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WTO Accession Issues

Introduction

Previous chapters have noted how the decision of many developing countries to integrate themselves more fully into the world trading system led several of them to join GATT in the 1980s and later the WTO. There is no way of making the rules of the international system benefit a country’s interests unless the country is a member of and, as stressed in Chapter 8, effectively represented in the WTO.

Accession to the WTO is a far more complex, difficult and lengthy process than was the case with GATT. At the moment 28 countries are at various stages of their membership negotiations. Of these, 11 are transition economies that applied for accession after the collapse of central planning in the early 1990s. About half of the remainder are LDCs. Two large developing countries are in the late stage of the negotiation process: China and Saudi Arabia. Indeed there are very few countries that are neither WTO Members already nor applying to accede. These include Afghanistan, Iran, Iraq, Libya, Tadjikistan and Turkmenistan, many of whom have not applied because of political considerations.

This chapter analyzes the WTO accession process. The next section briefly summarizes the main benefits that countries can expect from WTO membership. The third section discusses the process and strategies for accession, as well as the main issues that have arisen in the case of developing countries and countries in transition. The fourth section reviews the progress made on accession by the various countries, as well as the causes of the delays that have been common in the accession of most countries. The final section presents the main conclusions from the analysis and a number of recommendations aimed at facilitating and
expediting the process of accession for those countries which have already applied and those which have not.

**The benefits of WTO membership**

Apart from the obvious benefit of participating in the activities of an institution within which the global rules for trade are set, WTO membership provides additional benefits in three main areas: (1) strengthening domestic policies and institutions for the conduct of international trade in goods and services, which is needed before accession to the WTO can be accomplished; (2) improving the ease and security of market access to major export markets; and (3) gaining access to a dispute settlement mechanism for trade issues.

**Domestic policies and institutions**

While there are significant differences between the institutional and policy environments of the countries applying to accede, it is remarkable how similar the opportunities and challenges of WTO membership are for individual countries or groups. When the transition economies were under central planning, the government controlled trade through ministries and state trading enterprises. The institutions governing other aspects of the international exchange of goods and services, such as intellectual property rights, standards, phytosanitary provisions and procurement were either different or non-existent. LDCs applying for accession face similar challenges in establishing the institutions needed to implement their WTO commitments. Perhaps the most important of these challenges is the introduction of laws and institutions for the operation of private enterprises and markets free from government controls, other than those explicitly provided under WTO regulations regarding, for example, health, intellectual property rights and state trading practices.

Equally important to a country’s economy is the greater stability in commercial policy that comes from adherence to WTO rules and legally binding agreements. Stability is important both to domestic producers and to exporters from other countries wishing to access that country’s markets. There is little doubt that adherence to the WTO provisions, for example by binding tariffs and specifying the conditions of establishment for FDI in a services agreement, improves the efficiency and productivity of acceding countries.

WTO membership also offers the opportunity for some new members to lock in their relatively liberal trade regimes. While trade regimes in