



THE WTO AND REGIONAL TRADE AGREEMENTS

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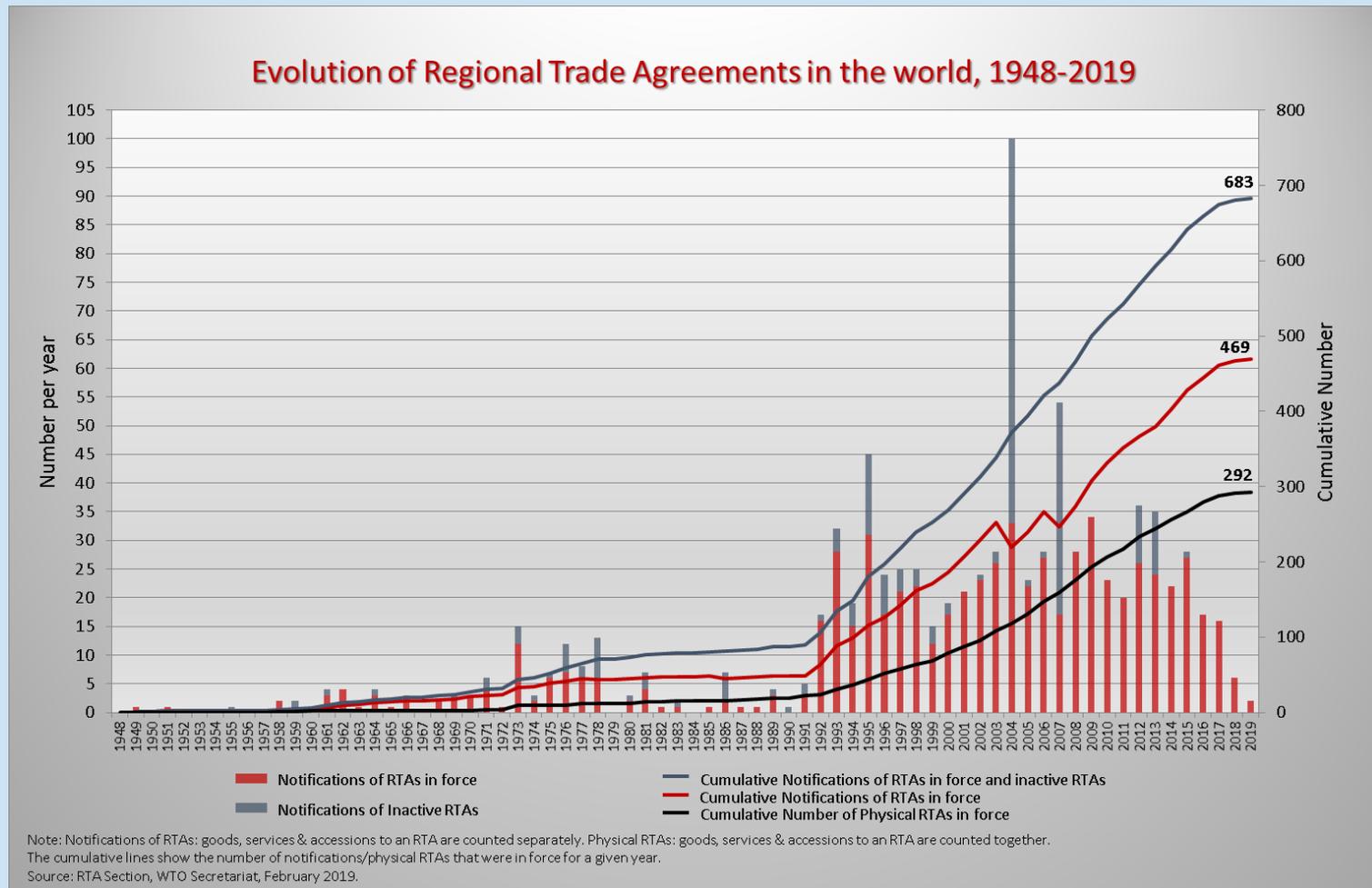


What is an RTA in the WTO?

