



**CAREC WTO Accession  
Knowledge Sharing Workshop  
SHANGHAI 24-26 July 2012**

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# **BENEFITS & IMPACT OF WTO ACCESSION AND LESSONS LEARNT**

## BENEFITS

Countries seek WTO Membership for Real & Perceived Benefits:

- ❖ Trade Rules; Market Access; Investment inflows; Global integration; political reasons
- ❖ To overcome Bilateral Trading Difficulties:
  - Case in Point: Nepal;
  - Difficulties in renewing bilateral treaties with India in 1989 (transit and trade), resulted in shortages of critical goods
  - Solution: WTO Membership

## Reduction of Trade Negotiations Cost

- **WTO Membership provides access to the multilateral trade negotiations forum**
- **Market access improvements agreed in WTO automatically benefit all members**
- **Non-members have to seek concessions bilaterally**
- **Opportunity costs increase: Administrative, human and budgetary resource constraints hinder bilateral/regional trade negotiations**

## Participation in International Trade Rule-Making

- **WTO mandate is broader than GATT---reduction of tariff and non-tariff barriers both in goods and services**
- **WTO Rules govern most trade flows among members as well as non-members**
- **Non-WTO Members do not participate in rule-making, but are affected by the enforcement of rules adopted by WTO members**

## Access to an Impartial and Binding Dispute Settlement Mechanism

- The WTO dispute settlement system is the *'Jewel in The Crown'* and has several functions:
  - a) Protects members against abusive uses of unilateral trade sanctions, such as the US Section 301.
  - b) It restores equity in dispute settlement and addresses complaints of smaller economies
  - c) Oversight mechanism: Third parties are informed of disputes and automatically benefit from results.
- Imbalances in bilateral trade relations make multilateral approach to enforcement just as important as rule-making.

# NEGOTIATION PROCESS

## WTO Plus Requirements

- a) **Acceding countries are required to make commitments which go beyond the standard WTO package.**
- b) **In goods, “Tariff Sectoral Initiatives” or plurilateral agreements like the Agreement on Government Procurement, the Agreement on Trade in Civil Aircraft, or bindings of all Tariff Lines.**
- c) **In services, commitments in areas where members have not yet reached agreement among themselves (such as maritime or traffic rights in aviation) are requested.**
- d) **On systemic issues, demands are often far beyond the WTO’s competence for example, in the area of investments or privatization. In tariffs and services, commitments required are not even explained.**

# NEGOTIATION PROCESS

## WTO Plus Requirements

- e) Members request to open a specific market of an acceding country without having industry which could benefit from such an opening.
- f) Acceding countries are required to make more commitments than the original members did. This has created a two-tiered system of rights and obligations, thus substantially damaging the main principles of the WTO: non-discrimination, equal rights and transparency.

## WTO-MINUS

- g) Some acceding countries are denied the rights established by certain WTO Agreements, like those on antidumping or safeguards.
- g) All these additional requirements are not based on legal norms of the WTO, and they do not take into account the actual situation in acceding countries.



# LESSONS LEARNT

## NEW TRADE DISCIPLINES

- ✓ **WTO Agreements Bring A New Set Of Rules For International Trade**
- ✓ **The Agreements Control the Trade Flows**
- ✓ **They Dictate ‘When The Gates Will Open; What Will Pass Through & Under What Conditions Will It Pass Through’**
- ✓ **Important to Understand ‘Rights & Obligations’; ‘Challenges & Opportunities’**
- ✓ **Need To Build Capacity**
- ✓ **Essential To Disseminate Information And Educate All Domestic Stakeholders**

**THANK YOU**