

WTO ACCESSION AND ECONOMIC DEVELOPMENT: EXPERIENCE OF NEWLY ACCEDED COUNTRIES AND IMPLICATIONS FOR BELARUS

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Summary

In November 2012, Belarusian government renewed the negotiations regarding the accession to the WTO that were suspended in 2005. Therefore, the issues of optimizing the negotiation process and evaluating possible impact of institutional reforms associated with the accession to the WTO are of particular relevance. The reason for this is that the WTO regulates all areas related to the international trade, which in its turn inevitably influences internal regulations and institutions. Since liberalization processes in Belarus are at their nascent stage, implementation of respective reforms would undoubtedly become one of the main requirements of the country's WTO accession. From this point of view, the experience of the countries which have recently joined the WTO is analyzed and a possible strategy of the WTO accession for Belarus based on these are proposed. In particular, it is concluded that the success or failure of countries that acceded to the WTO is largely determined by the quality of institutions which should be built and/or strengthened based on reforms. Moreover, trade reform is a catalyst for improving the institutional environment and, therefore, it gives impetus to economic growth.

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**IPM Research Center Policy Discussion Paper
PDP/13/04**



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1. INTRODUCTION

Following Russia's accession to the WTO, Belarus, as a member of the Customs Union, has faced the need of forced trade liberalization. Furthermore, its market is becoming more open to imports from third countries and exporters are experiencing increased competition in the Russian market. However, unlike the situation in Russia, this process is not accompanied by improved access to markets of third countries and other preferences granted to members of the WTO. In this context, in November 2012, Belarusian government renewed the negotiations regarding the accession to the WTO that were suspended in 2005. Therefore, the issues of optimizing the negotiation process and evaluating possible impact of institutional reforms associated with the accession to the WTO are of particular relevance. The reason for this is that the WTO regulates all areas related to the international trade¹, which in its turn inevitably influences internal regulations and institutions. Since liberalization processes in Belarus are at their nascent stage, implementation of respective reforms would undoubtedly become one of the main requirements of the country's WTO accession. From this point of view, the analysis of experience of the countries which have recently joined the WTO would be especially useful.

The paper is organized as follows. The second part of the paper presents the literature review-based on a posteriori assessment of impact of the WTO accession on economic development and institutions. The third part analyzes the experiences of the WTO member-states, which have recently acceded the organization (Bulgaria, Moldova, Georgia, China, Russia and Ukraine), from the point of view of institutional reforms implemented by them. It also provides the evaluation of the impact of these changes on further development of the countries. The final part concludes with a possible strategy of the WTO accession for Belarus based on the experience of the newly acceded countries.

2. ASSESSING THE IMPACT OF THE WTO ON THE ECONOMIC DEVELOPMENT OF MEMBER COUNTRIES

2.1 Accession to the WTO: what determines the depth of commitments and the duration of the procedure

Founded in 1995, the WTO is the successor of the General Agreement on Tariffs and Trade (GATT). The 111 member-countries united under the GATT automatically became members of the WTO upon its creation. As of March 2, 2013, the WTO has 159 members. And all the newly acceded countries have to pass through a special and quite complex procedure aimed at harmonization of national laws and foreign economic activity of acceding countries in accordance with the provisions of the Uruguay Round package. Most often, this implies significant institutional changes in the country that are time and resource consuming, as well as changes in patterns of behavior of politicians and business representatives. Nevertheless, currently 25 countries, including Belarus, have the "observer governments" status and almost all are in the negotiation stage. This is explained by the fact that acceding country usually receives the rights enjoyed by all other members of the WTO. It would mean the end of discrimination of Belarusian firms on foreign markets² and the use of a special mechanism for dispute resolution.³ It should be noted that the vast majority of WTO members are developing countries. That is why the issue of assessing the impact of accession and membership in the WTO on developing countries is one of frequently discussed issues in political and economic circles. Therefore, the ninth round of negotiations launched in 2001 in Doha was aimed pri-

¹ For example, protection of intellectual property rights and foreign investments, conditions of providing subsidies, procedures and forms of import licensing, etc.

² However, for example, China did not get all of these rights in their entirety.

³ In the case of illegal actions on the part of any member of the organization, any country would be able to lodge a complaint to the Dispute Settlement Body (DSB), whose decisions are binding for the unconditional fulfillment of the national level by each member of the WTO.

marily at meeting the needs of developing countries⁴ in light of the growing pessimism about the positive impact of WTO membership on the economic and social development of these countries. Belarus does not fall in the category of developed countries in terms of GDP per capita either, which makes the experience the new members of the WTO especially valuable for the development of an appropriate strategy.

Despite the fact that the procedure for accession to the WTO has a clearly defined structure and is subject to certain rules (see Appendix 1), a distinct tendency in recent years has become the increasing complexity and lengthening of the procedure (see Table 1). Among all other reasons, this is due to an increase in the number of members of the WTO, as each new member has a right to impose additional restrictions on prospective member-states (see Appendix 2.) In addition, there is the so-called unwritten rule under which member countries seek to impose more commitments on new members than they took upon themselves when joining the “club” (Bacchetta et al, 2002).⁵

Table 1. The period of accession to the WTO and the quality of institutions

	Application	1st Meeting of Working Party (WP)	Membership	Total Time (Application to Membership)	Index of Economic Freedom	
					One year before succession	2013
Bulgaria	September 1986	July 1993	December 1996	10 years 3 months	50.0	65.0
Mongolia	June 1991	June 1993	January 1997	5 years 6 months	70.0	61.7
Kyrgyzstan	February 1996	March 1997	December 1998	2 years 10 months	N/A	59.6
Latvia	November 1993	March 1995	February 1999	5 years 3 months	63.4	66.5
Estonia	March 1994	November 1994	November 1999	5 years 8 months	72.5	75.3
Georgia	July 1996	March 1998	June 2000	3 years 11 months	52.5	72.2
Croatia	September 1993	April 1996	November 2001	7 years 2 months	53.6	61.3
Lithuania	January 1994	November 1995	May 2001	7 years 4 months	61.9	72.1
Moldavia	November 1993	June 1997	July 2001	7 years 8 months	59.6	55.5
China	July 1986	October 1987	December 2001	15 years 5 months	56.4	51.9
Armenia	November 1993	January 1996	February 2003	9 years 3 months	68.0	69.4
Macedonia	December 1994	July 2000	April 2003	8 years 4 months	58.0	68.2
Vietnam	January 1995	July 1998	January 2007	12 years	50.5	51.0
Russia	June 1993	1 March 1994	August 2012	19 years 2 months	50.5	51.1
Tajikistan	May 2001	March 2004	March 2013	11 years 10 months	53.4	53.4
Ukraine	November 1993	February 1995	May 2008	14 years 6 months	51.5	46.3

Source: WTO database, <http://www.heritage.org/index/explore?view=by-region-country-year>.