Types of preferential trade liberalization:

Concessions	Members	Examples	RTA?
Reciprocal	Selective	EU, NAFTA, Mercosur, EPAs	<input checked="" type="checkbox"/>
Unilateral	Selective	Cotonou, AGOA	<input type="checkbox"/>
Unilateral	Generalized	GSP	<input type="checkbox"/>

Regional Trade Agreements and the Multilateral Trading System



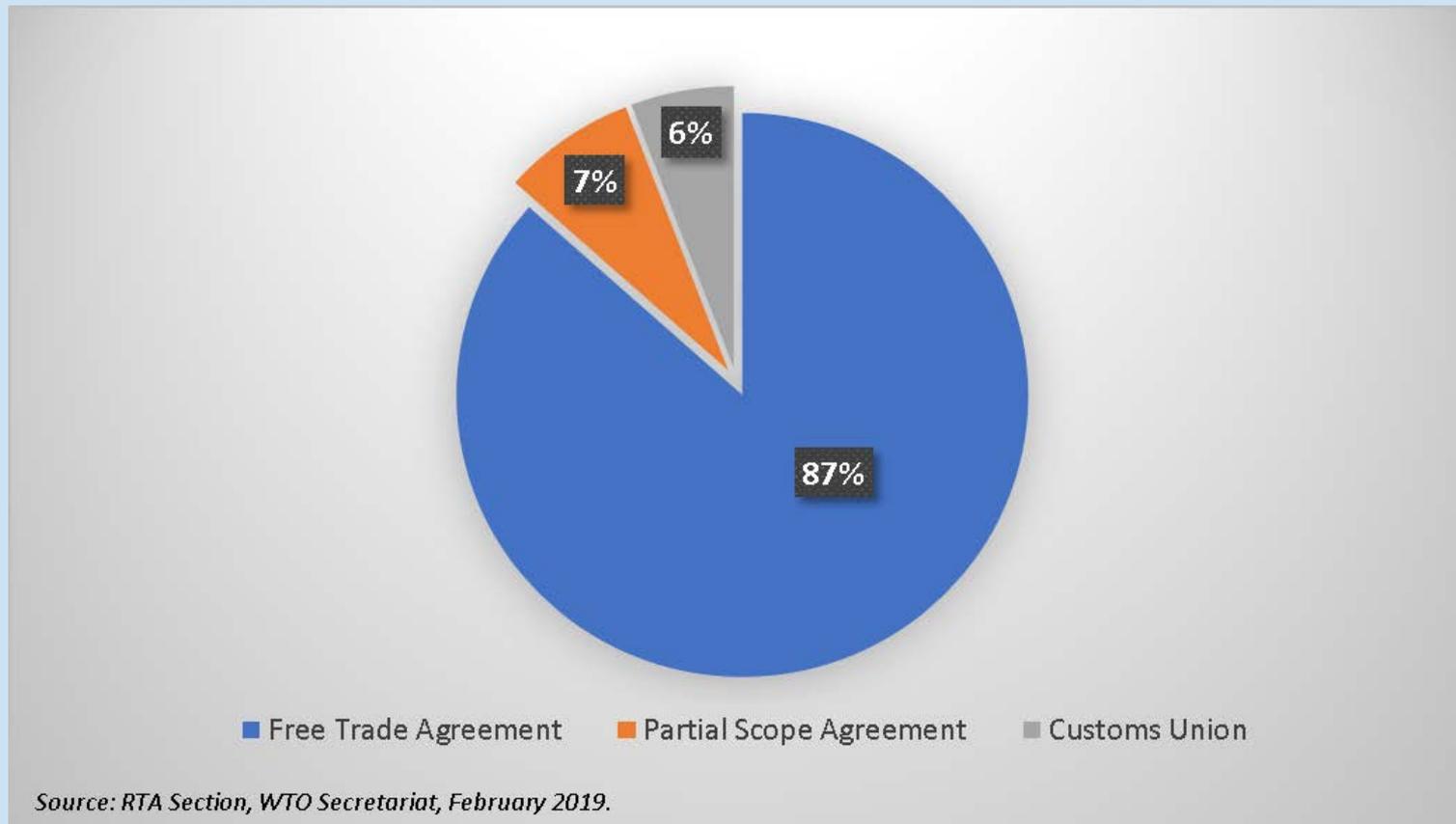
As of 7 February 2019, 292 RTAs had been notified to the WTO. These correspond to 469 notifications (goods, services, accessions) of RTAs that are currently in force.



