



WTO OMC

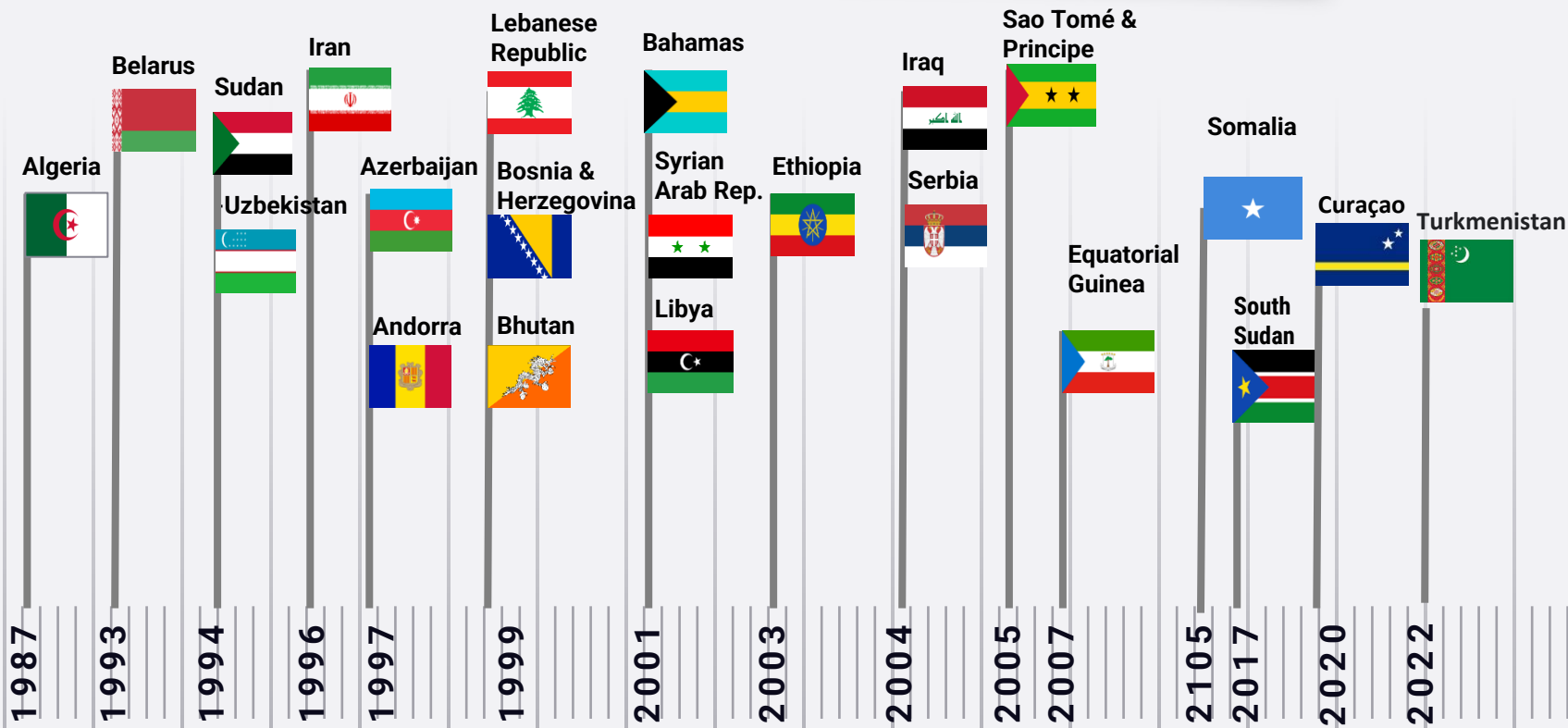
The Multilateral Trading System: Fundamentals and Recent Developments

WTO

What is it?



- The World Trade Organization - a rules-based organization set up by governments to administer multilateral trade agreements (MTAs) and perform a number of other important functions
- Established on 1 January 1995; incorporating the GATT which existed from 1 January 1948 - 31 December 1994
- Membership: keeps on changing, but recent figure is 166 Members, 22 acceding. *Consensus-based decision-making*
- Secretariat: around 650 people; different backgrounds and nationalities. Headed by a Director-General, Dr Ngozi Okonjo-Iweala. Offices in Geneva. No field offices.
- Budget: 205 million Swiss francs



WTO

Main functions

Art. III
WTO Agr.

