

CONTENTS

List of Figures xiv
Preface xv
Table of WTO Cases xvii
Table of GATT Cases xliii
List of Abbreviations xlvii

1 International Trade and the Law of the WTO 1

1 Introduction 1

2 Economic Globalisation, International Trade, and Sustainable Development 5

2.1 Emergence of the Global Economy 5

2.2 A Blessing or a Curse? 17

2.3 Free Trade versus Restricted Trade 23

2.4 International Trade to the Benefit of All? 33

3 The Law of the WTO 35

3.1 Need for International Rules on Trade 36

3.2 International Economic Law, International Trade Law, and WTO Law 39

3.3 Basic Rules of WTO Law 40

4 Sources of WTO Law 45

4.1 The Marrakesh Agreement Establishing the World Trade Organization 45

4.2 Other Sources of WTO Law 57

5 WTO Law in Context 68

5.1 WTO Law and International Law 68

5.2 WTO Law and National Law 71

6 Summary 81

Further Reading 82

2 The World Trade Organization 84

1 Introduction 84

2 The Origins of the WTO 86

2.1 The General Agreement on Tariffs and Trade of 1947 87

2.2 Uruguay Round of Multilateral Trade Negotiations 90

vi Contents

- 3 Mandate of the WTO 93
 - 3.1 Objectives of the WTO 93
 - 3.2 Functions of the WTO 95
- 4 Membership and Institutional Structure 120
 - 4.1 Membership of the WTO 120
 - 4.2 Institutional Structure of the WTO 137
- 5 Decision-Making in the WTO 155
 - 5.1 WTO Decision-Making in Theory 155
 - 5.2 WTO Decision-Making in Practice 160
 - 5.3 Participation in WTO Decision-Making 162
- 6 Other Issues 166
 - 6.1 Legal Status of the WTO 166
 - 6.2 WTO Budget 166
- 7 Summary 168
 - Further Reading 171

- 3 WTO Dispute Settlement 173**
 - 1 Introduction 173
 - 2 Jurisdiction of the WTO Dispute Settlement System 177
 - 2.1 Nature of the Jurisdiction 177
 - 2.2 Scope of the Jurisdiction 178
 - 3 Access to the WTO Dispute Settlement System 189
 - 3.1 Right of Recourse to WTO Dispute Settlement 189
 - 3.2 Access of Members Other than the Parties 193
 - 3.3 Indirect Access to the WTO Dispute Settlement System 194
 - 4 Key Features of WTO Dispute Settlement 195
 - 4.1 Single, Comprehensive, and Integrated System 196
 - 4.2 Different Methods of Dispute Settlement 197
 - 4.3 Multilateral Dispute Settlement 198
 - 4.4 Preference for Mutually Acceptable Solutions 200
 - 4.5 Mandate to Clarify WTO Provisions 200
 - 4.6 Remedies for Breach 210
 - 5 Institutions of WTO Dispute Settlement 224
 - 5.1 Dispute Settlement Body 224
 - 5.2 Panels 226
 - 5.3 The Appellate Body 251
 - 5.4 Other Entities Involved in WTO Dispute Settlement 264
 - 6 Process of WTO Dispute Settlement 264
 - 6.1 General Observations on the WTO Dispute Settlement Process 265
 - 6.2 Consultations 285
 - 6.3 Panel Proceedings 290
 - 6.4 Appellate Body Proceedings 298
 - 6.5 Implementation and Enforcement 303
 - 7 Developing-Country Members and WTO Dispute Settlement 312

vii Contents

- 7.1 Special Rules for Developing-Country Members 313
- 7.2 Legal Assistance for Developing-Country Members 314
- 8 Success, Challenges, and Decline of the WTO Dispute Settlement System 315
 - 8.1 Early Reform Discussions and a Looming Crisis 316
 - 8.2 From a Looming to an Acute Crisis 318
 - 8.3 Attempts to Address the Crisis 320
 - 8.4 The Multi-Party Interim Appeal Arbitration Arrangement 324
- 9 Summary 327
 - Further Reading 336
- 4 Most-Favoured-Nation Treatment 337**
 - 1 Introduction 337
 - 2 Most-Favoured-Nation Treatment under the GATT 1994 338
 - 2.1 Nature of the MFN Treatment Obligation of Article I:1 of the GATT 1994 339
 - 2.2 MFN Treatment Test of Article I:1 of the GATT 1994 343
 - 2.3 Most-Favoured-Nation Treatment Obligation and the Enabling Clause of the GATT 1994 353
 - 3 Most-Favoured-Nation Treatment under the GATS 359
 - 3.1 Nature of the MFN Treatment Obligation of Article II:1 of the GATS 359
 - 3.2 MFN Treatment Test of Article II:1 of the GATS 361
 - 3.3 Deviations from the Most-Favoured-Nation Treatment Obligation under the GATS 372
 - 4 Summary 374
 - Further Reading 375
- 5 National Treatment 377**
 - 1 Introduction 377
 - 2 National Treatment under the GATT 1994 378
 - 2.1 Nature of the National Treatment Obligation of Article III of the GATT 1994 379
 - 2.2 National Treatment Test for Internal Taxation on Like Products 388
 - 2.3 National Treatment Test for Internal Taxation on Directly Competitive or Substitutable Products 403
 - 2.4 National Treatment Test for Internal Regulation 414
 - 3 National Treatment under the GATS 437
 - 3.1 Nature of the National Treatment Obligation of Article XVII:1 of the GATS 437
 - 3.2 National Treatment Test of Article XVII:1 of the GATS 442
 - 4 Summary 453
 - Further Reading 454

