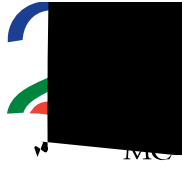


SECOND GLOBAL SEMINAR ON WTO ACCESSIONS  
SAUDI ARABIA 10-YEAR WTO ACCESSION SPECIAL ANNIVERSARY SESSION  
ACCESSIONS BOOK LAUNCH BY WTO DIRECTOR-GENERAL ROBERTO AZEVÊDO

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1.



3. Of course the process of accession can be improved and streamlined; in chapter 1 we make some suggestions on how to do that. But the view that accession to the WTO is a fundamentally misguided process or even harmful to the aspirant Article 12 member is wrong. While the WTO rests on firm principles, such as transparency and non-discrimination, specific obligations and exceptions



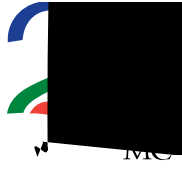
6. Improved governance and application of the rule of law most likely played a significant role in affecting these outcomes. It turns out that WTO accession can provide the political push as well as useful instruments for governance reforms. Rules such as transparency, non-discrimination, and the necessity and scientific principles in standard setting, make rent-seeking more difficult. WTO agreements such as government procurement, which most accession countries agree to join, help address an area where rent-seeking or outright corruption is most prevalent.

7. The contributions by negotiators of Article XII countries in this volume give considerable weight to the security afforded by the WTO membership on access to foreign markets. Given that the WTO now covers almost 98% of world trade, that is as might be expected. However, the overall picture that emerges is one that places even greater importance on the domestic transformation required by WTO membership. Thus, while the 32 Article XII Members accepted approximately, 1,321 specific obligations that, pursuant to the WTO Accession Protocol are integral to the WTO Agreement, they also enacted approximately 7,106 WTO-consistent laws and associated implementing regulation across the principal areas of the foreign trade regime.

8. In the view of World Bank analysts " Applying for WTO membership signals the willingness of a government to undertake deep reforms regardless...when countries decide to join...they are already thinking of a reform process that is wider than the WTO itself".

9. Given the interplay of many factors, the correlation between WTO accession and favorable trade and investment outcomes hardly constitute definitive scientific proof that WTO accession has boosted the performance of Article XII countries. What can be said is that the correlation is consistent with the basic idea that making trade possible and predictable, and simultaneously embarking on domestic reforms that improve the business climate, will pay dividends in terms of increased productivity and living standards - an idea that provides the rationale for the existence of the WTO in the first place.

10. The World Bank findings are broadly consistent with the evolving consensus in the academic



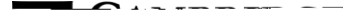
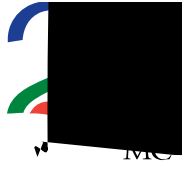
11. On the second welfare aspect – the impact of accessions on the world trading system, the single most important point is that accessions have expanded market access and made it more predictable for both original and Article XII Members. Original members have seen the coverage of WTO disciplines apply to an additional 20% or so of their export market, while Article XII countries have gained secure access for the near totality of their trade for the first time. All WTO members benefit from this "network effect", making membership in the institution of greater value to all. This is a crucial beneficial effect of accessions but it is only a part of the story. Accessions have strengthened the multilateral trading system in three other quite distinct ways: by reinforcing the geopolitical underpinnings of the system; by embedding trade more firmly in reformed domestic laws in Article XII countries; and by adding to WTO law, clarifying and deepening existing rules and disciplines, and enabling "WTO plus" experimentation and innovation in many areas.

12. The world trading system does not operate in a vacuum – like all other forms of international cooperation it is conditioned by the core values and the geopolitical interests of its members. By facilitating the integration of economies with disparate economic systems at the end of the Cold War and accelerating the convergence of these systems, accessions have simultaneously helped improve the political understanding and the orderly international relations that must underpin trade.

13. The resilience of the world trading system, its resistance to protectionism, does not depend only on the international laws and regulations which govern its functioning, but also on the core values of the market economy, the acceptance of the rule of law and of good governance principles at home, in short, on the support afforded to it by the domestic legal and political systems of Members.

14. Although largely flying below the radar accessions have come to constitute one of the most active and continuously ongoing negotiating agendas of world trade. Their results are integral to WTO laws, and have been cited in close to 30 disputes, of which close to 20 have proceeded to Panel Stage.

15. In the process of negotiating accessions, many opportunities have arisen to test, apply, deepen and refine existing rules and disciplines, as well as to extend WTO rules and disciplines into new areas, so-called "WTO plus". Several of these areas have been the object of negotiation under the Doha Development Agenda, with little progress. I will mention a few salient examples.



16. . A striking feature of the services accession commitments has been the depth and range of domestic regulation-type disciplines which a number of acceding Members have undertaken. In heavily regulated sectors, such as financial services and telecommunication services, accession-specific services obligations have included, for example: a specific timeframe allowing foreign services providers; non-discriminatory treatment when regulatory changes occur; obligation of the acceding government to consult with Members on new regulations in a specific sector.

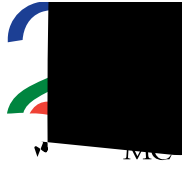
17. . Most accession countries have bound their trade-distorting subsidies at close to zero. With a small number of exceptions, Article XII Members have also committed to bind their export subsidies at zero upon accession.

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19. . Accession results show that the majority of Article XII Members have undertaken commitments stating that sub-central or local government entities shall have no autonomous authority regarding subsidies, taxation, trade policy or any other measures covered by WTO provisions.

20. . Nearly half of all Article XII Members have accepted accession-specific obligations on the application of export duties. The commitment by Montenegro stipulates that "from the date of accession, Montenegro would neither apply nor reintroduce any export duty." This commitment represents the strictest discipline on export duties to date in all Article XII accessions.

21. State Enterprises. Accessions have helped clarify the definition of "state trading enterprise". The China protocol stipulates that the Government undertakes not to "influence, directly or indirectly, commercial decisions [...], including on the quantity, value or country of origin of any goc[(21.)] T2



23. The WTO's much expanded and more diverse membership makes the conclusion traditional trade rounds even more problematic. As the membership expands and the agenda becomes more complex, a powerful case exists to have Members focus on a narrower agenda, placing greater focus on concluding plurilateral agreements under the auspices of the WTO. These issue-specific negotiations are more tractable, and can be led by a critical mass of members. Although overcoming the obstacles in the way of plurilateral agreements is not easy, it should be possible to expand their use through a combination of so-called side -payments to enlist the support of excluded members or reluctant participants, as well as by including provisions for preferential treatment to enlist the support of developing countries.

24. The successful conclusion of 32 accession negotiations, which require consensus of the whole WTO membership and are therefore not strictly speaking plurilateral, demonstrates that multilateral negotiations based on progressive layers of consultations around a well-defined issue and are low-key can yield results even if large all-encompassing trade rounds does not.

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