- Administering and implementing the multilateral and plurilateral trade agreements
- Forum for multilateral trade negotiations
- Dispute settlement
- Overseeing national trade policy
- Co-operation with other international organizations. IMF and the World Bank (coherence in global economic policy-making)
- Technical Assistance and training???
- Reform discussion???

WTO Agreement

(Marrakesh Agreement Establishing the WTO and its Annexes)

- Annex 1A: Multilateral Agreements on Trade in Goods
- Annex 1B: General Agreement on Trade in Services and Annexes
- Annex 1C: Agreement on Trade Related Aspects of Intellectual Property Rights
- Annex 2: Understanding on Rules and Procedures Governing the Settlement of Disputes
- Annex 3: Trade Policy Review Mechanism
- Annex 4: Plurilateral Trade Agreements

Ministerial Declarations and Decisions

The WTO Agreements

WTO Agreement

(Marrakesh Agreement Establishing the WTO and its Annexes)

Annex 1

1A

Multilateral
Agreements on
Trade in Goods

1B

General
Agreement on
Trade in Services
and Annexes

1C

Agreement on
Trade Related
Aspects of
Intellectual
Property Rights

Annex 2

Understanding on
Rules and
Procedures
Governing the
Settlement of
Disputes

Annex 3

Trade Policy Review
Mechanism

Annex 4

Plurilateral Trade
Agreements

Annex 1A

Multilateral agreements on trade in Goods

1A
Multilateral
trade agreement
on trade in goods

Goods

GATT 1994 (General Agreement on Tariffs and Trade)

Understandings

Marrakesh Protocol

Agreements on:

Agriculture

Customs valuation

Sanitary and phytosanitary measures

Preshipment inspection

Textiles and clothing

Rules of origin

Technical barriers to trade

Import licensing

Trade-related investment measures
(TRIMS)