- 6 Tariff Barriers** 456
 - 1 Introduction 456
 - 2 Customs Duties on Imports 458
 - 2.1 Definition and Types 458
 - 2.2 Purpose of Customs Duties on Imports 463
 - 2.3 Customs Duties as a Lawful Instrument of Protection 464
 - 2.4 Negotiations on the Reduction of Customs Duties 465
 - 2.5 Tariff Concessions and Schedules of Concessions 477
 - 2.6 Protection of Tariff Concessions 483
 - 2.7 Modification or Withdrawal of Tariff Concessions 488
 - 2.8 Imposition of Customs Duties on Imports 493
 - 3 Other Duties and Charges on Imports 506
 - 3.1 Definition and Types 506
 - 3.2 Rules Regarding Other Duties or Charges on Imports 508
 - 3.3 Measures Exempted from the Rule 511
 - 4 Customs Duties and Other Duties and Charges on Exports 513
 - 4.1 Definition and Purpose 513
 - 4.2 Rules Applicable on Export Duties 515
 - 5 Summary 518
 - Further Reading 520
- 7 Non-Tariff Barriers** 522
 - 1 Introduction 522
 - 2 Quantitative Restrictions on Trade in Goods 523
 - 2.1 Definition and Types 523
 - 2.2 Rules on Quantitative Restrictions 525
 - 2.3 Administration of Quantitative Restrictions 537
 - 2.4 Special and Differential Treatment 543
 - 3 Other Non-Tariff Barriers on Trade in Goods 543
 - 3.1 Lack of Transparency 544
 - 3.2 Unfair and Arbitrary Application of Trade Measures 549
 - 3.3 Customs Formalities and Procedures 555
 - 3.4 Government Procurement Laws and Practices 557
 - 3.5 Other Measures and Actions 559
 - 4 Market Access Barriers to Trade in Services 562
 - 4.1 Definition and Types of Market Access Barriers 564
 - 4.2 Rules on Market Access Barriers 566
 - 4.3 Negotiations on Market Access for Services 567
 - 4.4 Schedules of Specific Commitments 570
 - 4.5 Modification or Withdrawal of Commitments 578
 - 5 Other Barriers to Trade in Services 580
 - 5.1 Lack of Transparency 580
 - 5.2 Unfair and Arbitrary Application of Trade Measures 581
 - 5.3 Licensing and Qualification Requirements and Technical Standards 582

ix Contents

- 5.4 Government Procurement Laws and Practices 584
- 5.5 Other Measures and Actions 584
- 6 Summary 586
 - Further Reading 590
- 8 General and Security Exceptions 591**
 - 1 Introduction 591
 - 2 General Exceptions under the GATT 1994 592
 - 2.1 Key Features of Article XX of the GATT 1994 593
 - 2.2 Two-Tier Test under Article XX of the GATT 1994 601
 - 2.3 Specific Exceptions under Article XX of the GATT 1994 604
 - 2.4 Chapeau of Article XX of the GATT 1994 646
 - 2.5 Policy Space for Members to Protect Other Societal Values and Interests 656
 - 3 General Exceptions under the GATS 657
 - 3.1 Two-Tier Test under Article XIV of the GATS 658
 - 3.2 Specific Exceptions under Article XIV of the GATS 659
 - 3.3 Chapeau of Article XIV of the GATS 668
 - 3.4 The Prudential Exception under the GATS Annex on Financial Services 670
 - 4 Security Exceptions under the GATT 1994 and the GATS 671
 - 4.1 Article XXI of the GATT 1994 671
 - 4.2 Article XIVbis of the GATS 681
 - 5 Summary 682
 - Further Reading 686
- 9 Economic Emergency Exceptions 689**
 - 1 Introduction 689
 - 2 Safeguard Measures under the GATT 1994 and the Agreement on Safeguards 689
 - 2.1 Constituent Features of a ‘Safeguard Measure’ 693
 - 2.2 Requirements for the Use of Safeguard Measures 695
 - 2.3 Domestic Procedures and Notification and Consultation Requirements 706
 - 2.4 Requirements Regarding the Form, Extent, and Duration of the Application of Safeguard Measures 708
 - 3 Safeguard Measures under Other WTO Agreements 716
 - 3.1 Safeguard Measures under the Agreement on Agriculture 716
 - 3.2 Safeguard Measures under China’s Accession Protocol 719
 - 3.3 Safeguard Measures under the GATS 719
 - 4 Balance-of-Payments Measures under the GATT 1994 and the GATS 720
 - 4.1 Balance-of-Payments Measures under the GATT 1994 720
 - 4.2 Balance-of-Payments Measures under the GATS 726
 - 5 Summary 727
 - Further Reading 729