Types of RTAs

- FTAs account for the great majority of RTAs notified and in force.

Notified RTAs in force

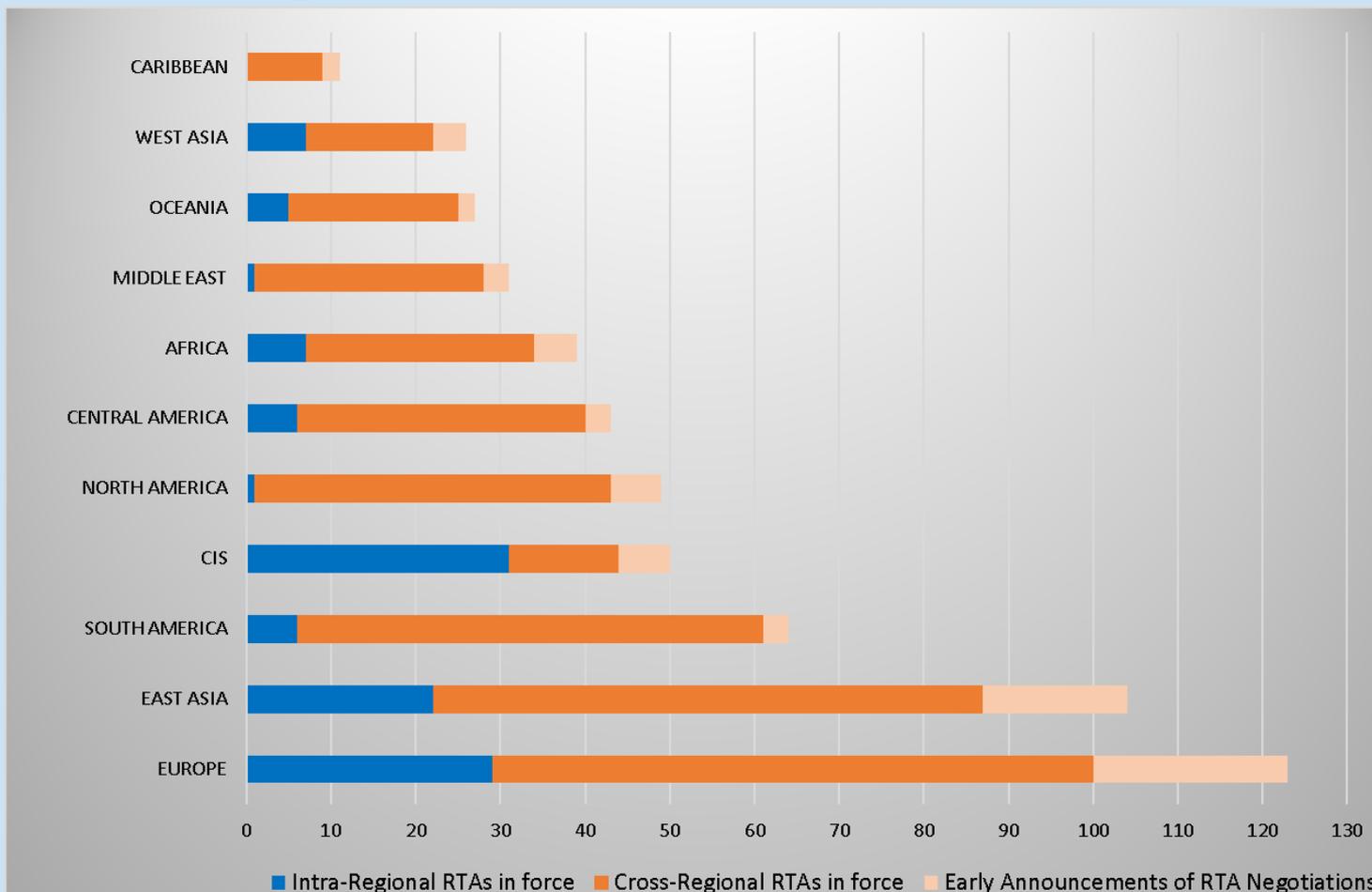


Source: RTA Section, WTO Secretariat, February 2019.



The global landscape of RTAs

Which Regions are most active?



Note: RTAs involving countries/territories in two (or more) regions are counted more than once.

Source: RTA Section, WTO Secretariat, February 2019.



THE MULTILATERAL RULES ON RTAs

GATT Article XXIV, the Enabling Clause and
GATS Article V



Common Principles*

- The purpose of an RTA is to facilitate trade among the parties
- The attainment of internal trade liberalization must not entail placing barriers towards third parties higher than those existing before the formation of the RTA
- The RTA must provide for mutual/reciprocal trade concessions

*GATT Art. XXIV:4; “Enabling Clause” para. 3(a); GATS Art. V:4

GATT Article XXIV & Understanding

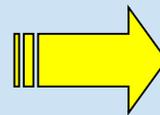


Provides for agreements which result in the establishment, among WTO Members, of 2 types of trade relations:

- Customs unions
- Free-trade areas

It also provides for:

Interim
agreements



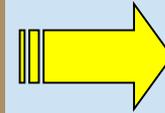
Customs unions or free-trade areas implemented in stages, over a transition period

GATT Article XXIV & Understanding



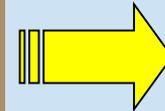
Establishes two fundamental conditions with which RTA parties must comply in order to benefit from the exception provided:

1. That the RTA qualifies as a customs union, a free-trade area, or leads to one or the other.



According
to
definitions
in XXIV:8

2. That formation of the RTA does not imply the application of more restrictive trade measures *vis-à-vis* other, non-party WTO Members.