Subsidies and countervailing measures

Safeguards

Antidumping

Trade Facilitation Agreement

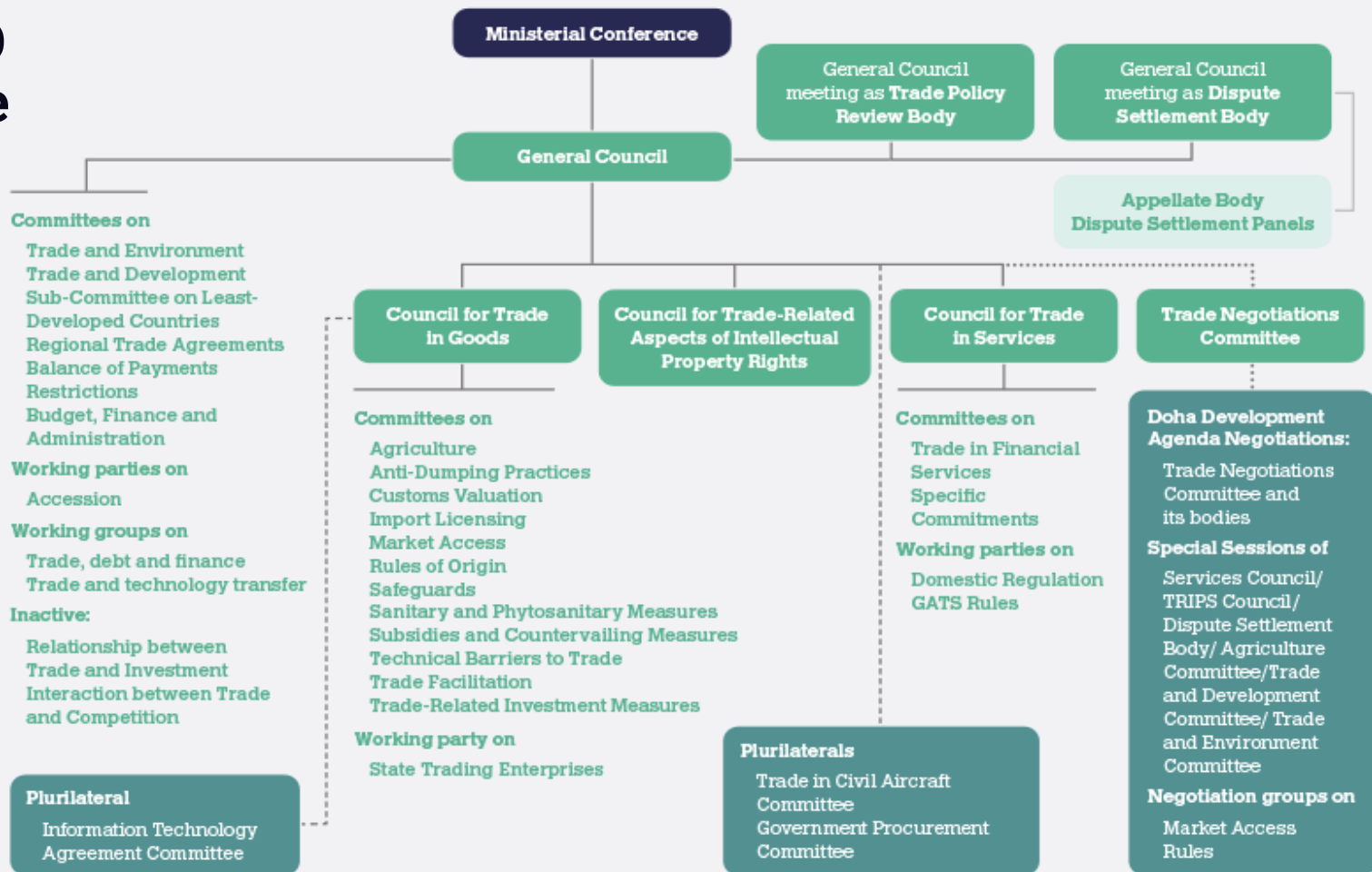
Fisheries Subsidies

WTO

Ministerial Conferences

- Singapore (1996), Geneva (1998), Seattle (1999)
- Doha (2001) - Doha Development Agenda ([New Round of Trade Negotiations](#))
- Cancun (September 2003)
- Hong-Kong, China (December 2005)
- Geneva, 30 November - 2 December 2009
- Geneva, 15-17 December 2011
- Bali, Indonesia – December 2013
- Nairobi, Kenya – December 2015
- Buenos Aires, Argentina – December 2017
- Geneva (MC12) – June 2022
- Abu Dhabi (MC13) – February 2024
- **Cameroon MC14 – 26 – 29 March 2026**

The WTO Structure



Key

— Reporting to General Council (or a subsidiary)

— Reporting to Dispute Settlement Body

- - - - Plurilateral committees inform the General Council or Goods Council of their activities, although these agreements are not signed by all WTO members

..... Trade Negotiations Committee reports to General Council

Basic Principles: obligations

Absence of discrimination

- Most favoured Nation Principle (MFN)
- National treatment Principle

Provisions related to Market Access

- Respect of Bindings (goods and services)
- Prohibition of quantitative restrictions (quotas)

