

WTO
and
Trade Development
in
Southeast Europe

SELDI

*“...creating vibrant economies based on **sound macro policies**, markets open to greatly expanded foreign trade and private sector investment... (Art.10.5)*

*“...fostering economic cooperation in the region and between the region and the rest of Europe and the world, including **free trade areas**...(art.10.6)”.*

SEE Stability Pact

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- Name of the Project:** WTO and Trade Development.
- Project Location:** Southeast Europe (SEE). Albania, Bosnia & Herzegovina, Bulgaria, Croatia, FYROM, Greece, Romania, Turkey and where possible Yugoslavia.
- Overall Objectives:** To assist the region in its efforts to attain economic growth, and through this, enhanced stability of the region through increased international trade, conducted in conformity with internationally agreed rules.
- Project Purpose:** Increase the understanding and awareness of the rules and functioning of the WTO system and explore possibilities of creating trade law centre(s) in the region.
- Sector:** Trade Law.
- Proposal Philosophy:** “...*creating vibrant economies based on sound macro policies, markets open to greatly expanded foreign trade and private sector investment...*” “...*fostering economic cooperation in the region and between the region and the rest of Europe and the world, including free trade areas*” – **SEE Stability Pact.**
- Activities Planned:** Training Workshops, the creation of Trade Law Centres, Research and Publication. On-going dissemination of the techniques will be achieved through training.
- Beneficiaries:** Institutions of the State, Non-governmental organisations (NGOs), International organisations.
- Sponsors:** International public and private organisations
- Implementing Organisation:** **The International Development Law Institute**
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- Project Relevance
- Beneficiaries
- Objectives
 - Principal Objectives
 - Specific Objectives
- Structure and Implementation
 - Activities
 - Outputs
- Team Overview
- Annex
 - Training Workshop Modules
 - Trade Logical Framework

A succession of regional conflicts in the past nearly ten years has caused the countries in the South east of Europe to rethink their strategies for development and relations with neighbouring countries. The overall political framework for addressing the stabilization, democratisation and economic reconstruction in this region is provided by the Stability Pact for South Eastern Europe. It draws together the intentions of 50 countries to assist in the stabilisation and growth of the region. It includes following countries: the fifteen Member States of the European Union, Albania, Bulgaria, Croatia, Hungary, Romania, the Russian Federation, Slovenia, Turkey, the former Yugoslav Republic of Macedonia and the United State of America¹. Although many refer to the Pact as a political document, it has indeed provided an important framework for what will become a multitude of efforts and programmes driving its realisation. For example, the Pact includes as one of its objectives the creation of vibrant market economies, markets open to greatly expanded foreign trade, effective and transparent customs and commercial/regulatory regimes, fostering economic cooperation in the region and the rest of the world.

Through the SELDI projects in the areas of anti-corruption and the strengthening of the judiciary the trade proposal will find the necessary framework for an effective adoption of international rules and in particular the WTO agreements.

On a global level, the rules contained in, and increased market opening resulting from the multilateral trading system embodied by the World Trade Organisation (WTO) are the legal and economic context within which the countries of SEE necessarily operate to achieve these objectives. They also set the stage for intra and interregional trade relations. Of the SEE Pact countries, Bulgaria, Greece, Hungary, Romania, Slovenia and Turkey are current Members of WTO; Albania, Croatia, the Russian Federation and the former Yugoslav Republic of Macedonia are acceding. Bosnia and Herzegovina has not yet begun accession negotiations. Of these Stability Pact countries, Bulgaria, Greece, Romania, Turkey, Albania, Croatia, the former Yugoslav Republic of Macedonia and Bosnia and Herzegovina are SELDI countries.

This proposal on training on trade issues is designed to help the relevant policy makers, the legal profession and economic operators in those countries of the Stability Pact which make up SELDI to have a better understanding of the rules and functioning of the trading system of the World Trade Organisation (WTO) on a global level and of those in the trading arrangements in the region; of their relation to economic development and the creation of an economic climate conducive to investment; of trade policy matters in general; as well as to increase capacity to devise strategies for meeting the challenges of and benefits from global trade liberalization and regional economic integration. This would include devising market access strategies, both for intra-regional trade and global trade.

