

Regionalism in the Globalized World

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I. FTA under GATT/WTO

1. Art. 24 of GATT

- As right of the members
- Interim agreements
- No more restrictive conditions for other members
- Substantially all the trade
- Negotiations relating to remedies
- Good faith requirement for negotiations

I. FTA under GATT/WTO (cont'd)

2. Art. 5 of GATS

- Labour market access

3. Art. 7 of GATS

- Flexibility on recognition of qualifications of service suppliers

II. Practice of GATT and WTO

1. European Free Trade Association
 - Elimination of duties or restrictions on substantially all trade
 - Effect of excluding the entire agricultural trade
 - To exclude a sector not in compliance with Art. 24

II. Practice of GATT and WTO (cont'd)

2. Yaounde Convention

- One sided preference or non-reciprocity
- Developing country status playing a role

II. Practice of GATT and WTO (cont'd)

3. Turkey case

- Turkey's measures treated as its own initiative
- The Customs Union lacked enforcement body
- Conditions for invoking Art. 24.5
 - a) measures introduced at the formation of FTA
 - b) FTA would be prevented from coming into being without introducing the measure

II. Practice of GATT and WTO (cont'd)

3. Turkey case (cont'd)

- Flexibility in liberalizing internal trade among FTA members
- For third parties, substantially the same rather than the same duties and regulations should be applied
- Duties and regulations on commerce applied to be “on the whole” not more restrictive
- Turkey failed to satisfy the second condition as other means available to achieve the same purpose

II. Practice of GATT and WTO (cont'd)

4. Coordination among different agreements
 - Sanitary measures
 - Technical standards
 - “Necessity” as standards?

III. Characteristics of FTA

- Growing fast in number
- Across the geographic regions
- Covering wide economic sectors
- With international strategic motives

IV. Prospects

- Americas
- Europe
- Asia