

# Contents

## **Part I: Introduction to the Legal and Economic Aspects of World Trade Regulation**

<b>1. Introduction to World Trade Law .....</b>	<b>3</b>
I. Increased Trade and Deeper Integration: Globalisation!.....	4
(a) Increased Trade and Increased Importance of Trade.....	5
(b) What is Traded? .....	7
(c) Who Trades? .....	10
II. Why Trade? .....	13
(a) Economics.....	13
(b) Peace .....	15
III. The Economics of Trade.....	20
(a) Comparative Advantage .....	21
(b) Weighing the Harms to Some against the Benefits to Others .....	24
(c) Trade between Countries at Different Income Levels.....	25
(d) Free Trade and Development .....	25
(e) Industrial Policy .....	26
(f) Conclusions on the Free Trade versus Protection Debate .....	27
(g) The Economics of the ‘New’ Issues.....	28
IV. Free Trade vs Protectionism .....	28
V. Structure of the Book .....	50

## **Part II: History, Institutional Aspects and the Relationship between World Trade Law, International Law and Domestic Law**

<b>2. The History and Institutions of the Multilateral Trading System .....</b>	<b>53</b>
I. Introduction .....	53
II. The GATT as an Institution.....	53
(a) The Origins of the GATT .....	54
(b) GATT Negotiating Rounds .....	57
III. The WTO as an Institution .....	58
(a) WTO Objectives, Scope and Functions .....	62
(b) Basic Structure of the WTO .....	70
(c) Decision-Making in the WTO.....	74
(d) Membership .....	84
(e) Accession and Withdrawal .....	85
IV. Questions.....	89

---

<b>3. World Trade Law and International Law .....</b>	<b>91</b>
I. Introduction.....	91
II. World Trade Law and International Law: Differing Viewpoints .....	91
III. Questions .....	109
<b>4. World Trade Law and Domestic Law.....</b>	<b>111</b>
I. Introduction.....	111
II. United States.....	117
(a) Direct Effect .....	117
(b) Indirect Effect/Consistent Interpretation .....	119
(c) Summary of the US Law Position .....	129
III. European Union .....	129
(a) Direct Effect .....	129
(b) Indirect Effect/Consistent Interpretation and Beyond.....	136
(c) Summary of the EU Law Position.....	137
IV. Other Jurisdictions .....	138
V. General Observations on Other Jurisdictions .....	143
VI. Questions .....	144
 <b>Part III: Dispute Settlement in the WTO</b>	
<b>5. The Settlement of Disputes in the GATT/WTO .....</b>	<b>149</b>
I. Introduction.....	149
II. Dispute Settlement in the GATT.....	150
III. Dispute Settlement in the WTO: Introduction .....	153
IV. Basic Overview of the DSU Process .....	154
(a) Consultations .....	154
(b) Panels.....	155
(c) Appellate Review .....	156
(d) Implementation.....	157
(e) Compliance Review.....	158
(f) Compensation and the Suspension of Concessions or other Obligations .....	160
(g) The Sequencing Debate.....	167
V. Alternatives to Disputes: Mediation and Arbitration.....	169
VI. Interaction of the DSU Rules with other WTO Agreements .....	170
VII. Important Procedural and Systemic Issues .....	171
(a) The Complaint.....	171
(b) Participation by WTO Members and other Interested Groups .....	181
(c) Panel and Appellate Body Decision-making.....	190
(d) Multilateralism versus Unilateralism .....	210
VIII. Questions .....	213
 <b>Part IV: Traditional GATT Obligations</b>	
<b>6. Border Measures: Tariffs and Quotas.....</b>	<b>219</b>
I. Introduction.....	219
II. Tariffs.....	220