- 10 Regional Trade Exceptions** 730
- 1 Introduction 730
 - 2 Proliferation of Regional Trade Agreements 731
 - 3 Regional Trade Exceptions under the GATT 1994 737
 - 3.1 Exceptions Relating to Customs Unions 738
 - 3.2 Exceptions Relating to Free-Trade Areas 743
 - 3.3 Interim Agreements 745
 - 3.4 Special and Differential Treatment of Developing-Country Members 745
 - 4 Regional Trade Exceptions under the GATS 747
 - 4.1 Requirements for Economic Integration Agreements 747
 - 4.2 Labour Markets Integration Agreements 750
 - 4.3 Special and Differential Treatment of Developing-Country Members 750
 - 5 Institutional and Procedural Matters 751
 - 6 Summary 752
 - Further Reading 753
- 11 Dumping** 754
- 1 Introduction 754
 - 2 Basic Elements of WTO Law on Dumping 755
 - 2.1 History of the Law on Dumping 755
 - 2.2 The Concept of ‘Dumping’ and Its Treatment in WTO Law 757
 - 2.3 Current Use of Anti-Dumping Measures 759
 - 3 Determination of Dumping 761
 - 3.1 ‘Normal Value’ 762
 - 3.2 ‘Export Price’ 770
 - 3.3 Comparison of the ‘Export Price’ with the ‘Normal Value’ 772
 - 4 Determination of Injury to the Domestic Industry 783
 - 4.1 ‘Domestic Industry’ 783
 - 4.2 ‘Injury’ 787
 - 5 Demonstration of a Causal Link 800
 - 5.1 Relevant Causation Factors and Non-Attribution 800
 - 5.2 Cumulation 803
 - 6 Anti-Dumping Investigation 805
 - 6.1 Initiation of an Investigation 805
 - 6.2 Conduct of the Investigation 807
 - 6.3 Public Notice and Judicial Review 815
 - 7 Anti-Dumping Measures 819
 - 7.1 Imposition of Provisional Anti-Dumping Measures 819
 - 7.2 Price Undertakings 819
 - 7.3 Imposition and Collection of Anti-Dumping Duties 820
 - 7.4 Duration, Termination, and Review of Anti-Dumping Duties 824
 - 7.5 Problem of Circumvention of Anti-Dumping Duties 827

xi Contents

- 8 Institutional and Procedural Provisions of the Anti-Dumping Agreement 828
 - 8.1 The Committee on Anti-Dumping Practices 828
 - 8.2 Dispute Settlement 830
- 9 Special and Differential Treatment for Developing-Country Members 834
- 10 Summary 836
 - Further Reading 838
- 12 Subsidies 840**
 - 1 Introduction 840
 - 2 Basic Elements of WTO Law on Subsidies and Subsidised Trade 841
 - 2.1 History of the Law on Subsidies and Subsidised Trade 841
 - 2.2 The WTO Concept of ‘Subsidies’ and Their Treatment under WTO Law 843
 - 2.3 Current Use of Subsidies and Countervailing Measures 844
 - 3 Subsidies Covered by the SCM Agreement 845
 - 3.1 Financial Contribution 846
 - 3.2 Financial Contribution by a Government or a Public Body 855
 - 3.3 Financial Contribution Conferring a Benefit 860
 - 3.4 Requirement of ‘Specificity’ of the Subsidy 870
 - 4 Prohibited Subsidies 879
 - 4.1 Export Subsidies 880
 - 4.2 Import Substitution Subsidies 884
 - 4.3 Multilateral Remedies for Prohibited Subsidies 888
 - 5 Actionable Subsidies 891
 - 5.1 Subsidies Causing Injury 891
 - 5.2 Subsidies Causing Nullification or Impairment 899
 - 5.3 Subsidies Causing Serious Prejudice 899
 - 5.4 Multilateral Remedies for Actionable Subsidies 924
 - 5.5 Non-Actionable Subsidies 927
 - 6 Countervailing Measures 928
 - 6.1 Conditions for the Imposition of Countervailing Duties 928
 - 6.2 Conduct of Countervailing Duty Investigations 929
 - 6.3 Application of Countervailing Measures 938
 - 6.4 Countervailing Duties or Countermeasures 946
 - 7 Institutional and Procedural Provisions 947
 - 7.1 Transparency and Notification Requirements 947
 - 7.2 Subsidies Committee 948
 - 7.3 Dispute Settlement 949
 - 8 Special and Differential Treatment for Developing-Country Members 950
 - 9 Agricultural Subsidies under the Agreement on Agriculture 951
 - 9.1 Agricultural Export Subsidies 952
 - 9.2 Domestic Agricultural Support Measures 956
 - 10 Summary 959
 - Further Reading 962

