

## ***INTRODUCTION***

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The Uruguay Round of Multilateral Trade Negotiations was the most comprehensive and ambitious among the rounds of negotiations to be held under the auspices of the General Agreement on Tariffs and Trade (GATT). It has resulted in:

- The improvement of the rules of GATT and its associate agreements. These apply to trade in goods.
- The adoption of the General Agreement on Trade in Services (GATS), bringing the growing trade in services under international discipline for the first time.
- The adoption of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The Agreement lays down uniform standards for the protection of these rights.

The Round has also brought about the further liberalization of trade.

One of the other achievements of the Round is the establishment of the World Trade Organization (WTO) which entered into force on 1 January 1995. On that date, GATT ceased to be a separate institution and became part of WTO.

All WTO member countries are required to adopt national legislation and regulations to implement the rules prescribed by the three Agreements — GATT 1994 (as the GATT is now called), GATS and the Agreement on TRIPS — and other legal instruments. WTO is responsible for the surveillance of the implementation of these rules by its Members. Any Member that considers another Member to be flouting the discipline of the system or infringing any of its rules can bring a complaint to WTO and request a settlement of differences.

WTO is also responsible for arranging continuing negotiations for the liberalization of trade among its member countries.

The successful conclusion of the Uruguay Round, the coming into existence of WTO, and the commencement of the implementation of the Round's results are regarded as marking a new era in international trade and economic relations.

## Objectives of the Guide

The improved and strengthened rule-based system developed by the Uruguay Round is expected to promote the smooth and orderly development of international trade. It is important to note that governments have negotiated the Round's legal instruments to ensure that their industries and business enterprises can trade with other countries on a fair and equitable basis and that their sales in foreign markets are not disrupted by the sudden imposition of restrictions. The detailed rules, in addition, give industries and business enterprises certain rights vis-à-vis their own governments. Exporting industries also have in certain cases the right to defend their interests in export markets against the imposition of measures affecting their trade.

Almost all developing countries are now pursuing policies promoting export-oriented growth, making their industries increasingly dependent on foreign trade. It would not be an exaggeration to say that in a number of developing countries, virtually all industries — whether large or small — today depend on foreign trade either as exporters or importers. They have therefore the same vital interest as their counterparts in developed countries in seeing that the uniform rules embodied in the Uruguay Round legal instruments are applied by all countries.

The ability of industries and business enterprises to benefit fully from this rule-based system, however, depends on their knowledge and understanding of the detailed rules. These rules are both voluminous and complex. The Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, which contains the texts of the legal instruments, runs over 400 pages. These are supplemented by national schedules which list in more than 22,000 pages the liberalization commitments assumed by member countries. In addition, it is difficult for business persons not trained in law to understand the system's legal language.

Against this background, the Commonwealth Secretariat and the International Trade Centre UNCTAD/WTO (ITC) have jointly prepared this Guide to explain in simple terms the rules of the Uruguay Round system. The Guide emphasizes aspects important to persons engaged in, or concerned with, foreign trade. In addition, each chapter has a section on the business implications of specific rules.

## Target audience

The Guide is addressed primarily to:

- Industries;
- Business enterprises, particularly small and medium-sized enterprises (SMEs);
- Associations of industries and trade; and
- Research and other institutions directly or indirectly associated with foreign trade.

## Organization of the Guide

The Guide begins with an overview. The primary purpose of the overview is to give the reader an overall picture of the achievements of the Uruguay Round and of the benefits that the business community can derive from improved knowledge and understanding of the legal system it has established.

The overview should be useful to those who wish to have a general impression of the system but whose needs do not call for a detailed knowledge of its rules. For those who, for professional and other reasons, require a deeper understanding, the overview should make it easier for them to follow the detailed explanations given later in the Guide.

The Guide is divided into five main parts.

- **Part I** explains the role of the WTO as a forum for negotiations and as an organization responsible for reducing trade friction among countries and for settling disputes between them.
- **Part II** presents in six sections the rules applicable to trade in goods as embodied in GATT 1994 and its associate agreements. It also describes the results of the negotiations in terms of the liberalization of trade in goods.
- **Part III** reviews the main features of the rules of GATS and of the commitments that countries have assumed to liberalize trade in services.
- **Part IV** explains the rules applicable to government procurement and State trading.
- **Part V** describes the provisions of the Agreements on TRIPS.

The Guide is user friendly. It assumes no prior knowledge on the part of the readers of the Uruguay Round legal system or of its rules. However, while the rules are explained in simple language, care has been taken to ensure that the Guide correctly reflects the legal situation. The text has been reviewed and approved by the WTO secretariat.

A summary of the main rules and points made is given at the beginning of each chapter. This is followed by a more detailed description of the rules applicable in the subject area. To facilitate reference to provisions of the WTO legal instruments, the relevant Articles are indicated in the margin. Each chapter ends with an analysis of the business implications of the issues covered.

The lack of information on national laws and regulations applicable to imported products is one of the problems faced by exporters in their markets. To alleviate this difficulty, some Agreements require countries to establish *enquiry, information or contact points* from which information on national laws and regulations in the areas covered by them and other specific matters can be obtained. Appendices I and II list the addresses of these national points. The Guide also explains how interested business enterprises can obtain information on WTO laws, the specific liberalization commitments undertaken by countries, and WTO's ongoing work.

With the establishment of WTO, the system of periodic multilateral negotiations came to an end. WTO now provides a continuous forum for negotiations. A number of Uruguay Round agreements provide timetables for further negotiations. Moreover, negotiations on rule-making do not end with the adoption of agreements. They continue during the implementation stage, when decisions are taken to interpret and improve the rules in the light of the practical difficulties encountered in their application. This Guide will be revised and updated from time to time to take into account developments in WTO discussions and negotiations. Future editions will also reflect the views of its users, thus making it more responsive to the needs and requirements of the business community.