Transparency

- publication, notification, etc



Most Favoured Nation

Art. I GATT, Art. II GATS and Art. 4 TRIPS

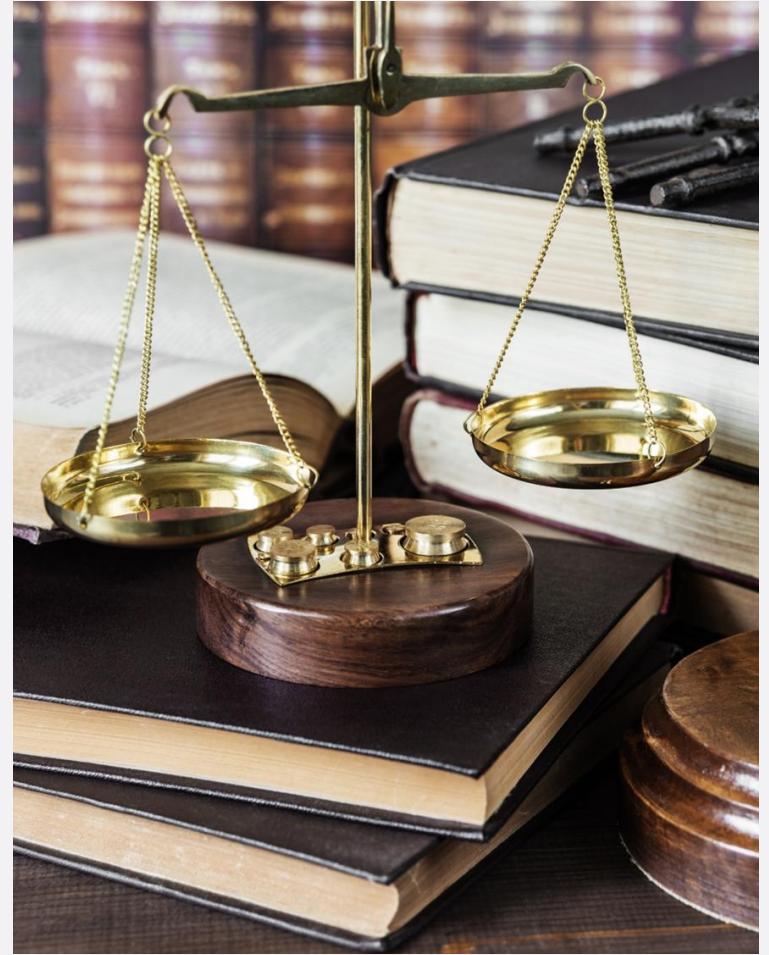


- Prohibition of discrimination between **other WTO Members**
- Advantages given to one member need to be extended **immediately** and **unconditionally** to all other Members
- **Like** products and services etc.

National Treatment

Art. III GATT, Art. XVII GATS,
Art. 3 TRIPS

- Prohibition to discriminate between imported and domestic products
- Applies to **taxes and domestic regulations**
- **Like products** (taxes and regulations) and **directly competitive or substitutable products** (taxes)
- De jure and de facto discrimination



Obligations on Market Access

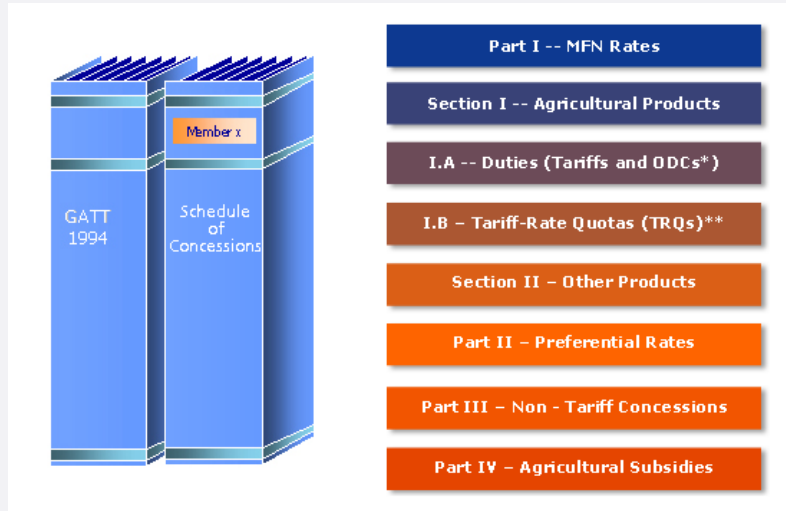
□ What is Market Access?

- The totality of government-imposed conditions under which a product may enter a country under non-discriminatory conditions.
- It is often, but not exclusively, determined by border measures. The two main categories of barriers to market access for goods are:
 - Tariffs; and,
 - Non Tariff Barriers (NTBs)
- Most WTO Agreements have rules on market access (Article II GATT, Article XVI GATS)



Obligations related to Market Access

Art. II GATT



❑ Predictability of Tariff Concessions: Tariff Bindings

➤ What is “Tariff Bindings?”

- A commitment not to raise the customs duty on a certain product above an agreed level.

➤ Where are they found?

