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**Course:**

**WORLD TRADE LAW: CONTEMPORARY ISSUES AND CONCERNS**

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**Essay subject:**

**Comparision of world trade system under Free Trade Agreements(ftas) and Wto**

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# Introduction

It is obvious that Article XXIV is one the most important gatt provision regarding ftas. In this article is mentioned that ftas should have four important features: (1) duties and other restrictive commercial regulations must be eliminated; (2) substantially all trade must be covered; (3) external tariffs and commercial regulations – that is, measures applicable to non-parties – may not be higher or more restrictive than those in effect before the FTA or interim agreement was concluded; and (4) interim agreements must contain a plan and schedule to achieve these goals within reasonable period of time. Even though the GATT requires that FTAs eliminate tariffs

and restrictive regulations, it allows FTA parties to apply tariffs, restrictions that are inconsistent

with GATT articles, “where necessary.”.It seems that all factors considered in this article properly, but in practice this article is fragmented and needs clear interpretation.

I will start the essay with the features of fta specially regarding Turkey. I use Turkey as a model to consider to the relations of ftas and wto trade system. Then I try to compare two systems under ftas and gatt and try to find out where they work similarly and where they work parallel.

# I. Features of ftas

## A. Free movement of goods

There is a free movement of goods in most custom unions .Goods are included the goods that produced in the members of FTA(Free Trade Agreement).For example it is mentioned in the article 3 of custom union between Turkey and European community that there is “a free movement of goods “among EC and Turkey.

The scope of this customs union(with EC), based on the status of goods in free circulation, “is however limited to industrial products and processed agricultural products. It does not cover:

- agricultural products, as defined in Annex I of the Amsterdam Treaty;

- coal and steel products

These two categories are subject only to preferential agreements based on their originating status.”[[1]](#footnote-1)

Meanwhile art.xxiv . (i) .8 states that:”duties and other restrictive regulations of commerce (except, where necessary, those permitted under Articles XI, XII, XIII, XIV, XV and XX) are eliminated with respect to substantially all the trade between the constituent territories of the union or at least with respect to substantially all the trade in products originating in such territories…”As it is clear it mentioned that the free movement of goods should be included all trades.But as this article is not clear enough and I will mention to it further ,there are different interpretation that allow ftas that included only special trades. This lead to a kind of discrimination for world trade. It can lead to the parallel system rather than the system under WTO.Because while the liberalization is not included substantially all trades, and there is not any interpretation that makes it clear that what does substantially all trades mean, Then there will be a system under ftas that there is not any higher system to control it.

## B.Import restrictions

### 1.Custom duties and charges with equivalent effect

It is one of the presumptions of most RTAs that if custom duties between member countries are balanced that it means if the total amount of them are equal, they will be omitted and so there will be free circulation of products as it is mentioned in the article 3 of custom union between Turkey and European community. Therefore the custom duties on products with the equivalent effects shall be wholly abolished. According to the gatt provisions about FTAs ,there must be reasonable time for import restrictions inside the FTA.There must be presumption time for dismantling the restrictions.[[2]](#footnote-2)Art.xxiv.6. (*c*) of gatt mentioned hat:”any interim agreement referred to in sub-paragraphs (*a*) and (*b*) shall include a plan and schedule for the formation of such a customs union or of such a free-trade area within a reasonable length of time…”.Therefore there should be a transitional time for abolishing of all duties and charges.

Art.2.1 of fta between Turkey and Albania states that:” In the trade between the Parties covered by this Agreement, the Parties shall apply their respective Customs Tariffs on the classification of goods for imports into them.”

As article 1 of fta between Turkey and Albania mention that“1. The Parties, by taking into account Turkey’s obligations arising from the Customs Union with the EU and the Stabilization and Association Agreement between the Republic of Albania and the EU, shall gradually establish a free trade area on substantially all their trade between them in a transitional period lasting a maximum of five years starting from the date of entry into force of this Agreement in accordance with the provisions of this Agreement and in conformity with Article XXIV of the GATT 1994 and the other multilateral agreements on trade in goods annexed to the Agreement establishing the WTO”.Or art.1 of fta between Turkey and Bulgaria mention that”The Parties shall gradually establish a free trade area, during a transitional period ending at the latest on 1 January 2002, in accordance with the provisions of the present Agreement and in conformity with those of the GATT 1994, in particular Article XXIV of the GATT 1994, and the Agreement Establishing the WTO.”