¹ For comparison: SELDI comprises: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the former Yugoslav Republic of Macedonia, Greece, Romania, Turkey.

The following SELDI countries are acceding to the WTO: Albania, Croatia and the former Yugoslav Republic of Macedonia; Bosnia and Herzegovina have not yet made a formal request to accede. On the other hand, Bulgaria, Greece, Romania and Turkey are already Members of WTO. The trade proposal would be directed to those countries, which are acceding (or are contemplating accession) to WTO, to help them in their accession process, both in terms of conforming to the rules of the WTO system and in their market access negotiations. The proposal is also directed towards those countries which are already Member to WTO, to help them in the implementation of their WTO obligations, in making proper use of their rights in their international trade relations and in their every-day work in the WTO. The proposal would be directed to policy makers, the legal profession and economic operators and would be limited to the SELDI countries in Southeast Europe which are not EU Member states.

“ . . . to assist the region in its efforts to attain economic growth, and through this, enhanced stability of the region through increased international trade, conducted in conformity with internationally agreed rules”.

Principal Objectives

The establishment of the World Trade Organisation (WTO) ensures that its 135 Members, of which approximately two-thirds are developing countries and economies in transition, adhere to a strong, rules-based system in their trade relations, including the implementation of recommendations arising out of trade disputes brought under the WTO for settlement. The rules aim to create transparency and predictability in international trade relations, which have their impact far beyond trade in the traditional sense of the word, governing areas such as intellectual property, trade-in-services, government procurement and trade-related investment. Furthermore, the WTO system lowers trade barriers through negotiation and applies the principle of non-discrimination. This has a positive impact on for instance the ability to sell more goods abroad, but also opens up Foreign Service markets like banking, tourism, insurances, and telecom. To service providers (i.e. natural and legal persons) from the SEE region. The predictability of a WTO Member's trade regime also helps to attract foreign investment.

WTO and regional trade arrangements establish common rules and obligations arising from those rules to enable governments to manage their economies in ways, which, create opportunities to maximise their economic benefit by participating in the global economy. These rules are designed to encourage governments to improve competitiveness in their own economies by creating opportunities for business to participate in foreign markets. The overall goal is to create an environment in which all economic enterprises will have best opportunities to participate in foreign markets, regardless of their size.

In order to benefit from the increased market access and enhanced efficiency which the multilateral trading system of the WTO and the regional trading arrangements are designed to create, it is imperative that countries understand their international trading rights and obligations, implement those obligations at the domestic level and make effective use of their rights in their international trade relations. It is important that the WTO rules and those flowing from regional trading arrangements and their implications for domestic policy, legal framework and business are known and understood on as broad a basis as possible. This will help policy makers, legal practitioners and operators to use the international trade rules to benefit a country's economic development. Understanding the system will also increase the domestic capacity to devise strategies for meeting the challenges of and benefits from global trade liberalization and regional economic integration; in other words, it would increase domestic capacity to use international trade rules, their enhanced efficiency and market openings to increase the economic growth of the region. A necessary complementary and more operational element to achieving this is the existence of broadly accessible information on the actually applied trade regimes among the various countries in the region.

As far as the regional trading arrangements are concerned, the SELDI countries of the Stability Pact are currently part of a myriad of such arrangements. The countries in SE Europe are party to a complex web of intra regional arrangements among themselves, apart from their links with the European Union. This situation compounds not only the necessity for training in matters of international trade law, but also the creation of transparency in and readily accessible information about the actually applied trade regimes among the countries of the region.

In light of this, the activities proposed in this paper would contribute to (1) enhancing awareness and understanding of the WTO Agreements in terms of the rights and obligations emanating from them and their impact on the domestic regulatory and policy framework; WTO's functions and their relevance for the countries in the region, such as serving as a forum for multilateral review of a country's trade policy, a forum for market liberalizing trade negotiations and as multilateral forum for the settlement of disputes arising from the rules of the WTO Agreements. (2) Enhancing awareness and understanding of the relevant regional trade agreements, including in the European context, and their impact on the domestic regulatory and policy framework. (3) Increasing transparency on trade regulations as they are effectively applied in the region, and creating easier access to information on them for the benefit of the economic operators in the region. (4) Creating a cadre of knowledgeable trade law experts in the region.