(a) GATT/WTO Tariff Negotiations .....	220
(b) GATT Rules on Bound Tariffs .....	221
(c) Domestic Tariff Administration .....	236
III. Quotas .....	243
IV. Tariff Quotas.....	249
V. Export Quotas and Export Tariffs .....	249
(a) Export Quotas .....	249
(b) Export Tariffs .....	257
VI. Questions.....	257
<b>7. Non-Discrimination: MFN and National Treatment .....</b>	<b>259</b>
I. Overview of Non-Discrimination .....	259
(a) What is Discrimination? The Role of Intent, Effect and Comparisons.....	259
(b) <i>De Facto</i> versus <i>De Jure</i> Discrimination .....	263
II. National Treatment: Domestic Taxes and Regulations.....	263
(a) Introduction.....	263
(b) The National Treatment Provisions of GATT Article III .....	265
(c) Article III:2: Tax Measures .....	266
(d) Article III:4: Regulatory Measures .....	285
(e) Internal Measures vs Border Measures.....	305
(f) Article III: Conclusions and General Observations .....	308
III. Questions.....	310
IV. The Most Favoured Nation Principle .....	311
(a) Introduction.....	311
(b) Elements of the Most Favoured Nation Principle: ‘Likeness’ and Non-Discrimination.....	315
(c) Unconditional MFN .....	324
(d) Conclusions on the MFN Obligation .....	327
V. Questions.....	328
<b>Part V: GATT Exceptions</b>	
<b>8. Bilateral/Regional Trade Agreements .....</b>	<b>331</b>
I. Introduction .....	331
II. History of PTAs.....	332
III. The Development of Regionalism: Why (or why not) PTAs?.....	334
IV. Gatt Article XXIV and GATS Article V .....	339
(a) The Obligation to Notify to the CRTA.....	340
(b) External Trade Requirement .....	344
(c) Internal Trade Requirement .....	348
V. PTAs and Dispute Settlement in the WTO.....	351
(a) <i>Turkey—Textiles</i> .....	352
(b) <i>United States—Line Pipe Safeguards</i> .....	356
(c) <i>Peru—Agricultural Products</i> .....	357
VI. Recent Trends: The Future of PTAs in the WTO .....	364
VII. Questions.....	372

---

<b>9. The Article XX ‘General Exceptions’: Health, the Environment, Compliance Measures, Public Morals and More .....</b>	<b>373</b>
I. Introduction .....	373
II. General Interpretive Issues.....	374
(a) Applicability of Article XX to Claims under the GATT and under Instruments Other than the GATT .....	374
(b) Burden of Proof.....	378
(c) Structure of the Article XX Analysis: Sub-paragraphs First, Chapeau Second.....	378
(d) ‘Necessary’ versus ‘Relating to’ .....	379
(e) Relationship of Article XX Chapeau Discrimination to Article I and Article III Discrimination.....	384
(f) Scope of Article XX.....	385
(g) The Consideration of Extraterritorial Measures .....	385
III. The Major Listed Exceptions.....	386
(a) Article XX(a): Public Morals.....	386
(b) Article XX(b): Human, Animal or Plant Life or Health .....	397
(c) Article XX(d): Compliance Measures .....	403
(d) Article XX(g): Conservation of Exhaustible Natural Resources .....	410
(e) Article XX(j): Acquisition or Distribution of Products in Short Supply .....	425
IV. The Chapeau.....	427
(a) <i>US—Gasoline</i> .....	427
(b) <i>US—Shrimp</i> .....	432
(c) <i>Brazil—Tyres</i> .....	434
(d) <i>EC—Seal Products</i> .....	440
V. Conclusions .....	443
VI. Questions.....	443

## Part VI: Remedies for Fair and Unfair Trade

<b>10. Subsidies and Countervailing Measures .....</b>	<b>449</b>
I. Introduction .....	449
II. Identification of Subsidies that are Subject to the SCM Agreement.....	451
(a) The Definition of ‘Subsidy’ .....	451
(b) Specificity .....	467
III. Regulation of Specific Subsidies Under the SCM Agreement.....	471
(a) Prohibited Subsidies.....	471
(b) Actionable Subsidies.....	485
(c) Non-actionable Subsidies.....	494
IV. Dispute Settlement and Remedies.....	494
V. Subsidies Provisions in other WTO Agreements .....	497
(a) Agriculture Agreement .....	497
(b) GATT .....	498
(c) TRIMs Agreement .....	499
VI. Countervailing Measures .....	499
VII. Questions.....	509

