<th>Additional commitments</th>
</tr>
</thead>
</table>

I. HORIZONTAL COMMITMENTS

"All sectors included in this Schedule" or kept blank

Covering only those modes for which horizontal limitations are inscribed.

Covering only those modes for which horizontal limitations are inscribed.

Optional (kept blank when no additional commitment)

II. SECTOR-SPECIFIC COMMITMENTS

<table>
<thead>
<tr>
<th>SECTOR DESIGNATION</th>
<th>1)</th>
<th>2)</th>
<th>3)</th>
<th>4)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1)</td>
<td>2)</td>
<td>3)</td>
<td>4)</td>
</tr>
</tbody>
</table>

Covering all four modes in each service sector or sub-sector identified in column 1.

Covering all four modes in each service sector or sub-sector identified in column 1.
What are commitments and limitations?

A Member guarantees other Members minimum conditions of access on an MFN basis, comparable to a tariff binding under the GATT.

Members are not prevented from being more 'generous' (or less discriminatory) in practice.

Members’ Schedules contain specific components on market access and national treatment as well as any additional commitments.

Specific commitments thus have an effect similar to a tariff binding - they are a guarantee to economic operators in other countries that the conditions of entry and operation in the market will not be changed to their disadvantage.
What is the Services Sectoral Classification List?

Unlike in goods trade where the Harmonized System is used for tariff concessions under the GATT, there is no uniform classification of service sectors.

For purposes of structuring their commitments, WTO Member have generally used a classification system comprised of 12 core service sectors, known as the Services Sectoral Classification List (MTN.GNS/W/120).

The classification is largely based on the United Nations Central Product Classification System.

12 service sectors of the Services Sectoral Classification List
12 service sectors of the Services Sectoral Classification List (MTN.GNS/W120)

- Business Services: Professional, computer and related, research and development, real estate, rental/leasing without operators and other business services
- Communication Services: Postal, courier, telecommunication, audiovisual and other communication services
- Construction and related Engineering Services: General construction for buildings and civil engineering, installation, assembly building completion and finishing work
- Distribution Services: Commission agents', wholesale trade and retailing services, franchising
- Educational Services: Primary, secondary, higher and adult education
- Environmental Services: Sewage, refuse disposal, sanitation and similar services
- Financial Services: Insurance, banking and other financial services
- Health-related and Social Services: Hospital, other human health and social services)
- Tourism and Travel-related Services: Hotel and restaurants, travel agencies and tour operators, and tourist guides services
- Recreational, Cultural, and Sporting Services: Entertainment, news agency, libraries, archives, museums, sporting services
- Transport Services: Maritime, internal waterways, air, space, rail, road, pipeline and auxiliary transport
- Other Services

Example: Medical and dental services (CPC 9312)

TIP: The 12 sectors are further divided into some 160 sub-sectors. The sub-sectors concord to a considerable degree to categories contained and described in the provisional UN Central Product Classification.
Example: Medical and dental services (CPC 9312)

A Member wishes to make a commitment in the sub-sector of "Medical and dental services". In the Classification List, this service falls under "Professional Services" within "Business Services". The Classification List also contains the relevant CPC category, 9312, where a more detailed description can be found. In its Schedule, the Member would thus make the following entry in the "Business Services"/"Professional Services" section:

**Medical and dental services (CPC 9312)**

It would also be possible to limit the commitment to certain segments of this particular sub-sector or to specified regions of the country, which would then need to be indicated.
What is the Services Database?

You can use the services database to retrieve the services schedule for a Member, or to compare services commitments across Members.

You can search e.g. for the entire specific commitments of a Member or a specific sector for a given Member.

Would you like to check your country’s schedule? Or of a trading partner? Click here!

Please have a look at your country’s commitments. You can find them here.

Disclaimer

The Committee on Specific Commitments, in its third meeting held on 7 July 1997, decided that the electronic version of the schedules would have no legal validity (S/CSC/M/3, dated 7 July 1997, paragraphs 33-35). This was confirmed in its annual report to the Council for Trade in Services (S/CSC/2, dated 26 November 1997, paragraph 3) and then endorsed by the Council for Trade in Services (S/C/M/21, dated 12 January 1998, paragraphs 4-6). This implies in particular that the aggregation done by the Secretariat under its own responsibility, although verified by Members, has no legal value. Only the treaty copies are authentic and in case of dispute settlement they would be the basis on which a panel would assess the scope, the extent and the dates of the commitments.
Example: Schedule of Specific Commitments

Please have a look at the animation explaining a Schedule of Specific Commitments. We will take you through it step by step.

TIP: You can also download the animation in a pdf document.
1) Please complete the following paragraph on "Specific Commitments" with words from the list below.

In a Schedule of _______ _________, Members specify the extent of _______________ guaranteed in a designated sector and mode of supply. Scheduling commitments in Trade in Services guarantee WTO Members __________ Market Access conditions. _____ Member of the WTO is required to submit a Schedule which contains market access and national treatment commitments as well as any additional commitments.

Words: specific, each, liberalization, commitments, minimum

2) Match the measures with the type of market access or national treatment limitation:

- Annual quota for foreign medical practitioners
- The majority of directors must be nationals
- Commercial presence limited to joint-stock companies
- Licence for a new restaurant based on an economic needs test
- Investment grants available only for domestically owned firms
- Market Access, limitations on the number of service suppliers
- National Treatment
- Market Access, restriction or requirement regarding type of legal entity or joint venture
- Market Access, limitations on the number of service suppliers
- National Treatment
3) Please complete the following paragraph on “ceiling bindings” with words from the list below.

By scheduling specific commitments, a Member guarantees other Members ________ conditions of ____ on an ___ basis, comparable to a _____ binding under the GATT.

Words: access, minimum, tariff, MFN

4) Please have a look at the Services Sector Classification List and find the following: “hospital services” and “voice telephone services”.
1) Please complete the following paragraph on "Specific Commitments".

In a Schedule of Specific Commitments, Members specify the extent of liberalization guaranteed in a designated sector and mode of supply. Scheduling commitments in Trade in Services guarantee WTO Members minimum Market Access conditions. Each Member of the WTO is required to submit a Schedule which contains market access and national treatment commitments as well as any additional commitments.

2) Match the measures with the type of market access or national treatment limitation:
- Annual quota for foreign medical practitioners (Market Access, limitations on the number of service suppliers);
- The majority of directors must be nationals (National Treatment);
- Commercial presence limited to joint-stock companies (Market Access, restriction or requirement regarding type of legal entity or joint venture);
- Licence for a new restaurant based on an economic needs test (Market Access, limitations on the number of service suppliers); and,
- Investment grants available only for domestically owned firms (National Treatment).

3) Please complete the following paragraph on "ceiling bindings".

By scheduling specific commitments, a Member guarantees other Members minimum conditions of access on an MFN basis, comparable to a tariff binding under the GATT.