Specific objectives

To achieve these principal objectives, the project envisages as its specific objectives the following:

- Create increased understanding and awareness of the rules and functioning of the WTO system, including its Dispute Settlement procedures through training;
- Identify the main issues of law and policy in the on-going global trade liberalization;
- List the main implications of the WTO Agreements domestically which may require amendment of legislation and policies to ensure consistency with WTO rules;
- Describe the evolving process of regional economic integration and their relationship to multilateral trade;
- Do research on the actually applied trade regimes among the countries of the region with a view to creating more transparency and making more readily accessible this information to the economic operators of the region.

And, in order to ensure sustainability and ownership of the training in the countries concerned:

- Explore possibilities of creating trade law centre(s) in the region which would in essence be dedicated to the needs of the region regarding regional and international trade;
- Provide training programmes and undertake research;
- Endeavour to create a forum for intra-regional academic cooperation;
- Attract international expertise;
- Establish an infrastructure, a specialised library and documentation centre.

4.1 ACTIVITIES

The activities would in their initial phase cover a period of three years, on a pilot base, with possibility of extension, in line with the permanent character of SELDI.

The Project would include the following activities:

- Organisation of **ten seminars of one week** in locations in the SELDI region. They would address the WTO system and regional trading arrangements;
- Advisory services, specifically on the WTO accession process are planned which would be tailor-made to the country concerned;
- In addition, **training for trainers** courses will be provided, the number of which needs to be specified;
- The creation of **Local/Regional Trade law centres**;
- Organisation of research by local counterparts in the region on the actually applied trade regimes among the countries of the region and designing and putting in place (a) system(s) of making this information readily accessible to the economic operators.

The *Seminars* would be adapted to their respective audiences but would include about ten Modules (please see Annex 1). The average number of participants in each seminar would be about 30 – 35.

IDLI would be responsible for design and delivery. *The training of trainers Workshops* will be undertaken by staff of IDLI, which has significant in-house experience and a long tradition for this type of training. *Training methodology*: IDLI uses a unique training methodology, which is completely participatory.

The creation of more *transparency in the trade regimes* as they are applied would be undertaken by local counterparts, through research on the situation in the region. It would involve doing research on the actually applied customs duties and other border measures applied to regional trade flows as well as mapping the non-border trade measures in force. A system shall be designed and put in place to make this information readily available for the economic operators. The aim of these activities would be to create practical information on the trade regimes, which are actually applied to the benefit of the economic operators in the region; in order to increase the regional trade flows.

Local/Regional Trade law centres

In order to ensure sustainability of the training provided and information given, and its ownership by the countries concerned, the proposal envisages to create trade law centres in the region. In this pilot phase of the project, it is envisaged to set up one, which would for the moment cover the entire SELDI region. Additional centres might be set up at a later stage, modelled on this centre.

The trade law centre would in essence be dedicated to the needs of the region regarding regional and international trade; provide training programmes and undertake research; endeavour to create a forum for intra-regional academic cooperation; attract international expertise; establish an

infrastructure, a specialized library and documentation centre. It would become a permanent in-country/region source of information, training, reference and advise. In this manner the centre would make a useful and necessary contribution on several levels. Graduates with a background in

international trade would be produced; government officials and business people could be assisted in policy making and analysis; regional cooperation could be enhanced; and advise could be given with regard to legal and technical problems flowing from the implementation of existing international agreements and the development of new ones. For example the WTO rules and market access requirements, regional trade arrangements and any future trade arrangements.

It is proposed that the centre be established in the Law Faculty of a University in the Region. This way one can benefit from facilities already available. The Law Faculty to be selected should already in its current curriculum demonstrate a focus on international trade law. The centre would require establishment of necessary infrastructure (offices, personnel, documentation centre etc.). The trade law centre would have an academic focus and courses in international trade law (including regional integration) would be offered. The academic work should also be of an interdisciplinary nature. International law and economics are normally required in courses of this kind. Cooperation with other universities in the region, government departments and the business sector will have to be established. Degrees, certificates and appropriate courses will have to be offered. The successful running of such a centre will, in any case, require the necessary administrative structures, procedures and oversight mechanisms.