Objectively, it is assumed that the less the system of foreign trade regulation complies with WTO rules, the longer negotiation period will be and the more commitments the country will have to undertake. Table 1 provides a list of countries in chronological order of accession to the WTO. Obviously, if we do not take Bulgaria into account, the accession process of which lasted more than 10 years, we can observe a clear extension of the negotiating period. Although the close relationship between the Index of Economic Freedom (IEF)⁶ and the duration of negotiations may not appear evident at first glance (the correlation coefficient between the period of accession in months and the Index of Economic Freedom is only -0.54), the studies with a focus on other factors provide more

⁴ Originally established deadline for the Doha Round (January 1, 2005) has long been overlooked. During the negotiations there was a conflict between the implementation of the WTO fundamental goal, i.e. free trade, and the inclination of many countries to protectionism, especially in the provision of agricultural subsidies.

⁵ For example, they seek to bind all tariffs on agricultural products, while many developing country members of the WTO have unbound tariffs on many agricultural products.

⁶ The Index of Economic Freedom is the indicator calculated annually by the research center Heritage Foundation that defines economic freedom as “the absence of government interference or obstruction of the production, distribution and consumption of goods and services, except for the necessary protection for citizens and support to freedom as such”. The index of economic freedom is based on 10 indices measured on a scale from 0 to 100, with the score of 100 corresponding to the maximum freedom, and 0, respectively, to the minimum. The indices of economic freedom include the freedom of business, trade freedom, fiscal freedom, freedom from government, monetary freedom, investment freedom, financial freedom, protection of property rights, freedom from corruption and freedom of labor relations.

significant evidence of this relationship. For example, Wong and Yu (2008) argue that the duration of the accession process depends on the political regime (the more democratic the regime and the system of regulation of the economy are, the shorter the time of accession is), the size of the economy and the pace of economic growth (larger and faster-growing economies go through the period of accession faster)⁷. In addition, this period is shorter in the countries with a fixed exchange-rate system and in the countries where negotiations began before 1995. The importance of the political regime for the accession to the WTO is demonstrated in more recent studies (Davis & Wilf, 2011), which argue that the level of proximity to the political regimes of the core members of the WTO determines the duration of the process. Furthermore, Copelovitch and Ohls (2012) single out the level of democracy as one of the key factors determining the speed of admission to the WTO, along with the proximity of trade relations of the country to the members (direct relationship) and the existing preferential trade agreements (inverse relationship).

At the same time, Basu et al. (2009) revealed that the number of the country's commitments under the WTO (or the "depth" of commitments, according to the terminology used⁸) was not directly associated with any income or the quality of the institutional development as measured by the Index of Economic Freedom (IEF). For instance, the commitments of Cambodia, which is among the least developed countries (LDCs), were essentially the same as the commitments of Jordan, where the GDP per capita is 5 times higher. Nepal, another LDC, had by one point larger depth of commitments in comparison with Estonia and Panama, the countries that are almost twenty times richer. Similarly, there is no clear relationship between the IEF and the number of commitments (see Table 2). However, there is a clear correlation between the share in the world trade and the number of commitments: the higher the share of the country is, the more complaints the WTO members have and the more commitments the country is made to undertake by small trading partners. For instance, the countries with a rather high share in the world trade, such as China, Taiwan and Saudi Arabia, have by twice more commitments than smaller countries with a similar level of development.⁹ This means that the scope and depth of commitments are determined by specific commercial interests, the size of the market and political interests. All this has caused criticism and serious doubts about the fairness of the procedure for accepting new members and has become one of the main manifestations of the crisis of the WTO legitimacy.¹⁰

Table 2. The depth (number) of commitments assumed and the growth rate of newly acceded members

Countries	Trade to GDP, % (2009-2011)	The depth of the terms of accession to the WTO (the number of commitment paragraphs)	Final bound tariff	Annual growth rate (%) (2005-2011)		
				GDP	Exports of goods and services	Imports of goods and services
Bulgaria	118.0	26	5.2	3	11	7
Mongolia	128.8	17	17.5	8	-	-
Kyrgyzstan	136.4	29	7.5	5	7	8
Latvia	105.7	22	5.2	0	3	-3
Georgia	85.6	29	7.4	5	17	19
Croatia	79.5	27	6.3	1	0	-1
Lithuania	136.5	28	5.2	2	5	3
Moldavia	119.6	28	7.0	4	7	6
China	53.1	82	10.0	11	12	10
Armenia	64.5	39	8.5	4	-2	2
Vietnam	158.0	70	11.5	7	7	8
Ukraine	104.4		5.8	2	-3	3

Source: Basu et al. (2009), WTO statistics database.

⁷ China is exception to the rule.

⁸ This depth is measured by the number of paragraphs in the Protocol of the Working Party, as each paragraph defines the problem to be solved in the course of accession.

⁹ 82 points of commitments of China against 28.7 points on average for the other countries.

¹⁰ See Bienen and Mihretu (2010) for the review.

However, these facts should be taken into account in the preparation and negotiation of the WTO accession of Belarus, the political regime of which is not recognized as democratic enough. It does not have a large market, and its Index of Economic Freedom for 2013 is 48¹¹, which is less for Russia and Kazakhstan. This implies that the negotiations will not be easy and short.

2.2. Accession to the WTO, economic growth and institutional reforms: empirical literature review

The main purpose of existence of the WTO as the engine of world trade and, therefore, as one of the factors of economic growth has been significantly challenged in recent years. For the first time such doubts were expressed by Rodriguez and Rodrik (2001). After analyzing the main studies, which stated that the reduction of trade barriers contributed to the economic growth of WTO member countries, they came to the conclusion that the evidence of this relationship was unconvincing. However, real debate was sparked by the articles of Rose (2004, 2005, 2009), who argued that the WTO membership did not have a statistically significant impact on trade. Subsequent studies (Subramanian & Wei, 2007; Tomz et al, 2007, Tang & Wei, 2009) showed that such a relationship did indeed exist, although industry effects usually did not exceed 5% of the baseline. Nevertheless, the overall effect on the growth of trade in these studies was positive. For example, Herz and Wagner (2011) estimated that WTO membership increased mutual trade by an average of 86%. Approximately the same result was obtained by Tomz et al. (2007) (72% of the growth of mutual trade) and Liu (2009) (60% growth). At the same time, Subramanian and Wei (2007) indicated that this impact had a vast difference between developed and developing countries: the growth of imports in developing countries did not exceed the margin of 2%, while the growth of imports in developed countries after accession to the WTO almost doubled (195%). As for exports, the impact of WTO membership on its growth in developing countries, on average, was insignificant. Essentially the same conclusions were reached by Gowa and Kim (2005) who argued that membership in the WTO/GATT had a significant positive impact on the growth of trade for five countries only (Britain, Canada, France, Germany and the United States). In later work, Dutt et al. (2011) analyzed the data from the point of view of changes in the structure of exports. As a result, it was revealed that WTO membership had a positive effect on the extensive margin of exported goods, i.e. the country begins to trade in goods, which it has not previously traded in (the number of traded goods increases by an average of 29%). At the same time, the impact of WTO membership on the intensive margin of exports was negative. In the final analysis, this implied that even with the expansion of the diversity of exports, total exports would remain virtually the same after the WTO accession. This conclusion was supported by the studies carried out by Rose. Furthermore, Dutt et al. refuted the forecasts of new trade models (e.g. Melitz, 2003) on the impact of trade liberalization on both the intensive and extensive expansion of trade.

