

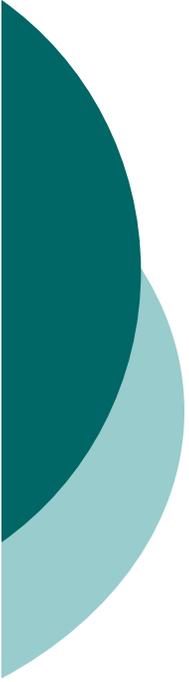


# Globalization and the Role of the World Trade Organization

*2005 USDA Outlook Conference*

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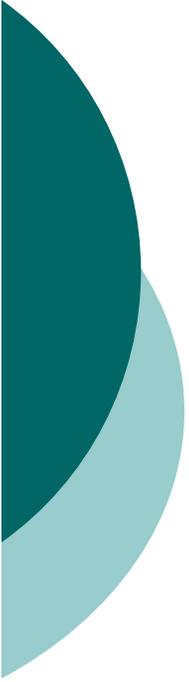
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# Historical Perspective

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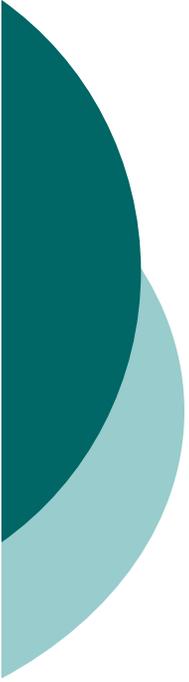
- General Agreement on Tariffs and Trade (GATT), 1948-1994
- Established to promote sustainable economic growth through the liberalization of international trade, i.e. encouraged reform of domestic economic policies



# Was the GATT Successful ?

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- Simple answer – YES
- Political and economic instability first half of the 20<sup>th</sup> century
- Liberalization of international industrial trade was a significant engine of growth
- Was it perfect – NO; exclusive club – only 23 members and limited scope



## The Uruguay Round: Most Comprehensive Reform to Date

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- Eight years – starting in Punta del Este in 1986, ending at Marrakesh in 1994
- Established the World Trade Organization
- Comprehensive agreement with 123 Members – agriculture brought into the rules based system



# The World Trade Organization

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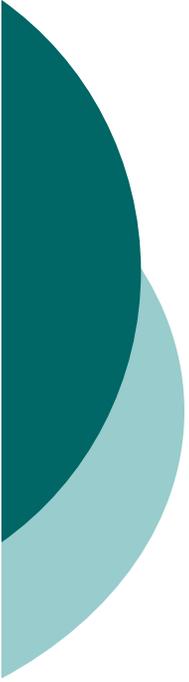
- The WTO built from the foundation of the GATT
- A rules based, Member driven organization
- A function of Member's interests, ambition and political leadership
- Only forum for multilateral trade reform



# Dispute Resolution

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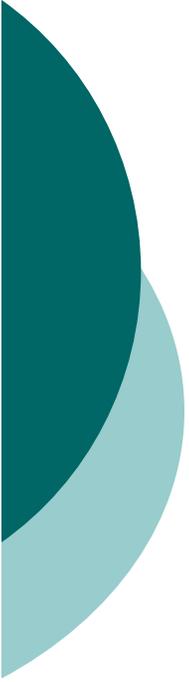
- Provides procedures to facilitate resolution of disputes in two ways:
  - Encourages and facilitates negotiation between disputing parties;
  - If consultation not successful – binding resolution by impartial panel of experts



# Uruguay Round Agreement on Agriculture (URAA)

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- Market Access: reduced and bound all agriculture tariffs
- Domestic Support: established rules for support policies; defined trade distorting and non-trade distorting support
- Export Subsidies: defined and reduced



# Uruguay Round Agreement on Agriculture (URAA)

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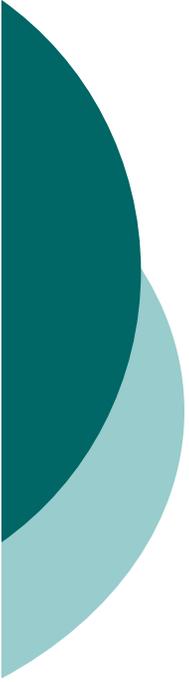
- Sanitary and Phytosanitary Agreement:
  - Domestic regulations to protect human, plant and animal health must be based on sound science
  - Most consumer driven international agreement



# Evolution of the Multilateral Trading System

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- Is the WTO keeping pace with the dynamics of today's global economy?
- No, because changes we experience are so rapid and vast, and Members are slow to act
- Yes, because Uruguay Round built in continued reforms; Doha Round is the opportunity



# Doha Development Agenda: An Opportunity of a Generation

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- Critical to continuing reforms and to adapt to current global dynamics
- What is key – the fundamental goal of the WTO is the reform of Member's domestic economic policies
- WTO system will help Members implement and benefit from the necessary reforms



## Doha Development Agenda: An Opportunity of a Generation

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- Special and Differential Treatment – more practical and equitable approach needed
- To remain a dynamic and relevant institution, the WTO role should continue to focus only on promoting sustainable economic growth



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