Therefore as I mentioned to examples for ftas that Turkey was one of parties there should be a 3 rules in ftas that mentioned by gatt.Gatt specify 3 rules for applying the custom duties:1.The determination of proper classification of imported goods,2.The determination of the custom value of imported goods,3.The determination of the origin of the imported goods[[3]](#footnote-3)It is important to notice that whatever the classification adopted ,article I of gatt requires that same tariff treatment be applied to same products.[[4]](#footnote-4)

### 2. The Turkey-Textiles case

One of the important cases about regional trade agreements of Turkey that refer to appellate body is Turkey textile case. However the case shows that trade remedies can be applied to

RTA partners on the insubstantial part of all trade, but is does not clearly specify that wither Article XXIV justify non application of trade remedies to RTA partners?[[5]](#footnote-5)

In 1995 Turkeys EU Association Council concluded the fta between Turkey and EC.In this agreement Turkey should take some steps as agreement mentioned to harmonize with the trade EC accordance with the requirements in Article XXIV:8(a)(ii). Therfore Turkey made quantitative restriction on textiles originating in India starting at January 1,1996.Acording to the Agreement on Textiles and Clothing (ACT). The agreement does no exists, as of January 1, 2005, because from the implementation date in 1995 and 10 years forward, all quantitative

restrictions were abolished.Therfore it is not correct to make quantitative restriction after that period.” Therefore, Turkey’s implementations of new quantitative restrictions against India were certainly out of the ordinary.“India claimed that Turkey’s quantitative import restrictions were inconsistent with the GATT and ATC, India argued that Turkey’s restrictions violated GATT 1994; XIII (Non-discriminatory Administration of Quantitative Restrictions), and

Article 2.4 of ATC” [[6]](#footnote-6)

Turkey stressed on paragraph 5 of the MFN exception, although not expressly noted,

it is supposed to be understood from the phrase, *“*the provisions of this agreement…shall not prevent the formation of a CU/FTA…” If this statement can be interpreted in a way that it was deviation from MFN. This interpretation is acceptable, if it is interpreted distinct from its context that it is against the Vienna convention that governed on the interpretation of international agreements. So it is necessary to consider to the purpose of Article XXIV in interpretation. India argued that Turkey’s restrictions violated GATT 1994.[[7]](#footnote-7)

As a consequence the panel stated:*“*We draw the conclusion that even on the occasion of the

formation of a customs union, Members cannot impose otherwise incompatible quantitative restrictions”[[8]](#footnote-8)

Panel added some more descriptions to Article XXIV exception in paragraph.5:

1. “the party claiming the benefit of this defense must demonstrate that the measure at issue is introduced upon the formation of a customs union that fully meets the requirements of sub-paragraphs 8(a) and 5(a) of Article XXIV”, and 2. “That party must demonstrate that the formation of that customs union would be prevented if it were not allowed to introduce the measure at issue” [[9]](#footnote-9)

In most RTAs quantitative restrictions with equivalent effect has been abolished as mentioned in art.5 of custom union between Turkey and European community. But after entering into fta ,it is impossible to apply more restriction like quantitative one to non-members.However the dominated interpretation about the article.xxiv of gatt allow countries to waive from their applied tariff and only bound tariff is binding for them. This lead to more barrier to the trade. Because most countries after entering into ftas they don’t apply their previous applied tariff and they apply their bound tariffs. This judgment about Turkey textile does not consider to this issue and it seems that this issue can not solve in appellate body and it should be solved by coherent interpretation that I will mention to it further. This judgment only is for the time that restrictions applied more than the transition time that specified in the ftas.But as I mentioned before appellate body does not consider to the remedies to non-members of ftas.

Turkey and EU made custom union on 1996. Tariffs and quantitative restrictions on trade between Turkey and the EU were started to be gradually abolished. This agreement covered industrial products and processed agricultural goods. “The traditional agricultural products will be included in the Customs Union only after Turkey’s adaptation to the Community’s Common Agricultural Policy (CAP)”[[10]](#footnote-10).For products imported from third countries the tariff rates have declined from about 16% to 5.6%.[[11]](#footnote-11)

### 3. Exceptions of FTAS

There are exception in most RTAs about elimination of charges, duties and quantitative restrictions. These exceptions mainly are related to public morality, public policy and public security or protection of health of human, animals and plants as mentioned in art.7 of custom union between Turkey and European community.