IDLI's role in the establishment of the trade law centre would be limited to its training component. It would, in collaboration with the national counterpart(s), assist in the development of a syllabus and programmes and would make trainers available, including from its own staff to benefit from its first-hand experience in WTO matters.

4.2 OUTPUTS

The project would have following results:

- Increased awareness and understanding of the WTO system and accession/ implementation issues;
- Increased awareness and understanding of the regional trade arrangements in place;
- Identification of the main issues of law and policy relevant to the on-going global trade liberalisation;
- Legislative reform on-going or being planned to adapt national trade laws/regulations/procedures to WTO rules and regional trade regimes;
- Adjustment process on-going of domestic policies which impact on trade and investment to align them with internationally agreed rules and procedures;
- Trade regulatory framework directed towards expanded foreign trade;
- Identification of the actually applied trade regimes (border and non-border measures) among the countries of the region;
- (A) System(s) in place where such information is readily available for the economic operators in the region;
- A trade law centre established and running.

The partners in this proposal are the two SELDI partners: the Centre for the Study of Democracy (CSD) and the International Development Law Institute (IDLI). IDLI will be responsible for organizing the training seminars, in collaboration with local counterparts in the various SELDI countries². The research to create increased transparency in the regional trade regimes and the establishment of systems to make this information readily available to the economic operators would be the responsibility of the various local counterparts in the SELDI countries (a complete list of these counterparts is included elsewhere in the document).

² Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the former Yugoslav Republic of Macedonia, Greece, Romania, Turkey.

The training modules for a seminar on WTO law.

Module 1: Introduction to the multilateral trading system - The WTO as the rules-based framework for world trade including the institutional structure of the WTO; implementation of WTO obligations into domestic law; notification requirements. *Capita selecta I*. The WTO and the developing countries. *II*: WTO Accession.

Module 2: Basic WTO principles and exceptions - Application of the principle of trade without discrimination through MFN and national treatment in international trade relations and its exceptions, e.g. for developing countries and regional trade arrangements. Transparency through notifications and the Trade Policy Reviews. Predictability and growing access to markets: GATT tariff bindings and GATS commitments. Permitted trade remedies, e.g. antidumping, subsidies & countervailing measures and safeguards. Balance of payment measures. Environmental protection standards. *Capita selecta*: the WTO and preferential trade.

Module 3: Trade in Goods – the Sectoral Agreements - the Agreement on Agriculture. Trade in textiles and clothing under the Agreement on Textiles and Clothing.

Module 4: Trade in Goods – key Technical Agreements – Agreement on the Application of Sanitary and Phytosanitary Measures (SPS). Agreement on Technical Barriers to Trade (TBT). Rules of origin – their importance in the WTO and for preferential access. Customs valuation; import licensing; and pre-shipment inspection.

Module 5: Trade in Services - Scope of the General Agreement on Trade in Services (GATS); key principles on market access, national treatment and transparency; permitted exceptions and balancing regulatory reform with supervision in the services sector. *Capita selecta I*: Financial services. *II*. Basic Telecommunications.

Module 6: Trade Related Aspects of Intellectual Property Rights (TRIPs) - Private rights, public domain: protection and enforcement of intellectual property rights by developing and transition economy countries. *Capita selecta I*: Emerging issues on the TRIPs Agenda for 2000 and beyond. *II*. International and regional interface in the field of intellectual property.

Module 7: Trade and Investment - Agreement on Trade-Related Investment Measures (TRIMs); and the WTO Working Group on Trade and Investment.

Module 8: Regional Trade Arrangements - WTO and regional trade (including the role of the Committee on Regional Trade Agreements, CRTA and the Committee on Trade and Development); review of some of the key regional arrangements for the SEE countries. *Capita selecta I*: Review of relevant regional trade agreements for the countries.

Module 9: Dispute Settlement under the WTO – How disputes are settled under the WTO using the Understanding on Rules and Procedures Governing the Settlement of Disputes.

Module 10: New and Emerging Issues in the WTO – *Capita selecta I:* Future of electronic commerce (e-commerce) and the WTO; Trade in Information Technology Products. *II.* The future of trade and the environment – work of the WTO Committee on Trade and Environment and recent WTO jurisprudence. *III.* Trade and competition, including work of the WTO Working Group on the Interaction between Trade and Competition Policy. *IV.* The development of principles on government procurement, including review of the Agreement on Government Procurement and the draft Agreement on Transparency in Government Procurement. *V.* Trade Facilitation.