---

<b>11. Dumping and Anti-dumping Measures .....</b>	513
I. Introduction .....	513
II. Anti-dumping: A Basic Overview.....	516
(a) Domestic Anti-dumping Rules.....	516
(b) History of GATT/WTO Rules on Dumping.....	518
III. Anti-dumping Investigations.....	519
(a) Initiation.....	519
(b) Evidence Used in the Investigation.....	520
(c) Key Substantive Issues: Dumping, Injury and Causation.....	521
IV. Anti-dumping Measures.....	555
(a) Provisional Measures.....	555
(b) Price Undertakings .....	556
(c) Imposition and Collection of Duties.....	556
(d) Duration and Review of Duties.....	557
(e) The Use of Anti-dumping Measures Other than Tariff Duties.....	558
V. Challenging Anti-dumping Measures in WTO Dispute Settlement.....	566
(a) Standard of Review.....	566
(b) The Measures to be Challenged.....	567
(c) Good Faith, Even-handedness, Impartiality.....	567
VI. 'Double Remedies' in Relation to Concurrent Anti-dumping and Countervailing Duties .....	568
(a) Domestic/Export Subsidies and Lower Export Prices .....	569
(b) Adjustments in the Dumping Calculation Which Take Subsidies into Account: The NME Calculation .....	571
VII. Questions.....	575
<b>12. Safeguards .....</b>	579
I. Introduction .....	579
II. Procedural Requirements .....	581
III. Conditions to be Satisfied in Order to Apply Safeguard Measures.....	583
(a) Increased Imports .....	584
(b) Unforeseen Developments.....	586
(c) Serious Injury or Threat Thereof .....	589
(d) Causation and Non-attribution.....	592
IV. Standard of Review .....	599
V. Application of Safeguard Measures .....	600
(a) The Extent of Safeguard Measures.....	600
(b) Parallelism .....	602
(c) Measures in the Form of Quantitative Restrictions .....	608
(d) Excluding Developing Country Members .....	608
(e) Duration of Safeguard Measures .....	609
(f) Provisional Safeguard Measures.....	610
VI. Maintaining an Equivalent Level of Concessions .....	610
VII. Questions.....	612

---

<b>Part VII: Beyond Trade in Goods: Domestic Regulation, Services, Investment, Procurement and Intellectual Property</b>	
<b>13. The SPS and TBT Agreements .....</b>	617
I. Introduction .....	617
II. The SPS Agreement .....	618
(a) Basic Rights and Obligations .....	619
(b) Harmonisation .....	621
(c) Equivalence .....	621
(d) Assessment of Risk and Determination of the Appropriate Level of Sanitary or Phytosanitary Protection .....	623
(e) Regional Conditions .....	641
(f) Standard of Review under the SPS Agreement .....	644
(g) Summary of the SPS Agreement's Provisions .....	647
III. The TBT Agreement .....	648
(a) TBT Agreement Article 2.1—National Treatment and Most Favoured Nation Treatment .....	649
(b) TBT Agreement Article 2.2—More Trade-Restrictive than Necessary .....	662
(c) TBT Agreement Article 2.4—International Standards .....	675
IV. Closing Thoughts: The Object and Purpose of the SPS and TBT Agreements .....	684
V. Questions .....	685
<b>14. Trade in Services .....</b>	689
I. Introduction .....	689
II. The Nature of Services .....	690
III. The Scope of the GATS .....	692
(a) What Services are Covered? .....	692
(b) How are Services Traded? .....	693
(c) The Relationship of Trade in Goods (the GATT) with Trade in Services (the GATS) .....	695
IV. General Obligations and Disciplines .....	695
(a) Most-Favoured Nation Treatment (MFN) .....	695
(b) Transparency .....	696
(c) Domestic Regulation .....	696
(d) Exceptions .....	698
V. Specific Commitments .....	706
(a) Market Access .....	708
(b) National Treatment .....	719
(c) Additional Commitments .....	720
(d) Withdrawal of Commitments .....	720
VI. Additional Issues .....	721
VII. Questions .....	724
<b>15. Trade and Investment .....</b>	727
I. Introduction .....	727
II. Investment in the GATT/WTO .....	727