- Schedule of concessions (GATT Art II:7)

Obligations related to Market Access

Art. II GATT



- ❑ **Tariff Bindings - Articles II:1(a) and (b)**
 - *Paragraph (a)* - general prohibition against according treatment less favourable to imports than that provided for in a Member's Schedule.
 - *Paragraph (b)* - prohibits the application of ordinary customs duties in excess of those provided for in the Schedule
- ❑ **Other Duties and Charges - Articles II:1(b)**
 - Charges on imports in addition to ordinary customs duties (e.g. statistical taxes; foreign exchange fee)
- ❑ **Other Taxes and Charges – Article II:2**
 - A charge equivalent to an internal tax
 - Anti-Dumping or Countervailing Duties II:2(b)
 - Fees “Commensurate” with the Costs of Services Rendered

Schedule M – Member X

This Schedule is authentic only in the English language

PART I – MOST-FAVoured NATION TARIFF

SECTION II – Other Products

Tariff item number	Description of products	Base rate of duty (U/B)	Bound rate of duty	Implem. period	INR	ODCs
1	2	3	4	5	6	7
0301	LIVE FISH					
030110	- ornamental fish	\$10 /Tonne (U)	\$5/Tonne	1995/2004		5%
030191	-- trout (salmo trutta, salmo gairdneri, salmo clarki, salmo aguabonita, salmo gilae)	100%	50%	1995		
030192	-- eels (anguilla spp.)	66% (U)	50% or \$90, w.i.t.h.	1995/2004		\$5 per Kg
030193	-- carp	66% (U)	50%	1995/2004		
030199	-- other	66% (U)	(U)	2000		

Country Schedules

(specific commitments by service sector and mode of supply)

Country X - Schedule of Specific Commitments

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
A	1) 2) 3) 4)	1) 2) 3) 4)	
B	1) 2) 3) 4)	1) 2) 3) 4)	...
C	1) 2) 3) 4)	1) 2) 3) 4)	...
...

- Modes of supply:
- 1) Cross-border supply
 - 2) Consumption abroad
 - 3) Commercial presence
 - 4) Presence of natural persons

Tariff Bindings

Bound vs. Applied Tariffs

“A tariff binding in a Member’s Schedule provides an upper limit on the amount of duty that may be imposed [**bound tariff**], and a Member is permitted to impose a duty that is less than that provided for in its Schedule [**applied tariff**]”
(*Argentina – Textiles and Apparel*)

“other duties and charges”

- ✓ A *residual* category encompassing charges on imports that are not ordinary customs duties in the strict sense
- ✓ Disciplined by Article II:1(b), second sentence – to prevent circumvention of the rule on ordinary customs duties



Examples include:

- Import surcharge;
- Security deposit to be made on importation of goods ;
- Transitional surcharge for economic stabilisation
- Foreign exchange fee
- Statistical tax;

Tariff Bindings

“other duties and charges”

- **A Member may not apply “other duties and charges”**
 - ❑ That are not recorded in their Schedules
 - ❑ In excess of the level recorded in their Schedules

- **Conversely, a Member may apply “other duties and charges”**
 - ❑ That are recorded in their Schedules ;
 - ❑ At the level recorded in their Schedules

Basic Principles: rights

Exceptions

- Safeguards, BOP, Infant Industry, Sector Specific Safeguards
- General exception
- Security exception

Preferences and Derogations

- Regional integration
- Waivers
- Special and differential treatment

Fair Trade

- Antidumping Measures
- Subsidies and Countervailing Duties



The General Exceptions

Article XX of GATT 1994

Subject to the requirement that such measures are not applied in a manner which would constitute a means of **arbitrary or unjustifiable discrimination between countries** where the same conditions prevail, or a **disguised restriction on international trade**, nothing in this Agreement shall be construed to prevent the adoption or enforcement by any contracting party of measures:

- (a) necessary to protect public morals;
- (b) necessary to **protect human, animal or plant life or health**;
- (c) relating to the importations or exportations of gold or silver;
- (d) necessary to secure compliance with laws or regulationsincluding those relating to customs enforcement, the protection of patents, trademarks and copyrights,
- (e) relating to the products of prison labour;
- (f) imposed for the protection of national treasures of artistic, historic or archaeological value;
- (g) relating to the conservation of exhaustible natural resources if such measures are made effective in conjunction with restrictions on domestic production or consumption;

.....(j)

Security exception

Art. XXI GATT

- Sensitive information
- Necessary actions for the protection of essential security interests
- Obligations under the UN Charter



Regional integration

Art. XXIV GATT, Enabling Clause, Art. V GATS

- Promote further integration
- Allows Members to grant advantages within FTAs and CUs
- Give advantages to developing countries