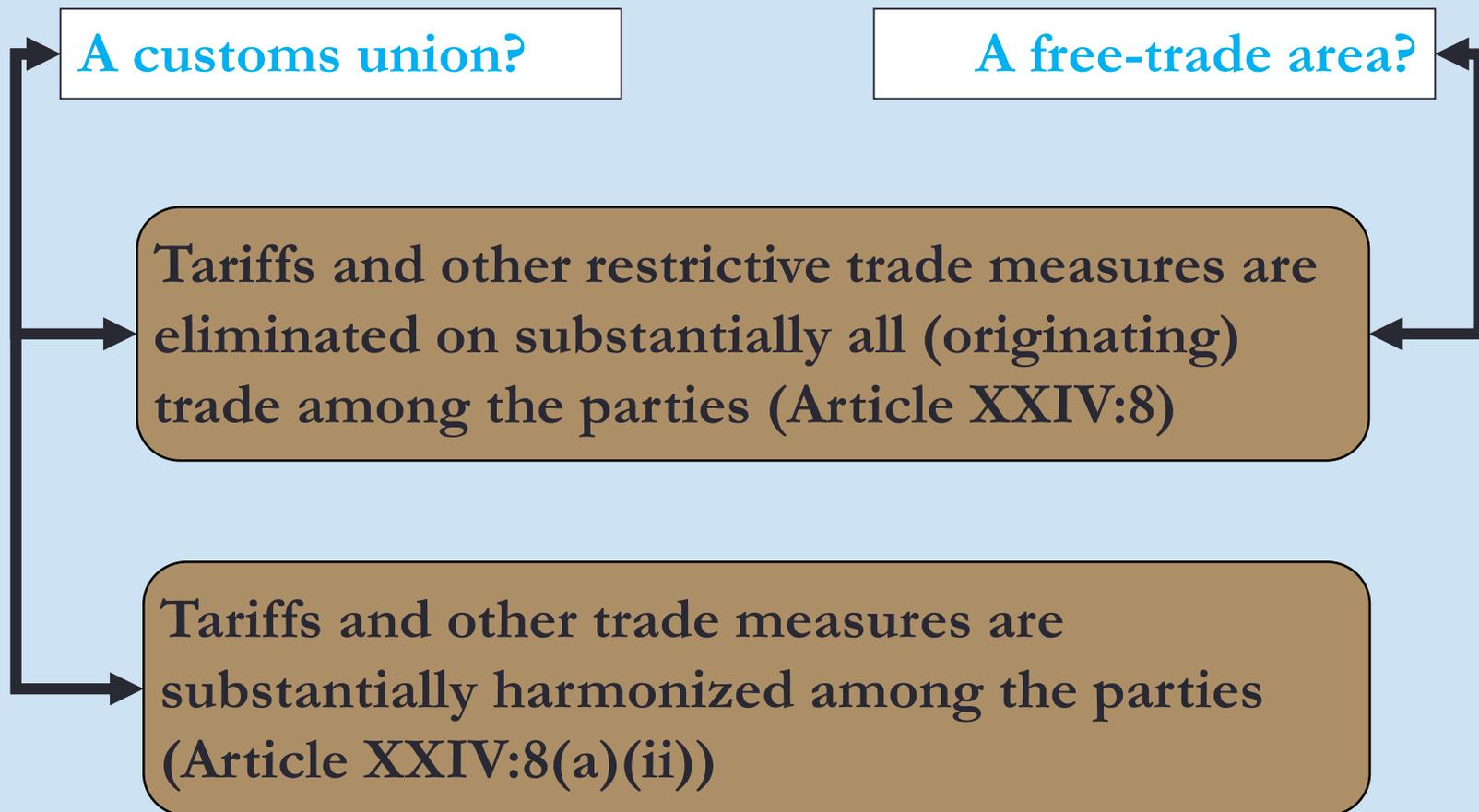


XXIV:5

GATT Article XXIV & Understanding



1. Under which criteria can an RTA be deemed to be:



GATT Article XXIV & Understanding



2. How can compliance with the criterion of “trade policy neutrality” *vis-à-vis* non-parties be assessed?

Parties to a free-trade area

Standstill in MFN (applied) duties and “other regulations of commerce” (Article XXIV:5(b))

Customs union

- On average, no increase in applied MFN duties (Article XXIV:5(a))
- Possible individual analysis of “other regulations of commerce”

Enabling Clause



Authorizes, **in its paragraph 2(c)**, WTO developing country Members to **depart from the MFN clause** (Article I), when concluding:

1. among themselves
2. preferential regional or global arrangements
3. containing mutual concessions
4. on (reduced or zero) tariffs
5. and non-tariff measures (subject to WTO guidelines, in principle).

Only additional criteria are contained in para. 3(a & b).

GATS Article V



The GATS permits Members to establish economic integration agreements and seek departures from MFN

“Economic integration agreements”

GATS Article V



BUT, Certain conditions apply:

1. Trade liberalization among the parties should cover a broad range of services activities.



V:1

2. No non-party WTO Member should encounter a higher overall level of barriers to its services trade as a result of the RTA.