xii Contents

- 13 Technical Barriers to Trade** 964
- 1 Introduction 964
 - 2 Scope of Application of the TBT Agreement 965
 - 2.1 Measures to Which the TBT Agreement Applies 966
 - 2.2 Entities Covered by the TBT Agreement 975
 - 2.3 Relationship with Other WTO Agreements 976
 - 3 Substantive Provisions of the TBT Agreement 978
 - 3.1 MFN Treatment and National Treatment Obligations 978
 - 3.2 Obligation to Refrain from Creating Unnecessary Obstacles to International Trade 992
 - 3.3 Obligation to Base Technical Barriers to Trade on International Standards 1007
 - 3.4 Other Substantive Provisions 1011
 - 4 Institutional and Procedural Provisions of the TBT Agreement 1015
 - 4.1 TBT Committee 1015
 - 4.2 Dispute Settlement 1016
 - 4.3 Technical Assistance 1017
 - 5 Summary 1018
 Further Reading 1019
- 14 Sanitary and Phytosanitary Measures** 1021
- 1 Introduction 1021
 - 2 Scope of Application of the SPS Agreement 1022
 - 2.1 Measures to Which the SPS Agreement Applies 1022
 - 2.2 Entities Covered by the SPS Agreement 1026
 - 2.3 Relationship with Other WTO Agreements 1027
 - 3 Substantive Provisions of the SPS Agreement 1029
 - 3.1 Basic Principles 1029
 - 3.2 Goal of Harmonisation 1036
 - 3.3 Obligations Relating to Risk Assessment 1040
 - 3.4 Obligations Relating to Risk Management 1046
 - 3.5 Provisional Measures and the Precautionary Principle 1053
 - 3.6 Other Substantive Provisions 1059
 - 4 Institutional and Procedural Provisions of the SPS Agreement 1072
 - 4.1 SPS Committee 1072
 - 4.2 Dispute Settlement 1073
 - 4.3 Technical Assistance 1078
 - 5 Summary 1079
 Further Reading 1080
- 15 Intellectual Property Rights** 1082
- 1 Introduction 1082
 - 2 The Origins and Objectives of the TRIPS Agreement 1082

xiii Contents

- 2.1 Origins of the TRIPS Agreement 1083
- 2.2 Objectives and Principles of the TRIPS Agreement 1084
- 3 Scope of Application of the TRIPS Agreement 1086
 - 3.1 Substantive Scope of Application 1086
 - 3.2 Temporal Scope of Application 1089
- 4 General Provisions and Basic Principles of the TRIPS Agreement 1089
 - 4.1 Relationship between the TRIPS Agreement and WIPO Conventions 1090
 - 4.2 The National Treatment Obligation 1092
 - 4.3 The Most-Favoured-Nation Treatment Obligation 1098
 - 4.4 Exhaustion of Intellectual Property Rights 1099
- 5 Substantive Protection of Intellectual Property Rights 1101
 - 5.1 Copyright and Related Rights 1101
 - 5.2 Trademarks 1108
 - 5.3 Geographical Indications 1122
 - 5.4 Patents 1127
- 6 Enforcement of Intellectual Property Rights 1135
 - 6.1 General Obligations 1136
 - 6.2 Civil and Administrative Procedures and Remedies 1136
 - 6.3 Provisional Measures and Border Measures 1139
 - 6.4 Criminal Procedures 1139
 - 6.5 Acquisition and Maintenance of Intellectual Property Rights 1140
- 7 Institutional and Procedural Provisions of the TRIPS Agreement 1141
 - 7.1 Council for TRIPS 1141
 - 7.2 Transparency 1142
 - 7.3 Dispute Settlement 1142
 - 7.4 Security Exceptions 1144
- 8 Special and Differential Treatment of Developing-Country Members 1146
 - 8.1 Transitional Periods 1146
 - 8.2 Technical Assistance and Transfer of Technology 1147
- 9 Summary 1148
 - Further Reading 1151
 - Index* 1152