4) Please have a look at the Services Sector Classification List and find the following: “hospital services” and “voice telephone services”.
- Hospital services: Sector: Health related and social services; CPC 9311
- Voice telephone services: Basic Telekom Services; CPC 7521
Question Corner

There are no more questions. However, it is time for you to have a look at the Services Schedules of your country!

You can find them here: http://tsdb.wto.org/default.aspx
3) Can Schedules be modified?

Tariff concessions and Specific commitments on services can be modified or withdrawn through renegotiations following the modalities of Art. XXVIII of the GATT and Art. XXI of the GATS, respectively.

**Trade in Goods**
- Renegotiations should aim to reach compensatory agreement with Members holding special rights in order to maintain the balance of rights and obligations achieved prior to such renegotiations (Art. XXVIII of the GATT).
- Such compensation could consist, for example, in the reduction of bound tariff rate(s) applicable to another product(s) of interest to the Members concerned.

**Trade in Services**
- Commitments on services can be withdrawn or modified after negotiations and agreement on any compensatory adjustment with affected Members (Art. XXI GATS).
- The compensation consists of more liberal bindings elsewhere that “endeavour to maintain a general level of mutually advantageous commitments not less favourable to trade” than what existed before. The modifications of commitments must be applied on a MFN basis.
1) Please complete the following paragraph on “Schedules” with words from the list below.
Members can renegotiate their Schedules of __________ in Trade in Goods and Schedules of ________ Commitments in Trade in Services at any time under certain rules and procedures. The two underlying articles are Art. ______ of the ____ and Art. ___ of the____.
Words: GATS, Concessions, XXVIII, GATT, specific, XXI
Answers

1) Please complete the following paragraph on “Schedules”.
Members can renegotiate their Schedules of **Concessions** in Trade in Goods and Schedules of **Specific** Commitments in Trade in Services at any time under certain rules and procedures. The two underlying articles are Art. XXVIII of the **GATT** and Art. XXI of the **GATS**.
4) What about Trade-Related Aspects of Intellectual Property Rights (TRIPS)?

The TRIPS Agreement is often described as one of the three “pillars” of the WTO, the other two being trade in goods and trade in services.

There was no specific agreement on intellectual property rights in the framework of the GATT multilateral trading system before the 1986-94 Uruguay Round negotiations.

The TRIPS Agreement is sometimes described as a “minimum standards” agreement: the TRIPS Agreement requires Members to comply with certain minimum standards for the protection of intellectual property rights covered in it. Members may choose to implement laws which give more extensive protection than is required in the agreement, so long as the additional protection does not contravene the provisions of the agreement (Art. 1.1).

Laws and legislations are notified to the TRIPS Council.

For more information on the TRIPS, please go to: http://www.wto.org/english/tratop_e/trips_e/trips_e.htm.
What are “Intellectual Property Rights”? 

Intellectual property rights can be defined as the rights given to people over the creations of their minds. They usually give the creator an exclusive right over the use of his/her creations for a certain period of time.

For the purposes of the TRIPS Agreement, “intellectual property” refers to:
... all categories of intellectual property that are the subject of Sections 1 through 7 of Part II of the agreement (Art. 1:2). This includes copyright and related rights, trademarks, geographical indications, industrial designs, patents, integrated circuit layout-designs and protection of undisclosed information.

What is the TRIPS Council?

The TRIPS Council is responsible for monitoring the operation of the agreement and how Members comply with their obligations under it. It comprises all WTO Members.

The TRIPS Agreement obliges WTO Members to make certain notifications to the TRIPS Council, notifying Laws and regulations.

This allows Members to review each others’ legislation, and promoting the transparency of Members’ policies on intellectual property protection.

For more information on the TRIPS Council, please go to: http://www.wto.org/english/tratop_e/trips_e/intel6_e.htm.
1) Please complete the following paragraph on “TRIPS” with the words from the list below:

The _____ Agreement sets out the ________ standards of protection to be provided by each Member. Art. 1.1 makes it clear that Members ___ , but are not obliged to, implement in their law ____ extensive protection than required by the_______ , provided that such protection does not contravene its provisions. For example, Members may provide for longer terms of protection than that mandated by the TRIPS Agreement but Members are not required to do so.

Words: more, minimum, TRIPS, may, Agreement
Answers

1) Please complete the following paragraph on “TRIPS”.

The TRIPS Agreement sets out the minimum standards of protection to be provided by each Member. Art. 1.1 makes it clear that Members may, but are not obliged to, implement in their law more extensive protection than required by the Agreement, provided that such protection does not contravene its provisions. For example, Members may provide for longer terms of protection than that mandated by the TRIPS Agreement but Members are not required to do so.
Time to apply your knowledge

1) Please complete the following paragraph on Schedules with the words from the list below:

For trade in _____ , Schedules of Concessions usually consist of maximum _____ levels which are often referred to as _______ tariffs. Products are identified by the "______ System", established by the World Customs Organization (WCO).

For trade in______ , in Schedules of Specific Commitments, Members specify the extent of ________ guaranteed in a designated sector and mode of supply. Scheduling commitments in Trade in Services ______ WTO Members minimum Market ______ conditions.

Words: harmonized, goods, services, tariff, bound, liberalization, access, guarantee

2) Please match the two corresponding parts of the following sentences.

- WTO negotiations produce general rules that apply to all Members ...
- These specific commitments for the Trade in Goods are listed in documents called ...
- Goods and Services Schedules are legal documents attached to the Marrakesh Agreement to the GATT 1994 or to a Protocol of Accession and ...
- The GATS describes “Trade in Services” as a ...
- The specific commitments and exemptions for the Trade in Services are listed in documents called ...
- ... Schedule of Specific Commitments.
- ... supply of a service through any of the four modes of supply.
- ... and specific commitments made by individual Member governments.
- ... form an integral part of legally binding commitments made by the WTO.
- ... Schedule of Concessions.

3) A maximum tariff is called...
Answers

1) Please complete the following paragraph on Schedules.
For trade in **goods**, Schedules of Concessions usually consist of maximum **tariff** levels which are often referred to as **bound** tariffs or bindings (GATT Article II). Products are identified by the “**Harmonized System**”, established by the World Customs Organization (WCO).
For trade in **services**, in Schedules of Specific Commitments, Members specify the extent of **liberalisation** guaranteed in a designated sector and mode of supply. Scheduling commitments in Trade in Services **guarantee** WTO Members minimum Market **Access** conditions.

2) Please match the two corresponding parts of the following sentences.
WTO negotiations produce general rules that apply to all Members and specific commitments made by individual Member governments.
Goods and Services Schedules are legal documents attached to the Marrakesh Agreement to the GATT 1994 or to a Protocol of Accession and form an integral part of legally binding commitments made by the WTO.
The GATS describes “Trade in Services” as a supply of a service through any of the four modes of supply.
These specific commitments for the Trade in Goods are listed in documents called Schedule of Concessions.
The specific commitments and exemptions for the Trade in Services are listed in documents called Schedule of Specific Commitments.