These findings gave rise to a new area of research to find out the cause of this phenomenon. Most researchers were unanimous in their opinion about the role of institutions and institutional reforms in the success or failure of countries that acceded to the WTO. For example, Goldstein et al. (2007) indicated that the WTO membership had a positive impact on growth only if the country was not just a nominal member of the WTO, but really performed all commitments and enjoyed all the benefits of its membership (they make a distinction between a legal status and the “embeddedness” in the WTO institutional relations since all agreements always have opt-out clauses).¹² Later Tang and Wei (2006, 2009) examined the impact of WTO accession on growth and investment and revealed that the effect was obviously positive but only in case of those countries that went through a rigorous procedure of accession and, therefore, implemented sweeping reforms. This may be explained by the fact that the procedure of accession to the WTO entails both trade liberalization reforms and regulatory reforms of the acceding country. And usually it causes strong resistance in the acceding countries, as evidenced, in particular, by the duration of negotiations (see Appendix 1). At

¹¹ 154th rank out of 177 countries.

¹² The paper assumes participation in the Generalized System of Preferences as an indicator of actual use of benefits and rights of the WTO member.

the same time, political commitments associated with the process of accession to the WTO are particularly useful for the countries with a poor regulatory system and a low level of institutional quality. In light of this, some researchers (e.g. Goldstein et al, 2007) argue that the reasons for the failure lie in the fact that developing countries tend to ask for more concessions than developed ones. And the more of these concessions are provided, the smaller the effect of accession to the WTO is.

Trade reform is only a catalyst for improving the institutional environment and, therefore, it gives impetus to economic growth. This concept is described in detail by Rodrik (2002) in his paper "Trade Policy Reform as Institutional Reform" that was specially prepared to Doha Round negotiations on developing countries. In particular, he writes that "the actual changes in tariff schedules are typically only a small part of the process" for policy makers. "What is at stake is a deeper transformation of the patterns of behavior within the public sector, and of the government's relationship with the private sector and the rest of the world". The reform goes beyond a simple change in tariff levels; it sets new rules and expectations regarding how these policy choices are made and implemented. It establishes new constraints and opportunities for economic policy more broadly, creates a new set of stakeholders while disenfranchising the previous ones, and gives rise to a completely new development policy. Hence, trade reform results in institutional reform of a major kind based not only on policy parameters, but also behavioral relationships. Correspondingly, further resource allocation and consequences of trade reform become harder to discern with the standard models of analysis. Household behavior and investment decisions get altered in a way that is difficult to track without taking into account the fundamental changes in the parameters of the economy. When the reform is well-designed and consistent with the institutional needs of the economy, it can spur entrepreneurship and economic growth. When it is not, it can result in a stagnation that will appear surprising with all possible consequences. Viewing trade reform as institutional reform involves completely different criteria for its evaluation. Obviously, the most important criterion is not so much openness to trade and consistency with existing WTO rules as the contribution of trade reform in the creation of a high-quality institutional environment. At the same time, we must understand that the institutional development takes time and requires divergent choices. As history shows, the best results have been achieved with gradualist, two-track modes of institutional reform (Rodrik, 2000). It is clear that, not all institutional reforms consistent with WTO rules and investments in institution building may be of priority (e.g. customs valuation or IPRs) for low income countries. This should be considered in connection with limited resources, i.e. we should think of the trade regime and WTO rules as an instrument of institutional development, and not vice versa.¹³ However, it should be borne in mind that integration into the global economy makes the country more vulnerable to external shocks that the country should be insured against, which involves increasing the role of the state (it is observed that the role of governments tend to be bigger in economies where trade is a higher share of GDP) (Rodrik, 2002).

The policy of "harmonization" of the institutions in the country with institutions of its trading partners (in framework the WTO or the Common Free Market Zone) provides for the introduction of institutions from the outside. This may be a consequence or result of market forces. However, in any case, the openness of the economy strongly influences national institutions. In this case, the borrowed institutions may be unsuitable or ineffective for the given economy.¹⁴ In this sense, successful institutional reforms involve a combination of borrowed institutions with non-traditional methods of their use¹⁵.

¹³ Some economists (Finger, 1999) doubt the need of these reforms for developing countries (his estimate shows that compliance with the WTO rules for an average country may cost 150 million dollars, which is not always feasible).

¹⁴ For example, the standards of developed countries in the field of labor relations and labor utilization are generally acceptable to a very small extent for small developing countries. But the most controversial standards are the restrictions on the use of patents in accordance with the TRIPS Agreement, and the tightening of environmental protection standards that are a heavy burden on domestic producers.

¹⁵ In fact, almost all successful developing countries at some point used the strategies of gradual opening of their markets based on export support (first Japan and then South Korea and China) that are currently prohibited by WTO rules. For instance, success in Mauritania, as well as in China, was achieved with steel export processing zones, organized on

WTO membership entails institutional reforms that are not only desirable, but also represent a special type of reform. The main objective that is reached through implementation of WTO rules is increased confidence in institutions. Thus, binding import tariffs, limiting non-tariff barriers to trade, adoption of the rules for granting subsidies and rules on investment measures (TRIMS) lead to the increased level of policy predictability, transparency and non-discrimination.

In this case, the strategy of institutional reform built on the integration into the world economy is the strategy of expanding the scope of institutional reform to all spheres of the society of a particular country.

Table 3 and Appendix 2 summarize the ways in which the commitments of WTO accession impact policies and institutions in the acceding country.

The strategy of integration into the world economy entails an opportunity cost in the form of emerging institutional implications. This cost should be weighed against the expected outcome. In our case, it is the assessment of the impact of trade reforms undertaken in connection with the accession to the WTO on institutional development and the effectiveness of domestic policy in the country. The direct quantitative assessment of this impact in the study of Basu et al. (2009) shows that the effect is strictly positive and brings about a higher level of institutional quality in the new member country and, ultimately, higher rates of economic growth. The same is demonstrated in the research of Goldstein et al. (2007) and Tang and Wei (2009) arguing that the effect of WTO accession is positive only for the countries that implemented a radical regulatory reform of the economy and improved its effectiveness. Further, we will look at specific examples of reforms implemented when joining the WTO and their achievements with a focus on those aspects that may be useful for Belarus.