Logical Framework

| <i>SELDI – Trade proposal</i> | OBJECTIVELY VERIFIABLE INDICATORS | SOURCES OF VERIFICATION | ASSUMPTIONS |
|---|---|---|--|
| <p>Overall Goal</p> <ul style="list-style-type: none"> In accordance with the SP for SEE to create economic growth of the SEE region and strengthen economic prosperity. | <ul style="list-style-type: none"> Enhanced awareness and understanding of the WTO agreements, of trade policy matters and of the functioning of the WTO Increased capacity to devise strategies for meeting the challenges of and benefits from global trade liberalization and regional economic integration. | <ul style="list-style-type: none"> Press Surveys – Public especially Trade policy strategies defined | <ul style="list-style-type: none"> Trade policy is one of the tools of the Government to create economic growth |
| <p>Project Purpose</p> <ul style="list-style-type: none"> To help “create vibrant market economies. . . markets open to greatly expanded foreign trade, . . . effective and transparent customs and commercial/regulatory regimes, . . . fostering economic cooperation in the region and between the region and the rest of Europe and the world”. Assistance to the SEE countries which are acceding to the WTO in their accession³. Assistance to SEE countries already Members of WTO in the implementation of WTO obligations⁴. Training to SEE selected reps on the WTO agreements in general, to contribute to the economic reconstruction and economic development in the SEE economies. | <ul style="list-style-type: none"> To identify the main issues of law and policy in the on-going global trade liberalization for developing and transition economy countries To list the main implications of the WTO agreements domestically which may require amendment of legislation and policies to ensure consistency with WTO rules. To understand the WTO Dispute Settlement procedures and to determine its role in the domestic context To summarise the role of domestic, regional and international fora and procedures in enforcing trade rules and disciplines To describe the evolving processes of regional economic integration and their relationship to multilateral trade. | <ul style="list-style-type: none"> Course schedule definition <ul style="list-style-type: none"> Interactive teaching Role-plays Course material prepared Workshop certificates | <ul style="list-style-type: none"> Underlying recognition that accession/ membership to the WTO is a means of achieving stability and economic reconstruction in the SEE region Commitment to fostering economic co-operation in the region and between the region and the rest of Europe and the world, including free trade areas Existence of sound macro-economic policies to allow the creation and continued functioning of vibrant market economies (eg: capital movement, investment regulations) |

³ Albania, Croatia, Russian Fed., former Yugoslav Republic of Macedonia are in accession to WTO. Bosnia and Herzegovina has not yet begun accession negotiations.

⁴ Bulgaria, Hungary, Romania, Slovenia and Turkey are Members of WTO.

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| | <p>The courses as envisaged by the project would approach:</p> <ul style="list-style-type: none"> • Introduction to the multilateral trading system • WTO principles/exceptions • Trade in Goods • Trade in Services • Trade related aspects of IP • Regional Trade Aments • Trade & Investment • Dispute Settlement • New & Emerging issues • Government Procurement | | |
| <p>Results</p> <ul style="list-style-type: none"> • Identification of the main issues of law and policy relevant to the on-going global trade liberalisation • Increased awareness of WTO accession/implementation issues. | <ul style="list-style-type: none"> • Legislative Reform to adapt national trade laws to WTO rules • Diffusion of international norms and standards | <ul style="list-style-type: none"> • Trade regulatory framework directed towards expanded foreign trade. • A move towards trade legislation in conformity with WTO rules • Increased number of trained people | <ul style="list-style-type: none"> • Adaptation of national trade legislation to conform with the WTO principles and agreements. |
| <p>Activities</p> <ul style="list-style-type: none"> • Seminars, Conferences • Training workshops in WTO accession • Training workshops in WTO rules and procedures • Set-up of WTO Legal Centres | <p>Means</p> <ul style="list-style-type: none"> • IDLI Training for Trainers • IDLI courses (WS, Seminars, Conferences) in specific areas of WTO law | <p>Costs</p> | |