3) A maximum tariff is called...
A bound tariff.
Word Puzzle

Can you find the words in the puzzle?

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>O</td>
<td>T</td>
<td>I</td>
<td>F</td>
<td>O</td>
<td>W</td>
</tr>
<tr>
<td>L</td>
<td>T</td>
<td>K</td>
<td>B</td>
<td>P</td>
<td>C</td>
<td>P</td>
</tr>
<tr>
<td>I</td>
<td>H</td>
<td>M</td>
<td>O</td>
<td>D</td>
<td>E</td>
<td>Z</td>
</tr>
<tr>
<td>C</td>
<td>R</td>
<td>O</td>
<td>U</td>
<td>I</td>
<td>B</td>
<td>L</td>
</tr>
<tr>
<td>K</td>
<td>C</td>
<td>B</td>
<td>N</td>
<td>E</td>
<td>L</td>
<td>P</td>
</tr>
<tr>
<td>U</td>
<td>A</td>
<td>D</td>
<td>D</td>
<td>F</td>
<td>I</td>
<td>K</td>
</tr>
<tr>
<td>O</td>
<td>I</td>
<td>N</td>
<td>L</td>
<td>A</td>
<td>N</td>
<td>O</td>
</tr>
<tr>
<td>C</td>
<td>N</td>
<td>T</td>
<td>M</td>
<td>H</td>
<td>G</td>
<td>C</td>
</tr>
<tr>
<td>H</td>
<td>R</td>
<td>C</td>
<td>B</td>
<td>V</td>
<td>O</td>
<td>H</td>
</tr>
</tbody>
</table>

Bound   | CPC   | HS   |
--------|-------|------|
INR     | Mode  | NTM  |
Schedules |   |   |
Word Puzzle - Terms and Definitions

**Bound**: A bound tariff is the maximum tariff or customs duty agreed by a Member concerned on a Most Favoured Nation basis.

**CPC**: Members typically use the Services Sectoral Classification List which is based on the UN Central Product Classification System.

**HS**: The Harmonized System is an international product nomenclature for the description, classification and coding of goods.

**INR**: An initial negotiating right is the right for a Member to negotiate compensation under GATT Art. XXVIII if a trading partner decides to permanently increase a bound duty.

**Mode**: Four modes of supply: The definition of services trade under the GATS is four-pronged, depending on the territorial presence of the supplier and the consumer at the time of the transaction. Pursuant to Art. I:2, the GATS covers services supplied as follows: cross-border supply, consumption abroad, commercial presence, presence of national persons.

**NTM**: In the Uruguay Round, specific disciplines on different types of Non-Tariff Measures (NTMs) were included in a number of multilateral agreements.

**Schedules**: Schedules of Concessions (GATT) usually consist of maximum tariff levels which are often referred to as bound tariffs or bindings (GATT Art. II). In a Schedule of Specific Commitments, Members specify the extent of liberalisation guaranteed in a designated sector and mode of supply.
WTO negotiations produce general rules that apply to all Members and specific commitments made by individual Member governments reflected in Goods and Services Schedules. They are legal documents and attached to the Marrakesh Agreement to the GATT 1994 or to a Protocol of Accession.

For trade in goods, Schedules of Concessions usually consist of maximum tariffs, i.e. bound tariffs. Products are identified by the Harmonized System. Members' commitments can be found in the Consolidated Tariff Schedules database. In the case of agriculture, concessions and commitments relate not only to tariffs but also to tariff rate quotas as well as limits on export subsidies and some kind of domestic support. Goods Schedules have four parts.

For trade in services, Schedules of specific commitments specify the extent of liberalization guaranteed in a designated sector and mode of supply. WTO Members typically use the Services Sectoral Classification List although there is no definition in services. Services Schedules have two parts: horizontal and sector specific commitments. Members' commitments can be found in the Services database.

Goods and Services Schedules can be modified through renegotiations following the modalities of Art. XXVIII of the GATT and Art. XXI of the GATS, respectively.

The TRIPS Agreement sets out the minimum standards of protection to be provided by each Member. Art. 1.1 makes it clear that Members may implement in their law more extensive protection than required by the Agreement, provided that such protection does not contravene its provisions.
Transparency and the WTO: Notification Obligations

By the end of the course, participants will have:

- acquired knowledge on the main functions and basic principles of the WTO;
- understood the development and content of specific commitments in the Schedules in GATT and GATS;
- understood the reason and importance of notification obligations at the WTO;
- understood how notifications are prepared and how they are reviewed at the WTO;
- learned how to find relevant Schedules and Notifications and how to use online facilities to access their information through databases;
- established a network of professional contacts with other participants and WTO experts.

This course consists of three modules:

- Module 1 will introduce you to the WTO, the basic principles and its exceptions as well as cross-cutting issues.
- Module 2 will give you an overview of the specific commitments in relation to notification obligations in the WTO.
- Module 3 will give you an overview of the notification obligations in the WTO.
Why Module 3?

- To recap the Principle of Transparency and Monitoring and Evaluation.
- To understand different kinds of notifications and why they are important.
- To understand how notifications are prepared and what happens with notifications at the WTO.
- To understand how to access notifications and available Technical Assistance.

What a notification is?  What has to be notified?

Why there are notification obligations?

Exercises  Games  Videos
Module 3 – Notification Obligations in the WTO

RECAP: Principle of Transparency and Monitoring and Evaluation at the WTO

What are the Notification Obligations?

- What is a notification?
- Why do Members have to notify?
- Who has to notify?
- When to notify?
- What has to be notified?
- How is the notification prepared by a Member?
- Where to send your notification?
- What happens with your submitted notification?

- How does the review in the Council and Committees work?
- Where to find notifications of your country or of other Members?
- How do you know that all Members notify?
- What about Technical Assistance related to Notification Obligations?

After each section, you will be asked some self-assessment questions in the QUESTION CORNER.
Before explaining the general notification obligations in the WTO, we will review the **Principle of Transparency** and **Monitoring and Evaluation** at the WTO.

- RECAP: **Principle of Transparency**
- RECAP: **Monitoring and Evaluation**
RECAP: Principle of Transparency

Transparency obligations ensure that policies and regulations affecting trade are made accessible to governments and traders. Transparency has also a systemic importance: It allows the monitoring of Members’ trade measures and practices, and of their impact on the MTS.

The WTO mechanisms and tools to enhance transparency include mainly those directed to keep the WTO Membership informed about individual Member’s policies and practices having an impact on trade.

Members are required to inform about their trade regulations to allow other Members and traders to know their trade rules.

There are also a number of initiatives and programmes directed to inform the general public, including academics and civil society, about WTO’s activities.

Transparency obligations are spelled out across all WTO Agreements, including those in the GATT, the GATS and the TRIPS Agreement.

What are the corresponding articles in the WTO Agreements?