Safeguard measures and antidumping measures

Art. XIX GATT, Art. VI GATT

- Measures to protect, conditionally and temporarily, domestic industry against **surges of imports**
- Measures to compensate for **distortions created by certain trade practices**



Waivers

Art. IX.3 of the Marrakech Agreement

- Exceptional circumstances
- Ministerial Conference can waive obligations



Special and Differential Treatment

≈ 157 S&DT provisions in WTO Agreements. Compilation of S&DT provisions and use can be found in [JOB/COMTD/15](#) and [WT/COMTD/W/271](#)

Measures to increase trading opportunities for developing countries

Provisions requiring WTO members to safeguard the trade interests of developing countries

Longer time periods for implementing Agreements and commitments

Flexibilities regarding commitments, actions and use of policy instruments

Support to help developing countries build the capacity to carry out WTO work, handle disputes, and implement technical standards

Provisions related to least-developed country (LDC) Members

Global Trade Outlook and Statistics

https://www.wto.org/english/res_e/booksp_e/gtos0326_e.pdf

Global Merchandise Trade in three metrics

Uptick

4.6%

The unexpected surge in 2025 global merchandise trade volume, defying tariff fears and driven largely by a localized technology investment boom.

The Cooling

1.9%

The baseline volume growth projection for 2026, assuming stable prices. A cooling global engine facing significant downside risks.