Table 3. Impact of WTO institutions on national policies and institutions

WTO institutional areas	National policy areas affected	Change in national institutions required
Import tariffs	Government revenues, industrial and customs policy	Bound levels of tariffs for both industrial and agricultural goods
Fees and charges for imports and exports	Government revenues	Fees and charges should be limited to the approximate cost of services rendered
Internal taxes	Government revenues	Internal taxes should be equal to similar domestic and imported products
Quantitative import and export restrictions on goods	Agricultural and industrial policies	Quantitative restrictions are prohibited
Import licensing	Agricultural and industrial policies	Import licensing should be transparent and subject to simple and clear procedures
Customs valuation	Customs policy	Application of defined valuations methods; prohibition of minimal values for customs purposes
Anti-dumping, countervailing duties and safeguard regimes	Agricultural and industrial policies	Adoption of special laws and regulations, including establishment of special responsible bodies
Export subsidies	Agricultural and industrial policies	Export subsidies on industrial products are prohibited and bound at zero for agricultural products
Internal subsidies	Agricultural and industrial policies	Industrial subsidies are subject to specific rules; Agricultural subsidies are bound at specific or <i>de minimis</i> levels
Technical barriers to trade (TBT)	Agricultural and industrial policies	Special laws and regulations to cover technical regulations, standards and conformity assessment systems, including transparency and establishment of enquiry points

the principle of free trade (textiles). At the same time, the domestic market was protected from imports, allowing it to maintain production and employment in import-substituting industries.

WTO institutional areas	National policy areas affected	Change in national institutions required
Sanitary and phytosanitary measures (SPS)	Agricultural and industrial policies	Special laws and regulations to cover risk assessment and other required multilateral rules, including transparency and establishment of inquiry points
Trade-related investment measures (TRIMS)	Agricultural, industrial and investment policies	TRIMS are prohibited
Services sectors	Economic and social policies	Laws and regulations on access of foreign services to national market
Trade-related intellectual property rights (TRIPS)	Economic and social policies, and national law systems	Laws and regulations to conform to the TRIPS Agreement and its enforcement on copyright and related rights, trademarks, geographical indications, industrial designs, patents, plant variety protection, layout designs for integrated circuits, undisclosed information, etc.

Source: Basu et al. (2009).

3. NEWLY ACCEDED STATES: STUDYING THE EXPERIENCE

3.1 China: accession to the WTO boosted economic growth

Objectives: To gain access to the markets of WTO members under MFN (more than 90% of China's exports were exported to WTO member countries, however, on more severe conditions than for members of the WTO). Moreover, the accession to the WTO created external incentives to accelerate national reforms aimed at restructuring of the public sector, optimization of inefficient government agencies and a weak financial sector.

Table 4. Trade profile: China

GPA accession		Observer
Tariffs and duty free imports		
Tariff binding coverage (%)		100
MFN tariffs	Final bound	Applied 2011
Simple average		
All goods	10.0	9.6
Agricultural goods (AOA)	15.7	15.6
Non-agricultural goods	0.0	0.5
<i>Non ad-valorem duties (% total tariff lines)</i>	0.0	0.5
MFN duty free imports (% , 2010)		
Agricultural goods (AOA)		0.9
Non-agricultural goods		46.9
Services sectors with GATS commitments		93
Import duties collected (% , 2008-2010)		
in total tax revenue		2.7
to total imports		2.0

Source: WTO database, <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country>.

WTO accession for China was not an opportunistic political event, but a well-thought-out strategic stage of their development. Long before the accession, the country's government had deliberately oriented the economy to the expansion of exports. Accession negotiations were held for 15 years (from 1986 to November 2001) and at that time they were the longest negotiations in the history of the WTO.¹⁶ To gain access to the markets of leading countries, China was forced to make

¹⁶ The most difficult were negotiations with the European Union and the United States. As a result, China had to agree to the reduction of tariffs in the industry with an average from 35% to 17% even during the negotiations in 1996 and 1997. Tariffs on agricultural products had to be reduced from 31% to 14%. New tariffs were significantly lower than those of other developing countries, and the tariff on agricultural products was lower than in some developed countries. On average, the size of China's tariffs was lower than in Brazil or India (<https://www.chinabusinessreview.com>).

unprecedented concessions, including the opening of the domestic market. The main ones included the following:

- reduction of tariff barriers (in average from 15.1% in 2001 to 10% in 2011, and from 23.1% to 15.3% for agricultural products) with a full tariff binding coverage. Gradual abolition of non-tariff measures (NTMs): import quotas and licenses for hundreds of products, termination of measures aimed at import substitution, elimination of binding imports with the volume of FX export proceeds;
- granting the right to all Chinese companies to engage in foreign trade for 3 years;
- granting the right to export to China without investment presence in the country;
- abandoning provision of export subsidies, including to exporters of agricultural products;
- liberalization of most segments of the service sector, including banking, insurance, telecommunications and professional services;
- implementation of systemic reforms in the country in order to enhance the transparency of laws and regulations¹⁷ to reduce barriers to the internal market to foreign companies;
- reforms of the system of public enterprises: state-owned enterprises should make purchases and sales based solely on a commercial basis;
- measures in the field of investment: abolition of permits for investment (including for those subject to technology transfer and the mandatory use of local resources).

Achievements of the negotiations:

- a 5-year transition period;
- a developing country status by 2006;
- a status of non-market economy for 15 years, which gave China the right to subsidize domestic production that was not export oriented. At the same time, other members of the WTO and the United States could continue during these 15 years use non-market methods to determine dumping during anti-dumping measures against China. In addition, the United States and other WTO members could limit the growth of imports from China for 12 years after its accession to the organization, which led to distortions in their markets;
- the right to subsidize agriculture in the amount of 8.5% of the value of production (about 3% in 2001).

Achievements of the reform:

- facilitation of businesses in adaptation to the new environment: dissemination of information in the country about the WTO (the Ministry of Trade and Foreign Affairs of the Republic of China); creation of the WTO Affairs Centers; organizing training courses, seminars; and publication of professional literature on the WTO;
- publication of previously undisclosed laws and regulations; establishment of formal procedures to resolve disputes in court; large unification of conditions for foreign and domestic companies;
- economic restructuring in order to accelerate the growth of industries that have a comparative advantage in the new environment;
- significant restructuring of the inefficient state enterprises sector, where more than half of the enterprises were unprofitable, and subsidies in the sector led to a misallocation of resources and the economic slowdown by 2001 (Bajona & Chu, 2004).