• Art. X GATT
• Other provisions contained in the Multilateral Agreements on Trade in Goods
• Art. III GATS
• Art. 63 of TRIPS Agreement
RECAP: Monitoring and Evaluation

What would be the purpose of negotiating detailed trade rules, if they were not implemented? Monitoring and Evaluation contributes enhancing the transparency and smooth functioning of the MTS.

Regular peer review and collective monitoring aim at exploring, understanding and discussing Members' implementation of their WTO obligations.

Monitoring and Evaluation of trade policies is one of the most intense areas of work in the WTO.

It is important that trade laws and regulations are made available to governments and traders.

As studied in Module 1, Monitoring and Evaluation at the WTO includes:

- Notifications
- Trade Policy Review
- Work of WTO Councils and Committees
- Transparency Mechanism for RTAs
**Notifications**
Members are required to notify to the WTO Secretariat of their laws and regulations concerned with WTO matters. All WTO councils and committees participate in the implementation of WTO notification requirements. Notifications allow all WTO Members to be informed about other Members' policies affecting trade.

**Trade Policy Review Mechanism**
The TPRM is a permanent mechanism which applies to all WTO Members on a rotary basis and involves a peer-group assessment of each Member's trade policies and practices and their impact on the functioning of the MTS. The TPRM is not intended to evaluate Members' compliance to specific rules. The reviews have enabled the Membership to understand Member’s trade policies and practices and, at the same time, have provided feedback to the reviewed Member.

**Works of WTO Councils and Committees**
WTO bodies and committees seek to ensure that the WTO Agreements are being properly implemented. Monitoring and evaluation takes place through reviews of notifications, questions, examination of individual policies and other monitoring procedures.

**Transparency mechanisms (TM) for RTAs and PTAs**
The TM for RTAs applies to all RTAs. It includes early announcement of RTAs, notification of the RTA and consideration of the RTA by the WTO Membership. The mechanism seeks to strengthen the WTO monitoring of RTAs and enhance understanding of their systemic effects. The TM for PTAs applies to preferential arrangements notified under the Enabling Clause (which essentially means GSP schemes). It lays out a procedure similar to the one laid out in the TM for RTAs.
1) Transparency obligations are spelled out across all WTO Agreements. Please match the articles with the correct WTO Agreement.

- Art. 10
- Art. III
- Art. 63
- Provisions in multilateral Agreements

- GATS
- GATT
- Provisions in multilateral Agreements
- TRIPS Agreement

2) Why is the "Principle of Transparency" so important?

3) Why is Monitoring and Evaluation important at the WTO?

4) Please complete the following paragraph on “notification requirements” with the words from the list below:

__________ are required to notify to the WTO Secretariat of their ____________ concerned with WTO matters. All WTO ________ participate in the implementation of WTO notification requirements. ______ allow all WTO Members to be informed about other Members' policies affecting ________.

Words: councils and committees, Members, notifications, laws and regulations, trade
Answers

1) Transparency obligations are spelled out across all WTO Agreements. Please match the articles with the correct WTO Agreement.

- Art. 10: GATT
- Art. III: GATS
- Art. 63: TRIPS Agreement
- Provisions in multilateral Agreements: GATT

2) Why is the "Principle of Transparency" so important?

Individuals and companies involved in trade have to know as much as possible about the conditions of trade. It is therefore fundamentally important that regulations and policies are transparent.

In the WTO, this is achieved in two ways: governments have to inform the WTO and fellow-members of specific measures, policies or laws through regular “notifications”; and the WTO conducts regular reviews of individual countries’ trade policies - the trade policy reviews. These reviews are part of the Uruguay Round agreement.

3) Why is Monitoring and Evaluation important at the WTO?

Monitoring and surveillance of the implementation of the negotiated trade rules enhances transparency and smooth functioning of the MTS. Regular peer review and collective monitoring aim at exploring, understanding and discussing Members' implementation of their WTO obligations.

4) Please complete the following paragraph on “notification obligations”:

Members are required to notify to the WTO Secretariat of their laws and regulations concerned with WTO matters. All WTO councils and committees participate in the implementation of WTO notification requirements. Notifications allow all WTO Members to be informed about other Members' policies affecting trade.
What are the Notification Obligations?

Notification obligations at the WTO are related to the principle of transparency.

Notifications are needed to follow the implementation of WTO laws and regulations of all WTO Members. It is important that trade laws and regulations, including their modifications, are made available to governments and traders.

- What is a notification?
- Why do Members have to notify?
- Who has to notify?
- When to notify?
- What has to be notified?
- How is the notification prepared by a Member?
- Where to send your notification?
- What happens with your submitted notification?
- How does the review in the council and committees work?
- Where to find notifications of your country or of other Members?
- How do you know that all Members notify?
- What about Technical Assistance related to Notification Obligations?

**TIP:** The timely notification and publication of trade measures were recognized as key principles of the Multilateral Trading System in the GATT "Understanding Regarding Notification, Consultation, Dispute Settlement and Surveillance" of 28 November 1979 (L/4907; BISD 26S/210).
What is a notification?

Members are required to notify to the WTO Secretariat of their laws and regulations concerned with WTO matters.

The information that has to be provided is regulated by a decision taken by the overseeing body (Council or Committee).

Member’s individual reduction commitments are based on Member’s individual Schedules.

All WTO Councils and Committees participate in the implementation of WTO notification requirements.

WTO organization chart: [http://www.wto.org/english/thewto_e/whatis_e/tif_e/org2_e.htm](http://www.wto.org/english/thewto_e/whatis_e/tif_e/org2_e.htm)
Why do Members have to notify?

The notification obligations of the WTO are related to the principle of transparency.

Notifications show the Members’ implementation of their WTO obligations.

Trade regulations are made available to governments and traders and lead to a greater understanding of the Member’s trade policy.

Notifications enhance predictability and certainty and thus development of trade.

For more information on notification procedures in the GATT, GATS and TRIPS, please go to the following documents:

... the GATT:
The 1994 WTO Decision "On Notification Procedures", building on "Understanding Regarding Notification, Consultation, Dispute Settlement and Surveillance" of 28 November 1979, puts forward an indicative list of notifiable measures and contains key statements including that the Council for Trade in Goods would undertake a review of notification obligations and procedures under the Agreements in Annex 1A of the WTO Agreement.

... the GATS:
The "Guidelines for Notifications under the General Agreement on Trade in Services" (GATS) (S/L/5), adopted by the Council for Trade in Services on 1 March 1995 and the decision on the "Notification of the Establishment of Enquiry and Contact Points" (S/L/23), adopted by the Council for Trade in Services on 28 May 1996 set out the key elements concerning notification obligations.

... TRIPS:
The Decision of the Council for TRIPS of 21 November 1995 on "Procedures for Notification of, and Possible Establishment of a Common Register of, national laws and regulations under Art. 63.2" (IP/C/2) and notification-related IP Decisions in IP/C/3, IP/C/4 and IP/C/5 set out the key elements concerning notification obligations.
Who has to notify?

All Members of the WTO, developed and developing, have to notify.