V:4

GATS Article V



To comply with the first criterion, the agreement should:

Have “substantial sectoral coverage”

Number of sectors,
trade affected, modes
of supply

Not excluding, a priori, any of the 4 modes of supply for the sectors covered

In the sectors covered, substantially all discrimination should be absent

Elimination of existing,
prohibition of new or more
restrictive, discriminatory
measures

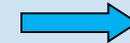
GATS Article V



S&D provisions

Developing countries participating in an agreement are granted flexibility in terms of:

Overall and individual sectors and subsectors



Para. 3a

When the agreement is concluded among developing countries:

Preferences may be granted to the parties' "own" service providers only



Para. 3b

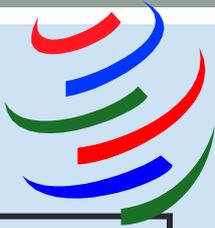
Summing-up



When entering an RTA, a WTO Member should invoke one of the following provisions, and comply with the relevant conditions:

	RTA parties		
	Developed only	Developing only	Developing & developed
Trade in goods	GATT XXIV	Enabling Clause	GATT XXIV
Trade in services	GATS V	GATS V	GATS V

Transparency Mechanism



GATT Art. XXIV

GATS Art. V

Enabling Clause –
Para. 2(c)

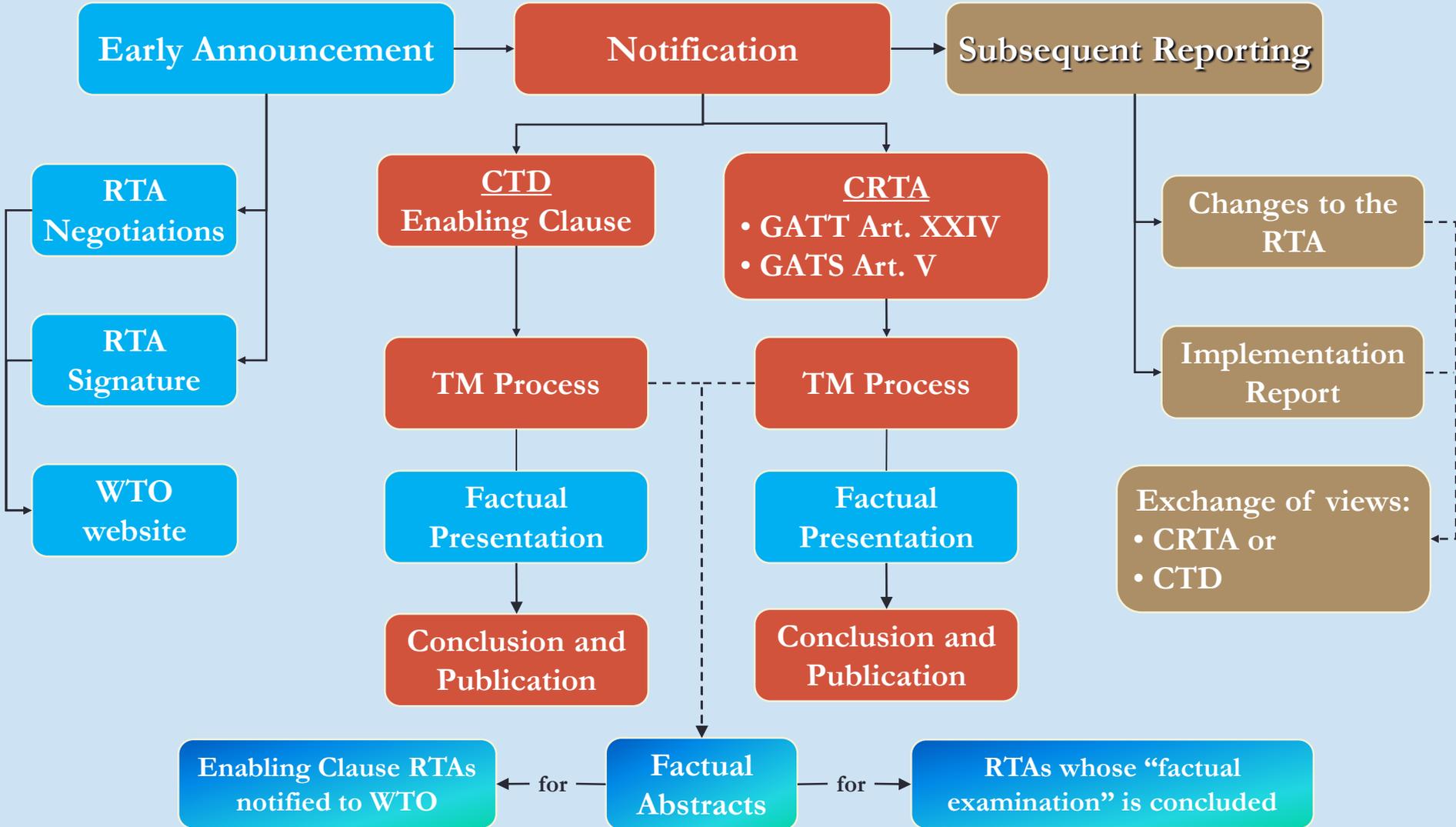
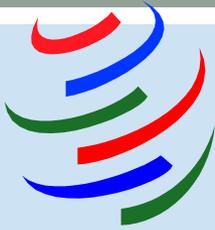
Transparency Mechanism for RTAs

