

**THE WORLD TRADE ORGANIZATION AND REGIONAL TRADE
AGREEMENTS:**

An Analysis of the Relevant Rules of the WTO

by

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I certify that this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

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ABSTRACT

The proliferation of regional trade agreements in recent years raises the question as to whether they are building blocks or stumbling blocks for the multilateral trading system. Studies carried out by academics, the WTO and other reputable bodies have mostly indicated that they have in the past contributed to the efforts of the WTO in liberalising world trade by eliminating barriers to trade among the parties to the agreement and also by reducing barriers to the trade of third countries resulting in an increase not only of intra-trade between the parties, but also trade between the established regional trading bloc and the outside world. The WTO recognises the important contribution that could be made by regional trading arrangements to the multilateral trading system and has consistently stated that the two approaches are not mutually exclusive and could be complementary if regional trade agreements operate in full openness and comply with WTO rules.

Under the rules of the WTO, Members wishing to form free trade areas and customs unions have to comply with a number of requirements including liberalising substantially all their trade and ensuring that the general incidence of tariffs and regulations of commerce is not higher after the formation of the regional trading arrangement. The rules have been designed in such a way as to protect the interests of third countries. In fact, as stated in Article XXIV:4, "the purpose of a customs union or a free-trade area should be to facilitate trade between the constituent territories and not to raise barriers to the trade of other...[Members] with such territories."

To ensure that regional trade arrangements comply with the relevant disciplines of the WTO, Members of the WTO are obliged to notify any trade agreement that they enter into for examination by the WTO. To date, over 100 agreements have been examined, but it is only in one case that there was a unanimous verdict. In the rest of the cases, opinions were sharply divided with parties to the examined agreements insisting on conformity, while third countries expressed a contrary opinion. The paralysis in the decision-making process could be attributed to the lack of clarity in the WTO rules and the consensus principle which enables the parties to the agreement to frustrate the examination process. If the WTO should be able to monitor effectively existing regional trade arrangements and the proposed ones which are very ambitious in

terms of the subject areas covered and the diverse membership, it is imperative for the rules of the WTO to be clarified and strengthened and also the decision-making process of the Committee on Regional Trade Agreements fundamentally reformed to enable it to make decisions.