Notifications are prepared by the ministries in the capital of a Member and not by the delegation in Geneva.

The WTO can help through Technical Assistance in explaining how notifications have to be prepared. Internal coordination is up to the Member.

The WTO allows flexibilities for developing countries in the various agreement: Special and Differential Treatment.

Countries with observer status don't have to notify.

For a current list of the Members and Observers, please go to: http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm

TIP: Did you know that the 2013 Annual report on WTO Accessions has a section on transparency commitments and compliance with notification obligations by Art. XII Members?
Special and Differential Treatment (S&D) conditions for developing Members and LDCs

Special and Differential Treatment (S&D) refers to the special provisions in WTO Agreements that apply to developing countries and the least developed countries to provide flexibilities. The provisions are spread across the different WTO Agreements and Decisions.

Special and Differential Treatment (S&D) also refers to the right accorded in these Agreements to other Members to treat developing and least-developed countries better and more favourably.

Depending on the Agreement and the status of the country (developing or least-developed country Member) the frequency of providing notifications may vary.

A comprehensive overview of the provisions on Special and Differential Treatment (S&D) can be found in the document "Implementation of Special and Differential Treatment Provisions in WTO Agreements and Decisions" (WT/COMTD/W/77).

Who are the developing countries and LDCs in the WTO?
Who are the developing countries and LDCs in the WTO?

“Developing country” in the WTO
There are no WTO definitions of “developed” and “developing” countries. Members announce for themselves whether they are “developed” or “developing” countries. However, other Members can challenge the decision of a Member to make use of provisions available to developing countries.

“Least-developed countries” in the WTO
There are also no WTO definitions for least-developed countries. It is based on the classification of the UN.

For more information on least-developed countries, please go to:
For more information on developing countries in the WTO, please go to
http://www.wto.org/english/tratop_e/devel_e/d1who_e.htm
When to notify?

There are three main types of notifications:

• One-time notification: When joining the WTO, Members notify their implementing legislation, i.e. laws, regulations, decisions of general application.

  EXAMPLE

• Ad-hoc notification: All Members have an outstanding obligation to notify any change in their trade legislation. These notifications are due whenever a Member introduces or is about to introduce a specific measure.

  EXAMPLE

• Periodic notifications: Notifications have to be regularly submitted in line with the frequency and deadlines established in the corresponding procedures.

  EXAMPLE

Also:

• “No actions undertaken”: In some cases, Members have to notify that they have not undertaken any action ("Nil Statement").

  EXAMPLE

• Reverse or counter notifications: Some agreements foresee the possibility for a Member to notify on behalf of a Member that is not fulfilling a notification obligation.

  EXAMPLE
Examples

1) A country joining the WTO has to notify its trade legislation.

2) These notifications are only required when a Member is actually implementing or is about to implement a new measure.

3) Periodic notification include annual notifications (once every year) or semi-annual (twice a year) notifications.
   - Members shall notify annually the extent of their domestic support measures to the Committee on Agriculture (Art. 18.2 of the Agreement on Agriculture)
   - Members shall notify on an annual basis a set of tariff duties and import statistics to the WTO Integrated Database (IDB) (WT/L/225)
   - Members are also required to annually reply to the questionnaires on Import Licensing (Art. 7.3 Import Licensing Agreement)

4) Export subsidies, even if no export subsidies are maintained, a notification is required under the agreement of agriculture.

5) Some agreements foresee the possibility for a Member to notify on behalf of a Member that is not fulfilling a notification obligation. These notifications are very rare.
What has to be notified?

Members are required to notify to the WTO Secretariat their laws and regulations, including modifications concerning WTO matters.

The information that has to be provided is regulated by a decision taken by the overseeing body (Council or Committee).

Every Member has their own tailor-made notification obligation according to the WTO Agreements and its Schedules.

All WTO Councils and Committees participate in the implementation of WTO notification requirements.
Goods and Services Schedules

Schedules of Concessions (Goods Schedules)

• Schedules of Concessions usually consist of maximum tariff levels which are often referred to as bound tariffs or bindings (GATT Art. II).
• Schedules entail a list of products with a maximum applicable tariff or custom duty agreed by a Member concerned (bound tariffs) and, if any, their reduction commitments.

Schedules of Specific Commitments (Services Schedules)

• In a Schedule of Specific Commitments, Members specify the extent of liberalisation guaranteed in a designated sector and mode of supply. Scheduling commitments in Trade in Services guarantee WTO Members minimum Market Access conditions.
• Each Member of the WTO is required to submit a Schedule which contains specific components on market access and national treatment as well as any additional commitments.

For more information on Schedules of Concessions, please go to:
http://www.wto.org/english/tratop_e/schedules_e/goods_schedules_e.htm

For more information on Schedules of Specific Commitments, please go to:
http://www.wto.org/english/tratop_e/serv_e/serv_commitments_e.htm
How is a notification prepared by a Member?

To ensure timely preparation of notifications, it is necessary to have established a transparent coordination mechanism, submission and follow-up of notifications as needed. The internal organization of the preparation of the notification is up each Member and is not covered by WTO rules. Many countries have a unit that is responsible for the coordination of the preparation of the notifications.

Members have developed guidelines and sometimes formats and templates that should be used by Members to fulfil their notification obligations. Some notifications can only be a statement. A Technical Cooperation Handbook on Notification Requirements (WT/TC/NOTIF series) was developed.

Let’s have a look at an example.

Developing country Members can also request Technical Assistance. WTO Technical Assistance is a key component of the development dimension of the multilateral trading system.

TIP: For formats and templates of notifications, have a look at the Technical Cooperation Handbook on Notification Requirements: WT/TC/NOTIF series.
What is the Technical Cooperation Handbook on Notification Requirements?

Members have developed guidelines in relation to notification requirements and sometimes, even formats that should be used by Members to fulfil their notification obligations. In 1996, after the conclusion of the Uruguay Round, a Technical Cooperation Handbook on Notification Requirements (WT/TC/NOTIF series) was developed which is still relevant although at times it is out of date. The web-pages on specific Agreements (under Trade Topics) as well as selected documents provide up-to-date information, including on notification requirements.

This series includes notification handbooks on the following areas of WTO rules: import licensing procedures; balance-of-payment provisions; tariffs and non-tariff measures; safeguards; State-trading enterprises; trade-related investment Measures; anti-dumping; agriculture; preshipment Inspection; RTAs; SCM; rules of origin; SPS; TBT; Textiles and Clothing; Customs Valuation; Trade Policy Review Mechanism; TRIPS; and the GATS.

Technical Cooperation Handbook on Notification Requirements

To see a list of focal points on notification matters, please go to: http://www.wto.org/english/tratop_e/devel_e/teccop_e/tctdnt2_e.htm
Let’s have a look at an example

Let’s have a look at an example in SPS and TBT as well as export subsidies in agriculture.