## B.Common external tariff

### 1. Export restrictions

Export restrictions like import one are including: custom duties, tariff quotes, charging having equivalent effect to custom duties and quantitative restrictions. As gatt mentioned there must be a timetable for dismantling these restrictions.[[12]](#footnote-12)

## C.Standardization

It is common in most FTAs to have same standardization in intra-trade by 2 ways:1.common standards, as it is obvious that in custom union between European community and Turkey ,they adopted this way and Turkey has to follow the European community in standardization.2.Mutual recognition of standards.[[13]](#footnote-13)

There is not unique standardization law in most RTAs.Therefore usually there is an article that mention to the cooperation in the fields of standardization ,testing and certification as it has been mentioned in art.8.4 of custom union between Turkey and European community.

As art.2 of fta between Turkey and Bosnia mention that:”The provisions of this Chapter shall apply to products listed in Chapters 1 to 24 of the Harmonized Commodity Description and Coding System and the products listed in Annex I of this Agreement.”

It is true to say that because there are different standards specially among developing and developed countries, it is difficult to have the same standardization under wto system. However there are good criterias in wto agreements about standardization. It is one of the issues that most challenges between developing and developed countries could be solved in Appellate body. There are two types of standards in ftas that are mentioned in gatt documents:

### 1.Elimination of technical barriers

There are some methods in each RTA for elimination of technical barriers as it mentioned in art.9 of custom union between Turkey and European community that Turkey has to pass instruments “necessary for elimination of technical barriers.”

### 2. Sanitary and phitosanitary

Ftas are mostly included provisions about controlling the sanitary and phitosanitary as an important standartd.Art.11. 2. Of fta between Turkey and Albania mention that:” Measures, concerning veterinary and phytosanitary control among the Parties, shall be harmonized on the basis of the EU legislation.”

## D.Preferential tariff policy

One of the important features of ftas is preferential tariff among them. This is in conclusion of the preferential rules of origin that I will mention further. Now I consider to the consequences of preferential policy in ftas in current situation. It is obvious that preferential arrangements without any higher control by wto can strengthen the parallel system under ftas and weaken the system under wto.

As art.13 of custom union between Turkey and European community mentioned the Turkey shall align itself on the common custom tariff to non-member of community.Art.16 mentioned to the situation that Turkey can not align simultaneously ,within 5 years ,Turkey must align itself with the preferential custom regime of the community. It is important to how to specify the origin of the products. Because the granting of tariff preferences is conditional with provisions relating to origins of products.

Art.22. 1 of fta between Turkey and Albania states that:”The Parties agree to apply the European preferential rules of origin in trade between them.”

The other example is the Preferential agreement on coal and steel according to decisions of Turkey and EC joint committee:“The trade arrangement for coal and steel products results from an [Agreement](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:21996A0907%2801%29:en:HTML) of 25.07.1996 between Turkey and the then still existing ECSC.Those products are now covered by the EC Treaty but remain outside of the scope of the customs union. Rules of origin are laid down in its Protocol No 1, as amended lastly by Decision No.1/2009 of the ECSC-Turkey Joint Committee”[[14]](#footnote-14)

## E.Agriculture products

It is true to say that the agriculture is not liberalized in most RTAs.There is a amount of charge for basic amount of agriculture products. Basic amount means the amount of agriculture products that can be imported. Turkey in agriculture products as custom union agreement mentioned, followed the EU policies.

“The EC-Turkey trade agreement for agricultural products (Annex I Amsterdam Treaty: [list of products](http://ec.europa.eu/taxation_customs/resources/documents/customs/customs_duties/rules_origin/customs_unions/list_of_goods_en.pdf)   concerned) results from [Decision No 1/98](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:1998:086:0001:0002:EN:PDF) of the Association Council of 25.02.1998 (OJ L 86 of 20.03.1998) as last amended by [Decision No 3/2006](http://ec.europa.eu/taxation_customs/resources/documents/customs/customs_duties/rules_origin/customs_unions/asso-turkey_en.pdf) of the EC-Turkey Association Council of 19 December 2006, amending Protocol 3 on rules of origin.” **[[15]](#footnote-15)**

Art.4 of fta between Turkey and Bosnia mentioned that:“2. For agricultural products the provisions of paragraph 1 of this Article shall comply with the relevant WTO Agreements.3. For agricultural products defined in Article 2 of this Agreement, customs duties on imports applicable in the Republic of Turkey to products originating in Bosnia and Herzegovina shall be abolished upon the date of entry into force of this Agreement, except for the products listed in Annex II to this Agreement. “

Art.10.2. of fta between Turkey and Albania states that:” the Parties shall examine in the Joint Committee the possibilities of granting further concessions to each other in trade in agricultural products.”