The Diversion

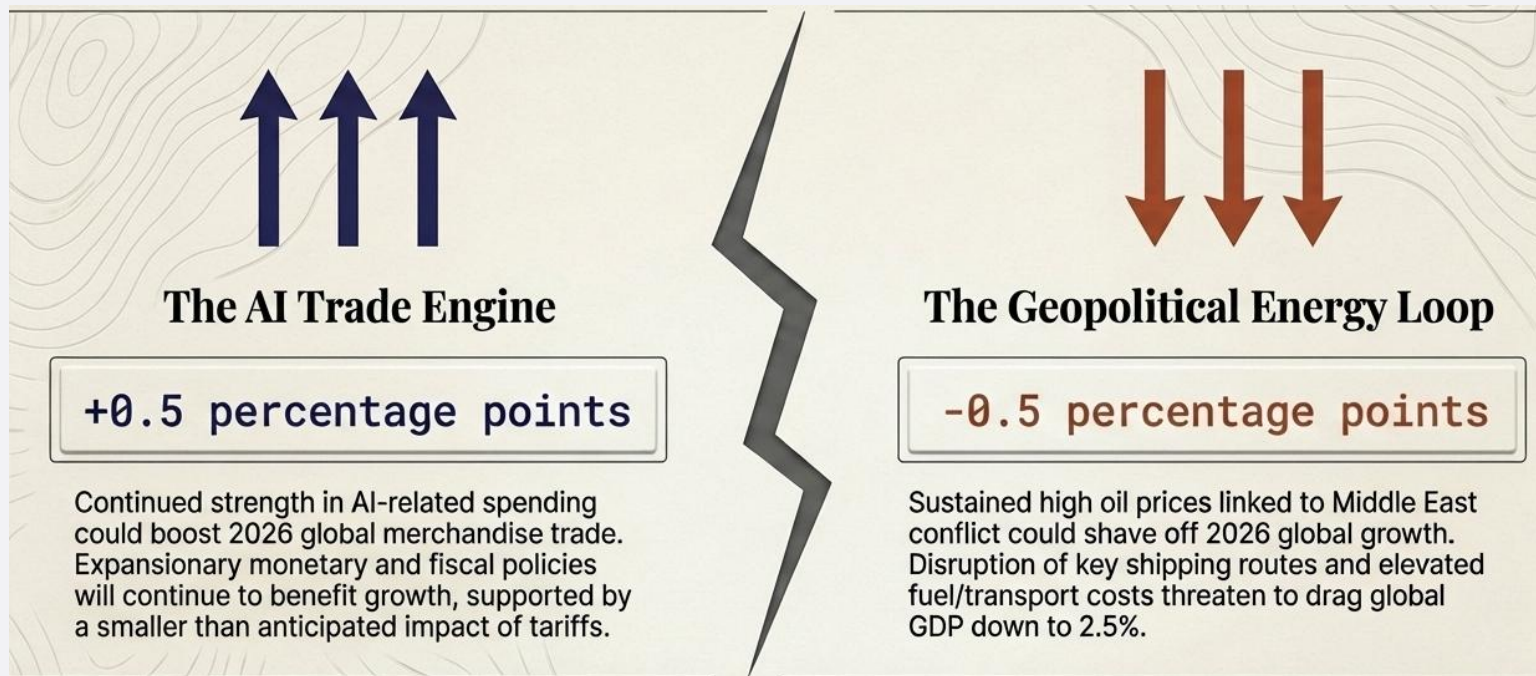
72%

The share of world merchandise trade currently conducted on Most-Favored-Nation (MFN) terms, down from 80% in 2022.

Global Trade Outlook and Statistics

https://www.wto.org/english/res_e/booksp_e/gtos0326_e.pdf

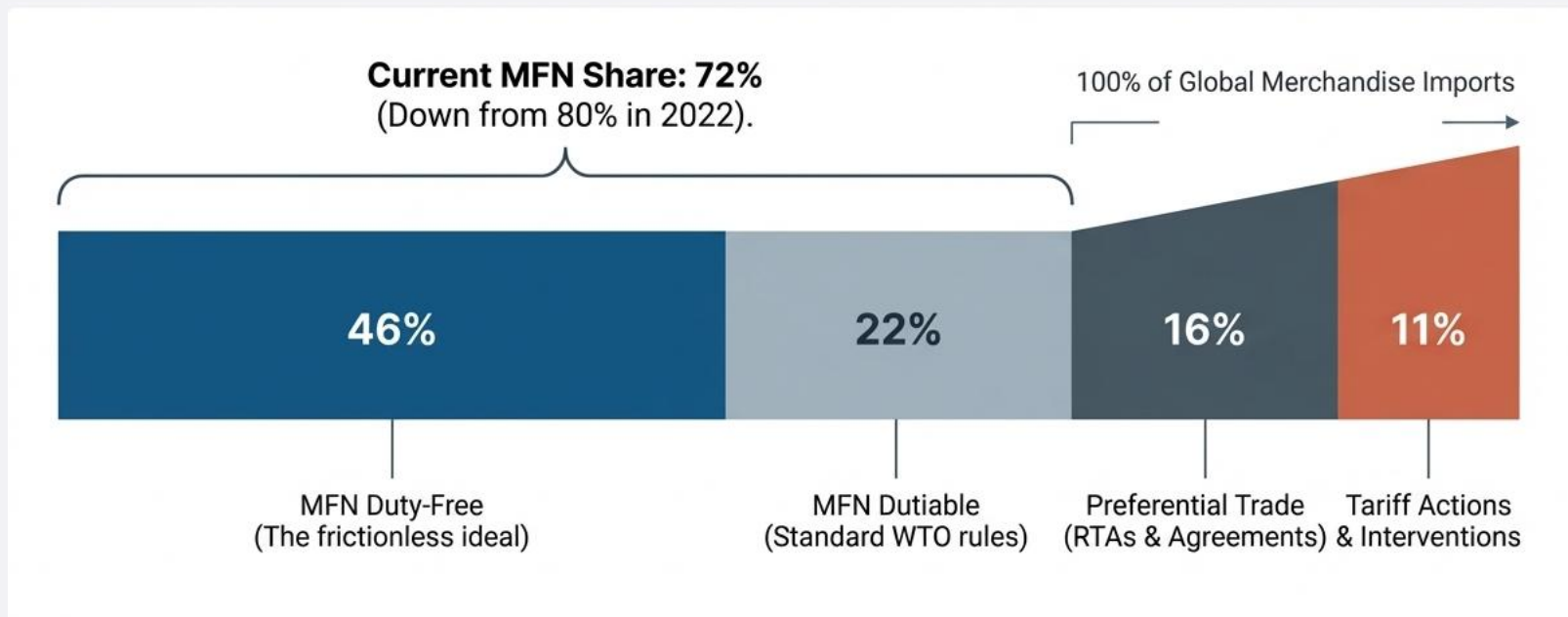
The Twin Forces Shaping 2026



Global Trade Outlook and Statistics

https://www.wto.org/english/res_e/booksp_e/gtos0326_e.pdf

Continued Importance of MFN tariffs



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