WTO member countries recognize China's successful compliance with the rules of trade and the fulfillment of its obligations. However, the Index of Economic Freedom in China has not changed, even slightly decreased from 56.8 (2001) to 51.8 (2013), over these years. This is due to the fact that the country continues the practice of subsidizing businesses, including exporters (Defever & Riano, 2012). It also uses other instruments of selective industrial policy: closed public procurement market, constituting 20% of GDP, the practice of application of technical standards for the protection of the domestic market, and some others. IPRs are also poorly enforced in the country.

¹⁷ In particular, the need for notification of future legislative measures ensuring their application consistency and clarification, and implementation of judicial supervision.

Table 5. Trade and GDP growth rate in China.

	2011	2005-2011 (annual growth rate)
GDP (2005=100)	186	11
Exports of goods and services (2005=100)	200	12
Imports of goods and services (2005=100)	180	10

Source: WTO database, <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country>.

Liberalization of the financial sector (banking, insurance), as well as a sharp (more than 10-fold) reduction in tariff protection of the automotive industry has not led to a downturn in these sectors, and they are still dominated by state-owned companies and have restrictions on capital transactions (to protect the financial markets). Thus, liberalization is being carried out gradually, as the competitiveness of sectors improves. This may account for impressive results achieved through the accession to the WTO and its accompanying reforms:

- accelerated economic growth: GDP grew by 4.3 times from 2001 to 2012;
- a rapid growth of foreign trade: from 2001 to 2012, China's exports grew 6.5 times, and imports – nearly six times. However, exports grew faster than imports;
- the transformation into a major recipient of FDI / exporter of capital, although there are difficulties in the sectoral distribution of FDI (they flow into industries with low added value);
- strengthening of the country's position in the world economy and the international trading system: China came in first in the world ranking of exporters and second as the importer of goods.

Despite the fact that the Belarusian economy bears little resemblance to the Chinese economy either in the structure or in scale, much of its experience can be used. For example, Belarus, too, has a large sector of inefficient state-owned enterprises with the established practice of subsidizing them. That is why even the accession to the Common Free Market Zone put the issue of reforming the system on the agenda. It is clear that the WTO accession will be the next step, which will inevitably lead to the need for reform of the sector, which can be built on the experience in China. The main feature of these reforms is their gradual nature and sequence of reforms, when the price of access to the markets of WTO members includes neither a social shock due to the destruction of non-competitive sectors after lifting their protection, nor putting off reform of the sector / enterprise for an indefinite period of time, resulting in an inefficient allocation of resources in the economy and the reduction in the overall welfare. The same applies to agricultural support that is so widely used in Belarus, which is bound to be a bargaining chip in negotiations.

3.2. Bulgaria: lessons of failures

Bulgaria joined the WTO in December 1996. It happened in 10 years after initiating the WTO negotiations and at the time of the deep economic crisis associated with the transition from the planned to market economy, when the level of competitiveness of the industry was the lowest in the history of the country's economy. Accession to the WTO at this point was more a political act rather than a step driven by reforms and aimed at promoting economic development. It should be mentioned that the conditions of the country's accession were quite favorable: the tariff on agricultural products was bound at 35%, and on industrial products – at 23%. However, applied tariff was almost 10% lower (26.5% and 15.5%, respectively)¹⁸. Another feature of the country's economy was an immensely deplorable state of institutions (the composite index of institutional quality in 1998 was generally negative (-2.7), while the level of corruption (3.3) was extremely high).¹⁹ Clearly, the government was unable to carry out adequate reform and sound economic policies under these conditions. Therefore, accession to the WTO only aggravated the situation.²⁰ The condition of the in-

¹⁸ See Bacchetta and Drabek, 2002.

¹⁹ Ibid.

²⁰ The index of government effectiveness, included in the index of institutional quality, was one of the lowest among transition countries (-8.2).

dustry deteriorated: in 1998, the production decreased by 13% compared with 1995, and in 2001 – by further 5.2%. Liberalization of tariffs on industrial goods took place more rapidly than that of tariffs on agricultural products. Nevertheless, rapid changes in the volume of imports of the country did not occur. Due to the changes in investment opportunities in the economy, imports of industrial machinery and vehicles decreased in 1997. They began to grow only in 2001 together with the recovery of the Bulgarian economy. At the same time, the country changed the direction of its export: it was reoriented from the former Soviet Union to the European countries. However, the structure of exports included mainly clothing, footwear, and also energy. There was a gradual de-industrialization of the economy: the share of production equipment in exports country reduced most significantly from 50% in 1990 to 14% in 2003.²¹ The share of consumer goods in total exports increased. Due to the low competitiveness, trade surplus (3.1% of GDP) became negative (-13.1% of GDP).

Table 6. Trade profile: Bulgaria

GPA accession		January 2007
Tariffs and duty free imports		
Tariff binding coverage (%)		100
MFN tariffs	Final bound	Applied 2011
Simple average		
All goods	5.2	5.3
Agricultural goods (AOA)	13.8	13.9
Non-agricultural goods	3.9	4.0
Non ad-valorem duties (% total tariff lines)	4.8	4.7
MFN duty free imports (% , 2010)		
Agricultural goods (AOA)		42.9
Non-agricultural goods		58.8
Services sectors with GATS commitments		80
Import duties collected (% , 2008-2010)		
in total tax revenue		n/a
to total imports		n/a

Source: WTO database, <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country>.

The accession of Bulgaria to the WTO led to the domination of foreign capital in the financial sector. A similar situation is observed in the competitive tourism industry. In fact, the growth in the economy of Bulgaria began only after 2003, largely due to the support of the European Union. It can hardly be associated with the accession to the WTO, although some researchers suggest so (Evenett et al, 2004).

Table 7. Trade and GDP growth in Bulgaria

	2011	Annual growth rate (2005-2011)
GDP (2005=100)	116	3
Exports of goods and services (2005=100)		11
Imports of goods and services (2005=100)		7

Source: WTO database, <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country>.

In general, it can be concluded that mere accession to the WTO and access to the markets of the member countries do not give an impetus to growth without adequate institutional reforms. Such reforms were not implemented in Bulgaria, which led to the recession and degradation of industry, and to the decline and fall of the production in agriculture as a response of the unprepared economy lacking protection and still reeling after the transition shock. A slow recovery began only five years after the accession to the WTO. However, due to the weakness of institutions, in general, and of state institutions, in particular, the country has not reached sustained economic growth so far.

²¹ Analytical review [ВТОрична для России? Вступление России в ВТО: аналитический обзор. М. 2012].

3.3 Moldova: failed expectations

The Government of the Republic of Moldova had led negotiations on accession to the WTO for 8 years before it actually occurred on July 26, 2001. Moldova's economy is characterized by limited natural and energy resources, a small domestic market, as well as the orientation of trade mainly on the CIS countries. Moldova's main export is food and agricultural products, i.e. the economy is largely focused on agriculture. Despite this, Moldova joined the WTO on the terms of a developed country with a transitional period of just four years, although it is one of the poorest countries in Europe. In addition, Moldova also agreed to undertake fairly rigid measures in relation to agriculture and limited its support by 16%. The Government undertook to almost fully open the market of the country. Though the simple average tariff in the WTO at the time of the accession of Moldova was 12% and the weighted average was about 8%, Moldova committed to reduce it to 6% and 3.5%, respectively, (Tsigankov, 2012). In addition, the country joined most of optional sectoral initiatives, with the exception of the initiatives relating to alcohol (the main export item of Moldova).