Art.9. 1. Of the fta between Turkey and Albania states that:”The provisions of this Chapter shall apply to basic agricultural, processed agricultural and fishery products originating in the territory of each Party.”

As it is clear except of the case of Turkey-Bosnia, the custom duties on agriculture products are not abolished .In most fta elimination of tariffs on agriculture products refer to the special committee. This shows the important problem for countries to reach to the agreement about agriculture products. But it seems that the challenge in liberalization in agriculture can be better solved in ftas than two’s think ftas can make a better environment for negotiation about agriculture products and experience shows that in spite of this reality that negotiations about agriculture products in wto were in vain ,but in some ftas they could be reach to the success in some extent.

## F.Rules of origin

Rules of origin is included the specific criteria,ie.change in tariff classiffication,ad-valorem percentage or manufacturing and processing operations.[[16]](#footnote-16) Custom duties applied to imported goods differ depending on the country from which the goods are exported, goods from developing countries have lower custom duties, goods from members of FTA are free from custom duties and about WTO members ,MFN will apply.[[17]](#footnote-17) There are different rules of origin but they have to based on the principle of value added that means while the 50 percent of value added is from country x,so the product is for country expand the principle of change in tariff classification. But it is true to say that because there are complicated rules of origin in most FTAs ,rules of origin converted to the one of the barriers of trade nowadays.Art.2 of agreement on rules of origin is included the extensive list of multilateral disciplines for rules of origin and it is specified the transition time. Transition time is the period until the harmonization work program is completed.[[18]](#footnote-18)

Art.17 of custom union between Turkey and European community states that :”authorities of importing states shall ask the importer to indicate the origin of the products concerned on the custom declaration.”GATT has no specific rules governing the determination of the country of origin of goods in international commerce. Rules of origin used for:1.anti-dumping and safeguard measure,2.preferential treatment

Because there are complicated rules of origin in FTAs , this make a problem for WTO and MFN. Therefore it is necessary to harmonize the rules of origin in order to facilitate the flow of international trade. It is necessary that these rules do not themselves create unnecessary obstacles to trade.

Rules of origin is one of the important part of ftas that can make preferential arrangement. “Countries which offer zero or reduced duty access to imports from certain trade partners will often apply another and different set of preferential rules of origin to determine the eligibility of products to receive preferential access.”[[19]](#footnote-19)

One of the important problem of rules of origin is that there is not unique rules of origin. Because there are different types of rules of origin with different system and sometimes complicated one, this makes some problems for trade system under wto. Overall there are 3 important main method that preferential arrangements are established in ftas:” (i) a change of tariff classification; (ii) a minimum amount of domestic value added; or (iii) a specific manufacturing process”.[[20]](#footnote-20)

“Cumulation is an instrument allowing producers to import materials from a specific country or regional group of countries without undermining the origin of the product. “[[21]](#footnote-21)There are different types of cumulation that shows different types of integration among countries.The first one is bilateral one that originating inputs, imported from the partner qualify as domestic content used in a country’s exports to that partner. Second, it is called as diagonal cumulation that usually apply in regional cases where parts and materials from anywhere in the specified region which qualify as originating can be used in the manufacture of a final product which can then be exported with preferences to the partner country market. “Finally, there can be full cumulation whereby any processing activities carried out in any participating country in a regional group can be counted as qualifying content regardless of whether the processing is sufficient to confer originating status to the materials themselves. “[[22]](#footnote-22)Full cumulation is the complete integration among countries in their trade systems.

