

INTERNATIONAL COMMERCIAL POLICY

- 1. Bilateralism**
- 2. Multilateralism**
- 3. World Trade Organization**

1. Bilateralism

- **Mercantilism**
- **Nationalism** – protection of forming industries
 - Protection was made through custom duties
- 1930 – **The Hawley Smooth Act** – a 50% increase of the custom duty.
- 1934 – **The Act Of Commercial Agreements** – a reduce of 50% of the custom duty
 - basic principle: bilateral reciprocity of custom concessions.
- **Bilateralism** – the rule of bilateral concessions stood as the basis of Most Favored Nation Clause.

2. Multilateralism

- 1944, The **Bretton Woods Conference**: - currency, monetary credit and commercial rules
 - decided to establish: - International Monetary System (1947)
 - World Bank for Reconstruction and Development (1947)
 - World Trade Organization (1992) but US didn't agree so they just formed GATT (General Agreement on Tariffs and Trade).
- **GATT** established the International Trade Standards:
 - basic rules: - **MFN clause** (Most Favored Nation Clause)
 - the **custom tariff** is the main instrument used to protect the economy and it is prohibited the use of quantitative restrictions at imports.
 - **national treatment** – provide for an imported product the same custom duty.
 - derogation: agricultural products for developing countries
 - antidumping (dumping = selling a product abroad at a lower price than normal and destroy the competition
 - **derogation** of MFN = states which form Custom Unions or Free Trade Areas.
 - freedom of transit (product are not imposed)
 - activities: - 8 negotiation rounds
 - **first 5 negotiation rounds**: "product by product" reduction of custom duties respecting the reciprocity principle and the mutual advantage principle.
 - **the 6th round (Kennedy Round)**: "linear decrease"
 - **7th round (Tokyo Round)**: "linear decrease"
 - **8th round (Uruguay Round)** between 1986-1994,
 - linear decrease of custom duties
 - agricultural subsidies
 - liberalization of services

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- At present, the **Doha Round** of Negotiations (since 2001) – WTO
- **The Sixteenth Protocol** – developing countries
- **Global System of Trade Preferences** – preferences among 39 developing countries.

3. World Trade Organization

- The **World Trade Organization** was established during the 8th Round of Negotiation of GATT (Uruguay Round) as a forum of permanent negotiations between the member states.

- a) **WTO functions:**
- implementing, administrating and operating the legal instruments of Uruguay Round and future agreements to be negotiated.
 - ensure a negotiating forum for the future agreements between member states
 - examine and review national trade policies
 - solve divergences and misunderstandings.

- b) **WTO structure:**
- Ministerial Conference
 - General Council
 - 3 Councils:
 - Council For Trade With Goods
 - Council For Trade With Services
 - TRIPS Council
 - WTO Secretary