Table 8. Trade profile: Moldova

GPA accession		January 2007
Tariffs and duty free imports		
Tariff binding coverage (%)		100
MFN tariffs	Final bound	Applied 2011
Simple average		
All goods	7.0	4.6
Agricultural goods (AOA)	14.1	10.5
Non-agricultural goods	5.9	3.7
<i>Non ad-valorem duties (% total tariff lines)</i>	1.1	1.6
MFN duty free imports (% , 2010)		
Agricultural goods (AOA)		18.4
Non-agricultural goods		71.0
Services sectors with GATS commitments		147
Import duties collected (% , 2008-2010)		
in total tax revenue		6.5
to total imports		1.8

Source: WTO database, <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country>.

The first years of membership in the WTO were marked with negative trends in the sugar industry that could not compete with cheaper products from Cuba and Brazil. Later, wine industry exports were affected by the ban on imports of Moldovan wine in Russia that was introduced on March 27, 2006. Moldovan producers did not manage to leave the Russian market completely for European or American markets. So, the expectations of the Moldovan government in connection with accession to the WTO have not been met so far. The losses have been compensated in some way through the development of tourism.

Like most countries that quickly made the decision to join the WTO, Moldova cemented its status as an agricultural country and put this national agricultural industry in unequal conditions of competition by agreeing to the intensive reduction of customs tariffs. Taking into account high standards of European markets, as well as the scope of European agricultural subsidies, the success of Moldovan goods in the international market is becoming even less likely, especially with almost voluntary minimization of the support of domestic producers in Moldova. As a consequence, it can result in an even greater reduction in diversification of exports, up to exporting one crop only at very low prices. Despite market reforms aimed at improving the investment climate in the country, the government still maintains a significant presence in the agricultural sector, which generally undermines the industry.

Another problem is that, since the date of accession to the WTO, the economy of the Republic of Moldova has demonstrated a growing trade deficit. With the rapidly increasing import dependence of the economy (products of the food industry constitute a significant part of imports), the total foreign trade over the years of WTO membership has grown five-fold, while exports have only tripled. At the same time, the real GDP has been growing steadily over the last ten years, except in 2009.

Table 9. Trade and GDP growth in Moldova

	2011	Annual growth rate (2005-2011)
GDP (2005=100)	125	4
Exports of goods and services (2005=100)	153	7
Imports of goods and services (2005=100)	140	6

Source: WTO database, <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country>.

Statistical data on foreign direct investment also show significant growth: from 2002 to 2008 FDI increased by 7 times. Later, it declined significantly against the background of the global financial crisis.

Based on the above, we can conclude about the ambiguity of effects of the decision on accession of Moldova to the WTO. The country had every chance and tools to achieve more liberal conditions of its accession to the WTO. It would have been highly desirable to agree on better conditions both in terms of tariffs and timeframes of transition of the national economy to the WTO system. At the same time, there is evidence of positive economic development of Moldova in the WTO: the growth of GDP, FDI and trade.

In addition, the accession to the WTO of the main trading partners of Moldova (Ukraine in 2008 and the Russian Federation in 2012) allows predicting changes in the nature of trade relations between these countries towards their improvement in the near future. They will have to be based on the rules and principles of the WTO, which will eliminate the arbitrary use of protectionist measures, and ensure the predictability of trade between them. Overall, however, this experience can hardly be referred to as successful.

3.4. Georgia: a liberal model of accession

Georgia was one of the first countries of the former Soviet Union which joined the WTO in June 2000. Although the Index of Economic Freedom at the time of Georgia's succession was about the same as it is now in Belarus (50), the succession process due to political reasons was quick and smooth taking just 3 years and 11 months. Like all the countries with economies in transition that joined the WTO at the time, it followed the strategy of liberal trade policies in the accession process to the WTO. This strategy includes: 1) binding of the majority of tariffs at a low current level, or the agreement to the reduction and binding of tariffs at a low level in the negotiation process; 2) the agreement to liberalize the trade regime in agriculture and the service sector, and 3) shortly after acceding to the WTO, signing agreements, such as the Agreement on Government Procurement, which increase competition and transparency in the functioning of national markets. In this case, countries receive the benefits of the liberal trade and investment regime. In addition, this strategy simplifies negotiations on market access, provides governments with political cover against lobbying of interest groups in favor of raising the level of protection. Following this strategy, Georgia adopted a very low level of tariff rates for agricultural products: a simple average rate of import duty was at 13.6%, ranging overall from 12 to 20%. Only 12 types of goods (including apricots, strawberries, peaches, cherries, tobacco, etc.) were subject to a 30% binding tariff in order to protect domestic producers. For other goods, a simple average rate of import duty was 6.5%, ranging overall from 0% to 12%. The transitional period was agreed to be 5 years. However, Georgia went even further and reduced the applicable rates on agricultural goods to 7%, and on industrial goods – to 1.5% by 2011. In addition, 90% industrial and 43% of agricultural goods were not subject to tariffs at all. However, contrary to expectations, this liberalization of trade did not cause a boom in the first years after the accession. Before 2004, the growth rate of exports and imports had remained at the same level. There was no sharp inflow of foreign investment during the first years of membership in the WTO. This was partly due to the fact that the expedient accession regime caused unpreparedness of the country for new economic conditions. Thus, at the time of the accession, the country was unable to build an organizational and administrative framework to implement anti-dumping measures. However, starting from 2005, the annual trade growth increased rapidly to 17% for ex-

port and 19% for import. At the same time, the ratio of trade to GDP in 2011 reached only 85.6% under the conditions of virtually duty-free trade. This means that these high rates were due primarily to a low base, while the economic activity in the country remained at a relatively low level. The analysis of the dynamics of foreign trade in Georgia shows that the growth of trade comes amid a growing negative trade balance, which implies an increase in import dependence of the country.

Table 10. Trade profile: Georgia

GPA accession		Observer
Tariffs and duty free imports		
Tariff binding coverage (%)		100
MFN tariffs	Final bound	Applied 2011
Simple average		
All goods	5.2	1,5
Agricultural goods (AOA)	13.2	7.2
Non-agricultural goods	6.5	0.7
<i>Non ad-valorem duties (% total tariff lines)</i>	0.4	0.6
MFN duty free imports (% , 2010)		
Agricultural goods (AOA)		42.9
Non-agricultural goods		90.7
Services sectors with GATS commitments		125
Import duties collected (% , 2008-2010)		
in total tax revenue		1.3
to total imports		0.6

Source: WTO database, <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country>.