General Council's Decision of 14 December 2006 (WT/L/671)

(Provisional application pending conclusion of the Doha Round)

- improves existing RTA transparency provisions
- ensures coherence of transparency provisions for all RTAs
- outlines specific guidelines for the provision of RTA data
- charges the Secretariat with the preparation of a factual presentation of all RTAs notified to the WTO

Transparency Mechanism



Transparency Process



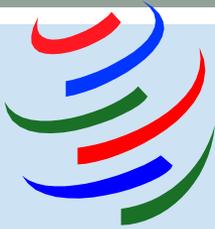
Notification (Section B of the Transparency Mechanism)

https://www.wto.org/english/tratop_e/region_e/trans_mecha_e.htm

WT/REG/16

	WORLD TRADE ORGANIZATION	WT/REG S/C/N
		Date
		Page: 1/1
	(00-0000) Committee on Regional Trade Agreements Council for Trade in Services	Original:
NOTIFICATION OF REGIONAL TRADE AGREEMENT		
1.	Member(s) notifying: <input type="text"/>	
2.	Date of notification: <input type="text"/>	
3.	Notification pursuant to <input type="checkbox"/> Article XXIV:7(a) of GATT 1994 <input type="checkbox"/> Article V:7(a) of GATS <input type="checkbox"/> Paragraph 4(a) of the Enabling Clause	
4.	Parties to the Agreement: <input type="text"/>	
5.	Date of signature: <input type="text"/>	
6.	Date(s) of entry into Force: <input type="text"/>	
7.	Brief description of the Agreement: <input type="text"/>	
8.	Text and related schedules, annexes and protocols are: <input type="checkbox"/> submitted to the WTO Secretariat (electronic format) <input type="checkbox"/> available from the following official Internet link(s): <input type="text"/>	

A WTO Database on RTAs



- **Mandate – (Para 21 of WT/L/671)**
 - The aim is to provide an RTA Information System (RTA-IS), to store, maintain, analyse and disseminate factual and analytical information on RTAs
- **Objectives**
 - Standardize, store, verify and maintain RTA-related textual information and RTA tariff and trade data
 - Provide statistical indicators for RTA analysis
 - Enhance the transparency and accessibility of information on RTAs through its dissemination on the WTO web site
- **Timeframe**
 - January 2009 available to the public (<http://rtais.wto.org>)
 - Long term goal to provide up to date information, including data on trade and tariffs covered by individual agreements.

THANK YOU

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