It is true to say that rules of origin itself make some problems for trade under twilit can make systemical problems for wto.It is clear that different rules of origin with different criteria’s gradually lead to a parallel system under fta rather than wto one. This parallel system doesn’t have any ordinary, because there is not any higher position .Therefore it is predictable that it can be an important danger to wto system. “For example, during 1999 under the EU’s GSP scheme, only one-third of EU imports from developing countries which were eligible for preferences actually entered the EU market with reduced duties”.[[23]](#footnote-23)

“Complex rules of origin which vary across agreements, by placing greater burdens on customs procedures, may compromise progress on trade facilitation. “[[24]](#footnote-24)Therefore WTO should act as a higher position to make a unique rules of origin or at least make more strong criteria’s for passing rules of origin in ftas.

## G.Safeguards

Safeguards are emergency measures applicable to intra-trade for balance of payment or development and etching some custom union there is a common safeguard regime to imports from third countries.

Article XIX of the GATT, so about WTO Agreement on Safeguards, allows parties to” impose temporary restrictions on imports in the event of import surges”. Article 2.1 of the Safeguards Agreement states that:“may apply a safeguard measure to a product only if that Member has determined ... that such product is being imported into its territory in such increased quantities, absolute or relative to domestic production, and under such conditions as to cause or threaten to cause serious injury to the domestic industry that produces like or directly competitive products.”

Article XIX is not exception of FTA in Article XXIV, paragraph 8(b).Therefore it is not clear the relation of ftas and safeguards.WTO Members have differing views on the subject:”1)

safeguards may not be imposed against FTA partners because such measures are not exempted in paragraph 8(b); (2) safeguards must be applied on an MFN basis, in part because of the requirement in Article 2.2 of the Safeguards Agreement that a safeguard be applied to a product being imported irrespective of source; and (3) safeguards are allowed among FTA parties so long as third party rights are not infringed.”[[25]](#footnote-25)Because there is not any law about the relationship of the safeguards and ftas,WTO panel tried to solve this conflict with the new approach.

WTO panels and the Appellate Body have considered to “parallelism”[[26]](#footnote-26) in the Safeguards Agreement that if serious injury was based on all imports, including those from the FTA, the safeguards should apply to the same imports.” For example, in the WTO challenge to the now-removed safeguard on steel imports imposed by the United States in March 2002, the panel, as upheld by the Appellate Body, faulted the United investigation of whether increased imports were the cause of serious injury, while excluding these countries’ imports from the remedial safeguard without providing a reasoned and adequate explanation for why the imports covered by the safeguard alone satisfied the requirements for imposing the measure.21 The North American Free Trade Agreement, as well as U.S. FTAs with Israel, Canada, Jordan, Chile and Singapore, Australia, and Morocco all contain safeguards provisions for originating goods”.[[27]](#footnote-27)

# II.Conclusion

## A. Lack of clear legal system under wto for ftas

In the wto ,countries make commitments to bind their tariff rates at the same level. For raising the tariff above bound rate, negotiation among countries must be concluded and would lead to the compensation.[[28]](#footnote-28)But it is important to consider that what happen in real and what is the influences of ftas and ptas on the trade system under the wto.

Art.xxiv mentioned that the trade between members should be without raising the barriers to trade with third countries.This means that the member countries are not required to raise applicable tariff for import from third countries. But in practice it is not the common interpretation .In the official interpretation countries can raise their applied tariff in negotiation and can apply accepted tariff that is usually higher. And this interpretation has indirect influence that let countries to raise their tariff for third parties that it is in conflict with mfn.Mfn is the base of the wto trade system.

Art.xxiv is states that the members of fta” have to liberalize substantially all trade” among themselves, because it is not interpreted clearly ,in practice it strengthen the parallel trade system and weaken wto system. This part of the article is not completely defined. There are different views about this statement. From EU perspective, it means:1.Harmonization the rules of FTA and custom unions to not raise tariff on third-countries import.[[29]](#footnote-29),2.Harmonization of different rules of origin coming from different regional arrangements.[[30]](#footnote-30)but this not the interpretation that accepted by all countries.

The other problem as I mentioned before is related to the different rules of origins.This strengthen the parallel trade system, because gradually weaken the common interest among countries to continue the negotiation under wto.While rules of origins are not properly managed by wto,and because there is not a higher position in practice. this will lead to this problem that regional arrangements make distortation to the trade where there is relative price of goods which originating within the arrangement and those from outside.

”Discrimination is allowed ,but only when there is big time discrimination :the countries who discriminate in favor of one another must eliminate all restrictions on substantially all trades “.[[31]](#footnote-31)But most countries are unwilling to accept of removing all distortions. As I mentioned to the ftas of Turkey before, all of them restricted to special products like industrial and some agriculture one. The important problem is that there is not unique interpretation about this article.