Table 11. Trade and GDP growth in Georgia

	Annual growth rate (2005-2011)
GDP	5
Exports of goods and services	17
Imports of goods and services	19

Source: WTO database, <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country>.

After 3 years after the accession to the WTO, Georgia's economy started to show rather high growth rates of real GDP (an average of 6% per year in 2003-2011).²² Moreover, the growth of industrial production was significantly ahead of agricultural production. In general, however, the abrupt trade liberalization and full openness of the market did not become the engine of economic growth. A recent diagnostic study of growth in Georgia (Babych & Fuenfzig, 2012) shows that the main obstacle to economic growth in Georgia is the low quality of institutions such as political and institutional stability, law and order, judicial independence of courts, i.e. property rights in the broadest sense of the term.

Thus, the experience of Georgia's accession to the WTO shows that joining the WTO and simple trade liberalization can give impetus to economic growth only if they are complemented by strong and high-quality institutions.

3.5 Ukraine. Preliminary evaluation

Having initiated negotiations on accession to the WTO 14 and a half years ago, Ukraine became a member only in May 2008. According to the conditions of accession, the country undertook to reduce a simple average rate of import duty in the agricultural sector to 11.1%, and for other goods – up to 5%, with tariffs bound at 100%, within a 5-year transition period. To date, the applicable rates even lower (see Table 12). Lengthy negotiations provided for implementation of many transformations specified in the agreement on Ukraine's accession to the WTO before its actual accession. The country adopted a strong legislative framework to protect intellectual property rights, streamlined the system of standardization and conformity assessment, and adopted a new Customs Code.

²² According to the Department of Statistics of the Ministry of Economic Development of the Republic of Georgia.

Table 12. Trade profile: Ukraine

GPA accession		Observer
Tariffs and duty free imports		
Tariff binding coverage (%)		100
MFN tariffs	Final bound	Applied 2011
Simple average		
All goods	5.8	4.5
Agricultural goods (AOA)	11.0	9.5
Non-agricultural goods	5.0	3.7
Non ad-valorem duties (% total tariff lines)	0.1	0.1
MFN duty free imports (% , 2010)		
Agricultural goods (AOA)		37.4
Non-agricultural goods		66.4
Services sectors with GATS commitments		137
Import duties collected (% , 2008-2010)		
in total tax revenue		3.4
to total imports		1.4

Source: WTO database, <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country>.

It should be noted that such a long accession process gave an opportunity for experts to thoroughly evaluate possible effects of different scenarios of the accession to the WTO and the impact on the growth rate of GDP, trade, specific industries and general welfare. To this end, they used sophisticated economic and mathematical models, and expert estimates predicting significant gains for the economy as a whole and threats to individual sectors. For instance, the joint study of the Institute for Economic Research and Policy Consulting (Kiev), the Consortium of Copenhagen Economics Institute (Denmark) and the Institute for East European Studies (Germany) concluded, based on the general equilibrium model, that WTO membership would provide additional growth GDP of 2.6% in the medium term, and 5.7% in the long term, with different effects on individual sectors (Movchan, 2011).

Following the accession to the WTO, the restrictions on the export of Ukrainian steel in the EU were lifted. Import duties on Ukrainian products in the member countries of the WTO were reduced to the level of MFN. However, the expected growth has not been achieved yet.

It should be noted that prior to the accession to the WTO, the economy before the crisis grew by an average of 7% annually. The year of accession to the WTO coincided with the crisis, which does not let us adequately assess the consequences of this step in economic terms. Besides, it still needs some time. However, it is clear that trade liberalization has led to increased competition in the market of Ukraine. Prior to 2008, Ukraine was the only country among the former Soviet Union countries that acceded to the WTO that showed a positive foreign trade balance. Despite the crisis, the country imported much more goods than it exported, which led to a sharp increase in the negative balance of trade (75 million dollars) in 2008. This trend remained strong (see Table 12) resulting in the decreased GDP growth and exports in average for the period.

Table 13. Trade and GDP growth in Ukraine

	Annual growth and services (2005-2011)
GDP	2
Exports of goods and services	-3
Imports of goods and services	+3

Source: WTO database, <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country>.

These results, although largely determined by external shocks, however, also indicate that the competitiveness of Ukrainian producers is still low and it is also necessary, in addition to trade liberalization, to take targeted steps to improve the competitiveness of the economy, taking into account the need for its restructuring. Otherwise, import growth will outpace exports, which will lead to significant macroeconomic imbalances.

4. EXPERIENCE OF NEWLY ACCEDED COUNTRIES: LESSONS FOR BELARUS

A distinct tendency in recent years has become the increasing complexity and lengthening of the procedure of accession to the WTO. The duration of this process is determined by the adopted system of regulation of the economy (the less this system complies with WTO rules, the longer negotiation period will be and the more commitments the country will have to undertake), scope of economy and the rate of economic growth (larger and faster-growing economies go through the accession period faster), and also the political regime (the more democratic the regime and the closer to the political regimes of the core members of the WTO are, the shorter the time of accession is).

These aspects should be taken into account in the preparation for negotiations on the WTO accession of Belarus. Obviously, the process of negotiations will not be easy and short. But it can be useful to focus on the reduction of unnecessary regulatory functions of the state first.

The success or failure of countries that acceded to the WTO is largely determined by the quality of institutions which should be built and/or strengthened based on sweeping reforms. Trade reform is only a catalyst for improving the institutional environment and, therefore, it gives impetus to economic growth. The studies show that the effect of WTO accession is positive only for the countries that implemented radical reforms of the regulation system of the economy and improved its effectiveness.

However, these reforms should be well-designed, consistent, gradual, and meet the real needs of the economy. In this case, they can stimulate business activity and economic growth. Otherwise, they may lead to an opposite result. The main result of the implementation of WTO rules is increased confidence in the institutions, which should be in the focus of the reform.

The experience of China shows that the accession to the WTO should not be an opportunistic political action, but a well-thought-out strategic stage of development. Despite the fact that the Belarusian economy bears little resemblance to the Chinese economy neither in the structure nor in scale, it can gain much from its experience. In preparation for accession to the WTO, it is desirable, for instance, to assist the business in its adaptation to the new environment: to spread information about the WTO, to create WTO affairs centers, and to organize training courses and seminars.

The experience of China in the restructuring of the inefficient state enterprises sector is of particular relevance for Belarus. Belarus also has a large sector of inefficient state-owned enterprises with the established practice of subsidies. The main feature of Chinese reforms is their gradual nature and sequence of reforms, when the price of access to the markets of WTO members includes neither a social shock due to the destruction of non-competitive firms, nor putting off reforms for an indefinite period, resulting in an inefficient allocation of resources in the economy. The same applies to the agricultural support that is so widely used in Belarus, which is bound to be a bargaining chip in negotiations.