---

(a) The TRIMs Agreement Negotiations.....	728
(b) The TRIMs Agreement .....	729
(c) Dispute Settlement.....	731
III. International Investment Regulation Outside the WTO Context .....	738
(a) Bilateral Investment Treaties and Investment Provisions of Free Trade Agreements.....	738
(b) A Multilateral Agreement on Investment?.....	745
IV. Investment, the Doha Round and beyond.....	750
V. Questions.....	753
<b>16. Government Procurement .....</b>	<b>755</b>
I. Introduction .....	755
II. The GPA's Objectives .....	760
III. Issues Relating to Contract Coverage .....	763
(a) The Definition of Covered Procurement.....	764
(b) Coverage from the Developing Country Perspective .....	771
IV. The United States 'Stimulus Package' Buy American Provisions and the GPA.....	772
(a) Section 1605(d)—Legislative History .....	773
(b) Section 1605(d)—Operation.....	774
(c) Section 1605(b)—the Waiver.....	775
V. Rules Applying to Covered Contracts .....	776
(a) General Principles of Non-discrimination .....	777
(b) Methods of Procurement.....	779
(c) Advertisement of Procurement Opportunities—Notices .....	780
(d) Conditions for Participation.....	782
(e) Time Limits for Award Procedures .....	783
(f) Awarding of Contracts .....	785
VI. The Exceptions Provision.....	788
VII. Domestic Review Procedures for Supplier Challenges.....	789
(a) The Identity and Attributes of the Review Body .....	793
(b) Remedies.....	794
VIII. The GATT Article III:8(a) Procurement Derogation .....	795
IX. Discussions Towards Multilateral Procurement Disciplines .....	797
X. Questions.....	800
<b>17. Trade and Intellectual Property: The TRIPS Agreement.....</b>	<b>803</b>
I. Introduction .....	803
II. Historical Treatment of Intellectual Property.....	803
III. The Framework of the TRIPS Agreement: General Provisions and Principles .....	805
(a) Overview.....	805
(b) General Structure .....	806
(c) National Treatment and Most Favoured Nation Treatment .....	807
(d) Exhaustion .....	810
(e) Objectives and Principles.....	812
IV. The Scope and Coverage of the TRIPS Agreement .....	813
(a) Copyright and Related Rights.....	814

---

(b) Patents .....	829
(c) Enforcement and Remedies.....	855
(d) Acquisition and Maintenance of Intellectual Property Rights and Related <i>Inter Partes</i> Procedures .....	859
(e) Dispute Prevention and Settlement .....	859
(f) Transitional Arrangements .....	864
(g) Criticisms of the Agreement.....	865
V. Intellectual Property and Preferential Trade Agreements.....	869
VI. Questions .....	874
 <b>Part VIII: Social Policy Issues</b>	
<b>18. Developing Countries in the Multilateral Trading System.....</b>	877
I. Introduction.....	877
II. Classification of WTO Members as ‘Developing’ or ‘Least Developed’.....	877
III. The Role of Developing Countries in the WTO: Negotiations, Disputes, and Special and Differential Treatment .....	880
(a) The Negotiating Process.....	882
(b) Dispute Settlement .....	884
(c) Special and Differential versus Equal Treatment .....	886
IV. Are the WTO’s goals Appropriate for Developing Countries? .....	910
V. Questions .....	911
<b>19. Linkages between Trade and Social Policies.....</b>	913
I. Environment.....	914
II. Culture .....	924
III. Labour Standards .....	932
IV. Human Rights .....	944
V. Health and Safety.....	952
VI. Questions .....	960
 <i>Index.....</i>	963