Paragraph 4 of art.xxiv mention that the purpose of a custom union or of a free trade area should be “to facilitate trade between constituent territories and not to raise barriers to trade for others within a teritorry”.But in practice different rules of origins makes more complicated environment for trade, and in trade complicated means more distortion.

The interpretation of art.xxiv should be changed ,applicable tariff should be interpreted as an applied tariff. Therefore countries that enter into FTAs cant make barrier to trade by fta and they cant increase their tariff. Because applied tariff would become as a bound tariff. This interpretation would largely influence specially about developing countries, because these countries raise applied tariffs on imports from non-preferential parties within the bound ceiling and this is in contrary with the spirit of ongoing liberalization.[[32]](#footnote-32)As it has been specified in pa.5 of art.xxiv that “duties and other regulations of commerce applied to trade with third parties shall not be higher or restrictive than before the fta was formed.” Therefore the first step is to interpreted the tariff as an applied tariff and not bound tariff.

## B.Clariffication of art.xxiv

One solution for current problems of wto is clarification of art.xxiv of gatt.For this purpose:1.Countries in fta should not be allowed to raise applied tariff to third countries without compensation,2.It must be specify that what exactly “substantially all trades “mean,[[33]](#footnote-33)preferential rules of origin lead to a diagonal system and make parallel system against wto.Therefore it is the role of the wto to ratify the unique rules of origin that at least included strong criteria for rules of origin, current criteria are not strong enough.[[34]](#footnote-34)Therefore it is true to say that the”wto members should try to establish a single set of preferential origin rules which could then be applied to all regional arrangements.”[[35]](#footnote-35)

## C.Conflicts between developing and develped countries

But emerging the parallel system under ftas is not only consequence of strengthen of ftas and fragmentation of art.xxiv of gatt,in some part it is conclusion of different interests among countries specially developed and developing. Some developing countries tend to be more protectionist and they don’t want to open their market .

To be more specified in this case, we have to consider to the different purposes of these countries. For the developing world ,demands are included reform of agriculture policies, intellectual properties ,but for developed countries needs are faster pace of liberalization and work on areas like competition law.[[36]](#footnote-36)

There are different reasons for developing countries to be more protectionist. For most developing countries ,it is likely that eliminating substantially all duties and other barriers means collapse of less competitive industries and agriculture sector. Many developing countries still depend heavily on tariff revenue sometimes up to 40 percent of government budget, so they cant omit it easily.[[37]](#footnote-37)But meanwhile they think they can benefit from parallel system more than wto.

Domination of parallel trade system under ftas, will make problem mostly for LDCS countries.LDCS are struggling between two negative options:they could either reject regional integration and stand alone in their sub-region keeping their tariffs intact or they could relinquish their LDC benefit in the multilateral system and stand together with other LDC s in their sub region and reduce their tariff to substantially all trades. Therefore there should be an exception for LDC countries in this era.[[38]](#footnote-38)This help them to be protected in the system that ftas have main role in it.

## D.solution

Overall, I think there are different reasons that now there is a parallel trade system in the world that weaken the system under wto.First, art.xxiv as I mentioned before is not clearly interpreted, and in practice it lead to the preferential arrangements that in many cases because they are more complicated ,they decrease the facilitation of the world trade. Therefore it is true to say that this article cant manage our current world trade that are included a lot of ftas.As I mentioned before there should be a clear law that put wto in its real position, in a position that can manage ftas,but in our current situation ,art.xxiv put wto in the parallel position that weakening the trade under wto.Countinuing this position can lead to the establishing a complete alternative trade system under ftas. Because wto gradually lose all of its philosophy.So I think there should be an interpretation from art.xxiv that put wto in its real position by passing unique rules of origins, preferential arrangements and etc.

Second, there are some real conflicts among interests of developing and developed countries that both of them prefer parallel system rather than system under wto. I think by working on the interpretation of art.xxiv,this conflict can be decreased and this will lead to the strengthen of wto system. I think actually developing and developed countries should try to reach to the common interpretation from art.xxiv regarding interests of both countries. This will specify the interests of wto trade system more for developing and developed one. It should be interpretation from art.xxiv that better serve the interests of all countries rather than our current parallel system under fta.

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