Notification formats were adopted by the SPS and TBT Committees: Different notification formats should be used for the notification of different measures. You can find them in the following documents:

- Notification of Technical Regulations and Conformity Assessment Procedures (G/TBT/1/Rev.8)
- Notification of Standards (G/TBT/W/4/Rev.1)
- Notification of SPS Measures (G/SPS/7/Rev.2)
- Recommended Procedures for Implementing the Transparency Obligations of the SPS Agreement (Draft G/SPS/W/215/Rev.2)

The notification of Members without reduction commitments in export subsidies involves only a statement to the effect that export subsidies on agricultural products have not been used (“Nil statement”).

For more information on the guidelines and formats, please go to the Notifications Handbook.
Where to send the notification?

Notifications have to be submitted to the Central Registry of Notifications (CRN) at the WTO via mail, fax or email.

**Mail**
World Trade Organization (WTO)
Central Registry of Notifications (CRN)
154, Rue de Lausanne
CH- 1211 Geneva 21
Switzerland

**Fax**
World Trade Organization (WTO)
Central Registry of Notifications (CRN)
Fax number: -41 22 739 5638

**Email**
CRN@wto.org
What happens with the submitted notification?

Notifications have to be submitted to the Central Registry of Notifications (CRN). The CRN receives all notifications, registers them in a database and directs them to the corresponding operational divisions in the Secretariat.

Notifications are reviewed in WTO Councils and Committees.

Please have a look at the following link for the different committees at the WTO:
http://www.wto.org/english/thewto_e/whatis_e/tif_e/dev2_e.htm

Would you like to know who Chairs which Committee? Have a look!
http://www.wto.org/english/thewto_e/secre_e/current_chairs_e.htm
How does the review in the Councils and Committees work?

Councils and Committees meet regularly to review Member's notification and the compliance with the notification obligations.
The relevant documents are G/L/223/Rev.21 (updated regularly) and the specific documents in respective Councils and Committees.

Let’s have a look at some examples.

The organizational chart:
http://www.wto.org/english/thewto_e/whatis_e/tif_e/org2_e.htm

TIP: Have a look at the reports from the Committees and Councils on the review of notifications. Please have a look at the News Forum to discuss notifications and their reviews in the WTO.
Let's have a look at some examples (SPS and TBT)

**Sanitary and Phytosanitary Measures**

The SPS Committee oversees emerging or regular notifications by WTO Members. WTO Members have to notify in advance when introducing new or amending SPS measures.

*Legal obligation:* Art. 7 and Annex B (paragraphs 5 – 10), SPS Agreement

**Technical Barriers to Trade**

Notifications are overseen by the TBT Committee. WTO Members are required to provide advance notifications of any proposed regulation.

*Legal obligation:* Art. 15, TBT Agreement

Since 1995, 17000 notifications have been submitted by 118 Members where as 34% were from developed and 66% from developing countries.

What is an Enquiry Point? - [http://www.wto.org/english/thewto_e/glossary_e/enquiry_point_e.htm](http://www.wto.org/english/thewto_e/glossary_e/enquiry_point_e.htm)

*TIP:* The Technical Barriers to Trade Information Management System (TBT IMS) provides access to Members' notifications, contact information for Members' TBT Enquiry Points and Notification Authorities; as well as information on specific trade concerns raised in the TBT Committee. - [http://tbtims.wto.org/](http://tbtims.wto.org/).

The SPS Information Management System (SPS IMS) provides access to E.g. Regular and emergency notifications, specific trade concerns, etc. - [http://spsims.wto.org/](http://spsims.wto.org/).
Let’s have a look at some examples (GATS)

**Trade in Services**

The Council for Trade in Services oversees notifications submitted by WTO Members.  

*Legal obligation: Art. III:3 and Art. VII:4 GATS*

---

**Chart: Notifications in the area of Trade in Services**

*Source: WTO Secretariat (WT/TPR/OV/16)*

---

**TIP:** Various information relevant to trade in services, i.e. specific commitments and MFN exemptions, services commitments in RTAs, applied measures in services and services trade statistics are accessible through the integrated database for trade in Services: I-TIP Services - [http://i-tip.wto.org/services/](http://i-tip.wto.org/services/).
Where to find notifications of your country or of other Members?

Members notifications are mostly circulated to WTO Members for information purposes. Members' notifications can be accessed through the WTO website: [WTO docsonline](http://www.wto.org). The [IDB](http://www.wto.org) contains WTO Members' annual notifications on tariffs and trade.

**Some examples:**

- **Agriculture**
  The Agriculture Information Management System (Ag-IMS) provides access to documents and records relevant under the WTO Agreement on Agriculture: Notifications, Compliance with Notification Obligations, Search and Analyse Notified Information, Review Process, etc. - [http://agims.wto.org/](http://agims.wto.org/).

- **Sanitary and Phytosanitary Measures**
  The SPS Information Management System (SPS IMS) provides access to documents and records relevant under the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (the SPS Agreement). E.g. Notifications, Regular and emergency notifications, specific trade concerns, etc. - [http://spsims.wto.org/](http://spsims.wto.org/).

- **Technical Barriers to Trade**
  The Technical Barriers to Trade Information Management System (TBT IMS) is a publicly available database of transparency information provided by WTO Members e.g. To Members' notifications of technical regulations and conformity assessment procedures, notifications of bilateral or plurilateral agreements between Members on TBT measures; notifications from standardizing bodies in relation to the Code of Good Practice; contact information for Members' TBT Enquiry Points and Notification Authorities; as well as information on specific trade concerns raised in the TBT Committee. - [http://tbtims.wto.org/](http://tbtims.wto.org/).
How to find notifications?

TIP: You can also download the animation in a pdf document.
The IDB contains WTO Members' annual notifications on tariffs and trade, linked at the tariff line level as of 1996. On the tariff side, it contains MFN current applied duties and if provided, MFN current bound duties and preferential duties at the most detailed product level (the country’s own tariff nomenclature). On the trade side, it contains imports by country of origin, in value and quantity by tariff line. Product descriptions at the tariff line level are also part of the database.

In July 1997, the General Council decided that all WTO Members would submit import statistics and tariff information at the most detailed national level to the WTO Secretariat on an annual basis. The information included in the IDB comes directly from national official sources and is submitted to the Secretariat through governments' WTO representatives. Information collected by the Secretariat has to be approved by the Member.

Let's have a look at an example.

Should you require more details on the IDB, you can contact the team in Geneva at the following e-mail address: idb@wto.org or at the following mail address:

World Trade Organization, Economic Research and Statistics Division, IDB Section, Rue de Lausanne 154, CH-1211 Geneva 21, Switzerland.

TIP: Did you know that WTO E-Learning has a course on WTO Market Access Databases called “WTO Market Access Intelligence Online”?
Let’s have a look at an example

**Integrated Database (IDB)**

The submission of tariff and trade information is overseen by the Market Access Committee. Since 2009 (G/MA/239) the information on tariffs and trade can be either notified by the Member or collected by the Secretariat and approved by the Member.