Georgia's experience also suggests that mere accession to the WTO and access to the markets of member countries do not give an impetus to growth without adequate institutional reforms. Thus, the abrupt trade liberalization and full openness of the market did not become the engine of economic growth. The main obstacle to economic growth is the low quality of institutions that determine property rights in the broadest sense of the term.

A preliminary assessment of the situation in Ukraine has shown that in addition to trade liberalization targeted steps to improve the competitiveness of the economy should be taken.

On the whole, we can say that accession of Belarus to the WTO could give a major boost to its development provided appropriate reforms are implemented with a view to adapting the economic and legislative institutions of Belarus to the conditions of multilateral trade agreements under the WTO.

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APPENDIX 1. WTO ACCESSION PROCEDURE

The procedure for accession to the WTO, worked out for a half-century of GATT / WTO, contains a number of steps and takes an average of 5-7 years. This process described on official WTO site (http://www.wto.org/english/thewto_e/whatis_e/tif_e/org3_e.htm) by the next way:

“Any state or customs territory having full autonomy in the conduct of its trade policies may join (“accede to”) the WTO, but WTO members must agree on the terms. Broadly speaking the application goes through four stages:

First. The government applying for membership has to describe all aspects of its trade and economic policies that have a bearing on WTO agreements. This is submitted to the WTO in a memorandum which is examined by the working party dealing with the country’s application. These working parties are open to all WTO members.

Second. When the working party has made sufficient progress on principles and policies, parallel bilateral talks begin between the prospective new member and individual countries. They are bilateral because different countries have different trading interests. These talks cover tariff rates and specific market access commitments, and other policies in goods and services. The new member’s commitments are to apply equally to all WTO members under normal non-discrimination rules, even though they are negotiated bilaterally. In other words, the talks determine the benefits (in the form of export opportunities and guarantees) other WTO members can expect when the new member joins. (The talks can be highly complicated. It has been said that in some cases the negotiations are almost as large as an entire round of multilateral trade negotiations.)

Third. Once the working party has completed its examination of the applicant’s trade regime, and the parallel bilateral market access negotiations are complete, the working party finalizes the terms of accession. These appear in a report, a draft membership treaty (“protocol of accession”) and lists (“schedules”) of the member-to-be’s commitments.

Fourth. The results of the negotiations on the liberalization of market access and the conditions of accession are formalized in the following official documents: 1) a Report of the Working Party stating the whole package of rights and obligations which the applicant country assumes after the negotiations, and 2) a list of commitments on tariff concessions for goods and the level of agricultural support, and 3) a list of specific commitments on services and the List of exceptions to the MFN (most favored nation treatment), 4) a Protocol of Accession, legally formalizing the reached agreements on bilateral and multilateral levels. This final package, is presented to the WTO General Council or the Ministerial Conference. If a two-thirds majority of WTO members vote in favour, the applicant is free to sign the protocol and to accede to the organization. In many cases, the country’s own parliament or legislature has to ratify the whole package of documents. After that, these commitments become part of the legal package of WTO documents and national legislation, and the country acquires the status of a member of the WTO.

APPENDIX 2. MULTILATERAL WTO TRADE AGREEMENTS

Agreement	Brief Description
General Agreement on Tariffs and Trade 1994 (GATT - 1994)	Defines the basis of the mode of trade in goods, the rights and obligations of WTO members in this area
General Agreement on Trade in Services (GATS)	Defines the basis of the mode of trade in services, the rights and obligations of WTO members in this area
Agreement on Agriculture	Defines the features of the regulation of trade in agricultural products and mechanisms for state support of production and trade in this sector
Agreement on Textiles and Clothing	Defines the features of the regulation of trade in textiles and clothing
Agreement on the Application of Sanitary and Phytosanitary Measures	Determines the conditions for the application of measures of sanitary and phytosanitary control
Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)	Defines the rules on trade and investment in ideas and creative work, which specify how intellectual property should be protected in the course of trade
Agreement on Technical Barriers to Trade	Determines the conditions for the application of standards, technical regulations and certification procedures
Agreement on Trade-Related Investment Measures (TRIMS)	Prohibits the use of a limited range of trade policy measures that may affect foreign investment and be qualified as contrary to GATT Article III (National Treatment) and Article XI (Prohibition of quantitative restrictions)
Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 (customs valuation)	Defines the rules for customs valuation of goods
Agreement on Pre-shipment Inspection	Determines the conditions of pre-shipment inspection
Agreement on Rules of Origin	Specifies that the rules of origin mean those laws, regulations and rules for determining the country of origin of goods
Agreement on Import Licensing Procedures	Sets out the procedures and forms for licensing imports
Agreement on Subsidies and Countervailing Measures	Determines the conditions and procedures for the use of subsidies and measures to combat subsidies
Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (antidumping)	Determines the conditions and procedures for the application of measures to counter dumping
Agreement on Safeguards	Determines the conditions and procedures for the application of measures to counter growing imports

APPENDIX 3. MAIN COMMITMENTS OF THE COUNTRY ACCEDING TO THE WTO: IMPLICATIONS FOR POLICY AND INSTITUTIONS

		Commitments in specific policy areas	
Policies affecting trade in goods and services	Trade in goods	Import regulations	Import regimes, customs code, ordinary customs duty, other duties and charges, TRQ, tariff exemptions, application of internal taxes on imports, prohibitions, quotas, restrictive licenses, import licensing procedures, customs valuation, rules of origin, other customs formalities, pre-shipment inspection, contingency measures (e.g. anti-dumping, countervailing or and safeguard measures).
		Export regulations	Tariffs or taxes on exports, export restrictions, export subsidies, export processing zones.
		Internal policies affecting trade in goods	Taxes and charges levied on imports, industrial policies including subsidies, technical barriers to trade (TBT) and sanitary and phytosanitary measures (SPS), trade-linked investment measures (TRIMs), state trading entities, free zones and special economic areas, government procurement, transit, agricultural policies, trade in civil aircraft, textiles. Trading rights, (advertising and trade in alcohol and tobacco).
	Trade in services	Horizontal commitments (in Modes 1, 2, 3, 4), MFN exemption, full or partial commitments in the following services – business, communication, construction, distribution, educational, environmental, financial, health, tourism and travel-related, transport.	
	Trade-Related Intellectual Property Rights (TRIPS)	Obligations stipulated in the TRIPS Agreement.	
Other related policies		Non-discrimination, foreign exchange and payments, balance-of-payment measures, investment regime, State ownership and privatization, pricing policies.	
Policies affecting institutions		Structure and powers of government; powers, executive, legislative and judiciary administration of policies on WTO-related issues; authority of sub-central governments; uniform administration of trade regime; judicial review (including the right of appeal).	