*Legal obligation:* [WT/L/225](https://www.wto.org) and [G/MA/239](https://www.wto.org)

---

**Chart: Compliance of IDB tariff notifications**

*Source: WTO Secretariat ([WT/TPR/OV/16](https://www.wto.org)*)
How do you know that all Members notify?

To have a full understanding of the notification requirements, information can be found in the Technical Cooperation Handbook on Notification Requirements (document series WT/TC/NOTIF).

To see which "regular", e.g. periodic, notifications have been submitted or not by a Member, the general compliance document provides information for agreements in the area of trade in goods (Annex 1A to the WTO Agreement) in the series G/L/223/Rev. 21*.

The WTO sends out reminders once a year to remind Members to notify.

There are specific documents prepared by the Chairs of the respective Committee or Council concerning compliance of Members of their notification obligation.

Let’s have a look at some examples of agriculture and import licensing.

*This document is regularly updated and new revisions are published.

TIP: You will also find some information on compliance with notification obligations in the document: WT/TPR/OV/16
Let’s have a look at some examples

Timely and complete notifications are fundamental for effective monitoring and implementation. Compliance with notification obligations varies from area to area. Let’s have a look at some examples.

**Agriculture**

The Committee on Agriculture reviews the implementation of Members’ commitments under the Agreement on Agriculture. The Committee provides guidance including the common notification formats in various areas as well as timelines.

Notification requirements in agriculture are largely dependent on the specific commitment made in a Member’s schedule. In some cases a limited number of requirements will apply whereas there are a few areas that apply to all members (i.e. DS:1 and ES:1).

*Legal obligation: Art. 18, Agreement on Agriculture*

Outstanding notifications in respect of five “regular” or “annual” notification requirements (2008 – 2012)

*Source: WTO Secretariat (WT/TPR/OV/16)*
Import Licensing

Notifications are overseen by the Committee on Import Licensing.

**Legal obligation:** Art. 1.4(a), Art. 8.2(b), Art. 5, Art. 7.3, Agreement on Import Licensing Procedures, Procedures for Notification and Review under the Agreement on Import Licensing Procedures (G/LIC/3).

![Chart: Number of Members notifying import licensing measures under Art. 7.3*](image)

*According to Art. 7.3 of the Agreement obliges each member to reply yearly to a questionnaire by 30 September.

**TIP:** Notification requirements and formats can be found in the document: G/AG/2 and G/AG/2/Add.1.
The Agriculture Information Management System (Ag-IMS) provides access to Notifications, Compliance with Notification Obligations, Search and Analyse Notified Information, Review Process, etc. - [http://agims.wto.org/](http://agims.wto.org/).

For more information on the Members’ compliance with notification requirements, please go to: [http://www.wto.org/english/tratop_e/agric_e/transparency_toolkit_e.htm](http://www.wto.org/english/tratop_e/agric_e/transparency_toolkit_e.htm)

For more information on Member’s transparency toolkit, please go to: [http://www.wto.org/english/tratop_e/agric_e/transparency_toolkit_e.htm](http://www.wto.org/english/tratop_e/agric_e/transparency_toolkit_e.htm)
What about Technical Assistance related to Notification Obligations?

In general ...
WTO Technical Assistance seeks to increase the knowledge base of developing country governments about their rights and obligations in WTO Agreements and help build their capacity in implementing the Agreements as well as improving their participation in the WTO.

Concerning notifications ...
The WTO Secretariat organizes training and technical assistance (TA) activities related to notification requirements, i.e. Technical Assistance related to monitoring and evaluation and transparency in the programme of all subject-specific activities.

In 1996, a Technical Cooperation Handbook on Notification Requirements was developed (document series WT/TC/N0TIF).
Please note that the Secretariat can only explain how to notify. The final responsibility for the notification lies of course with the Member submitting the notification.

For more information on Technical Assistance, please go to http://www.wto.org/english/tratop_e/devel_e/teccop_e/tctdnot_e.htm

Please have a look at the list of focal points on notification matters.
1) What is a notification?

2) Why do WTO Members have to notify?

3) Which of the following is true and which is false?
   • The provisions Special and Differential Treatment (S&D) are spread across the different WTO Agreements and Decisions.
   • A comprehensive overview of the provisions on Special and Differential Treatment (S&D) can be found in the document "Implementation of Special and Differential Treatment Provisions in WTO Agreements and Decisions" (WT/COMTD/W/77).
   • Only developed Members have to notify.
   • Countries with observer status have to notify every three years.
   • Developing country Members are eligible for Technical Assistance related to notification requirements.

4) When joining the WTO, Members notify their implementing legislation, i.e. laws, regulations, decisions of general application. What kind of notification is it?
   • One-time notification
   • Ad-hoc notification
   • Periodic notification
   • “No actions undertaken” notification
   • Reverse or counter notification
5) All Members have an outstanding obligation to notify any change in their trade legislation. These notifications are due whenever a Member introduces or is about to introduce a specific measure.

- One-time notification
- Ad-hoc notification
- Periodic notification
- “No actions undertaken” notification
- Reverse or counter notification

6) Notifications have to be regularly submitted in line with the frequency and deadlines established in the corresponding procedures. These notifications include annual notifications (once every year) or semi-annual (twice a year) notifications. For example, Members shall notify on an annual basis a set of tariff duties and import statistics to the WTO Integrated Database (IDB) (WT/L/225).

- One-time notification
- Ad-hoc notification
- Periodic notification
- “No actions undertaken” notification
- Reverse or counter notification
7) In some cases, Members have to notify that they have not undertaken any action. Export subsidies, for example, even if no export subsidies are maintained, a notification is required under the agreement of agriculture.
   • One-time notification
   • Ad-hoc notification
   • Periodic notification
   • “No actions undertaken” notification
   • Reverse or counter notification

8) Some agreements foresee the possibility for a Member to notify on behalf of a Member that is not fulfilling a notification obligation. These notifications are very rare.
   • One-time notification
   • Ad-hoc notification
   • Periodic notification
   • “No actions undertaken” notification
   • Reverse or counter notification
9) **What has to be notified?**
- trade laws and regulations
- tariff duties and import statistics
- modified trade laws
- estimated Gross domestic product (GDP) for the next three years
- Gross domestic product (GDP) of the last three consecutive years

10) **In which area of notification are you interested?** Have a look at the Handbook on Notification procedures or some notifications in this area of your country or a trading partner. Is there a standardized format? If so, please have a look.

11) **What are your experiences with the preparation of notifications?**

12) **Where has the notification to be sent?**
- CRN by mail, fax or email
- Director-General of the WTO
- The respective division in the WTO
- Statistics Division in the WTO

13) **Please put the following items in the correct order.**
- Central Registry of Notifications (CRN)
- WTO Councils and Committees
- Operational divisions in the Secretariat
14) Can you find the corresponding Committee or Council?
   - TRIPS Council
   - Committee on Agriculture
   - Committee on Market Access
   - Committee on Trade and Development

15) Can you find your country's notifications?

16) Do you remember the document series that show the compliance of regular and periodic notification obligations by Members?

17) What is the official document symbol for the handbook on Notification?
Answers

1) What is a notification?
A notification entails information regulated by a decision taken by the overseeing body (Council or Committee) concerning trade laws and regulations. All WTO Councils and Committees participate in the implementation of WTO notification requirements.

2) Why do WTO Members have to notify?
The notification obligation of the WTO is related to the principle of transparency. It helps to ensure the implementation of WTO obligations by WTO Members and works towards a smooth MTS. Trade regulations are made available provide a greater predictability to governments and traders.

3) Which of the following is true and which is false?
- The provisions Special and Differential Treatment (S&D) are spread across the different WTO Agreements and Decisions. (true)
- A comprehensive overview of the provisions on Special and Differential Treatment (S&D) can be found in the document "Implementation of Special and Differential Treatment Provisions in WTO Agreements and Decisions" (WT/COMTD/W/77). (true)
- Only developed Members have to notify. (false)
- Countries with observer status have to notify every three years. (false)
- Developing country Members are eligible for Technical Assistance related to notification requirements. (true)
Answers

4) When joining the WTO, Members notify their implementing legislation, i.e. laws, regulations, decisions of general application. What kind of notification is it?
   • One-time notification

5) All Members have an outstanding obligation to notify any change in their trade legislation. These notifications are due whenever a Member introduces or is about to introduce a specific measure.
   • Ad-hoc notification

6) Notifications have to be regularly submitted in line with the frequency and deadlines established in the corresponding procedures. These notifications include annual notifications (once every year) or semi-annual (twice a year) notifications. For example, Members shall notify on an annual basis a set of tariff duties and import statistics to the WTO Integrated Database (IDB) (WT/L/225).
   • Periodic notification

7) In some cases, Members have to notify that they have not undertaken any action. Export subsidies, for example, even if no export subsidies are maintained, a notification is required under the agreement of agriculture.
   • “No actions undertaken” notification

8) Some agreements foresee the possibility for a Member to notify on behalf of a Member that is not fulfilling a notification obligation. These notifications are very rare.
   • Reverse or counter notification
Answers

9) What has to be notified?
- trade laws and regulations
- tariff duties and import statistics
- modified trade laws

10) In which area of notification are you interested? Have a look at the Handbook on Notification procedures or some notifications in this area of your country or a trading partner. Is there a standardized format? If so, please have a look. You may start with the Technical Cooperation Handbook on Notification Requirements and then check the WTO website.

11) What are your experiences with the preparation of notifications?
Please share your experiences and read about the experiences of fellow participants in the News Forum.

12) Where has the notification to be sent?
- CRN by mail, fax or email

13) Please put the following items in the correct order.
- Central Registry of Notifications (CRN)
- Operational divisions in the Secretariat
- WTO Councils and Committees

14) Can you find the corresponding Committee or Council?
- Copyrights and patents - TRIPS Council
- Government services programmes (Green Box) - Committee on Agriculture
- Agricultural tariffs - Committee on Market Access
- Enabling Clause - Committee on Trade and Development
15) Can you find your country's notifications?
Please follow the following steps: 1. Please go to docs online and then 2. Click on Notifications.

16) Do you remember the document series that show the compliance of regular and periodic notification obligations by Members?
• G/L/223/Rev.

17) What is the official document symbol for the handbook on Notification?
WT/TC/NOTIF: Members have developed guidelines in relation to notification requirements and sometimes, even formats that should be used by Members to fulfil their notification obligations. In 1996, after the conclusion of the Uruguay Round, a Technical Cooperation Handbook on Notification Requirements (WT/TC/NOTIF series) was developed which is still relevant although at times it is out of date.
Time to apply your knowledge

1) Do all Members have the same notification obligations?

2) Where can you find the different provisions on Special & Differential Treatment in the WTO Agreements?

3) How can you find out about your country’s notification obligation?
Answers

1) Do all Members have the same notification obligations?
There are some period notification obligations for every Member (every six months, every year or every other year). Some notification obligations are tailor-made for some specific actions taken by a Member.

2) Where can you find the different provisions on Special & Differential Treatment in the WTO Agreements?
All provisions are spread across the different WTO Agreements and Decisions. A comprehensive overview of these provisions can be found in the document "Implementation of Special and Differential Treatment Provisions in WTO Agreements and Decisions" (WT/COMTD/W/77).

3) How can you find out about your country’s notification obligation?
To have a full understanding of the notification requirements, information can be found in the Technical Cooperation Handbook on Notification Requirements (document series WT/TC/NIF).
To see which "regular", e.g. periodic, notifications have been submitted or not by a Member, the general compliance document provides information for agreements in the area of trade in goods (Annex 1A to the WTO Agreement) in the series G/L/223/Rev.
Word Puzzle

Can you find the words in the puzzle?

<table>
<thead>
<tr>
<th>Adhoc</th>
<th>Comply</th>
<th>Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRN</td>
<td>Handbook</td>
<td>Law</td>
</tr>
<tr>
<td>Notify</td>
<td>Periodic</td>
<td>Principle</td>
</tr>
</tbody>
</table>

```
N O T I F Y W P
L T K R M T E R
I H O O D R Y I
C R O A I C L N
N B B O E R P C
U A D S F N M I
O I N L A W O P
C A A D H O C L
H A H D B O O E
```
Adhoc: Ad-hoc notifications are required when a specific measure is introduced or about to be introduced.

Comply: Regular updates on the compliance of notification requirements can be found in the document (G/L/223/Rev....). Remember this document is constantly updated.

Council: Councils and Committees meet regularly to review Member’s notification and the compliance with the notification obligations.

CRN: All notifications should be sent to the Central Registry of Notifications via mail, fax or email.

Handbook: For information on notification requirements, please consult the Technical Handbook on Notification Requirements (WT/TC/NOTIF).

Law: Members have to notify the WTO about their trade laws and regulations.

Notify: All Members have to notify their trade legislation and modifications that are about to be introduced.

Periodic: Notifications have to be regularly submitted in line with the frequency and deadlines established in the corresponding procedures.

Principle: Transparency obligations ensure that policies and regulations affecting trade are made accessible to governments and traders.
Take away

The principle of transparency plays a very important role for notification obligations in the WTO. Monitoring and Evaluation is crucial for implementing WTO Agreements.

Laws and regulations concerning WTO Agreements have to be notified to the WTO. Each Member has tailor-made commitments, negotiated when acceding the WTO. There are different kinds of notifications such as one-time, ad-hoc or periodic notifications. Notifications are reviewed in the different Councils and Committees at the WTO.

You should now be able to find your countries notification obligations (for trade in goods, please look at the latest revision of the compliance – document: G/L/223/Rev.) or the notification itself through docs online.

There is Special and Differential Treatment for developing country Members – provisions are spread across the WTO Agreements. Technical Assistance is available for developing country and LDC Members.