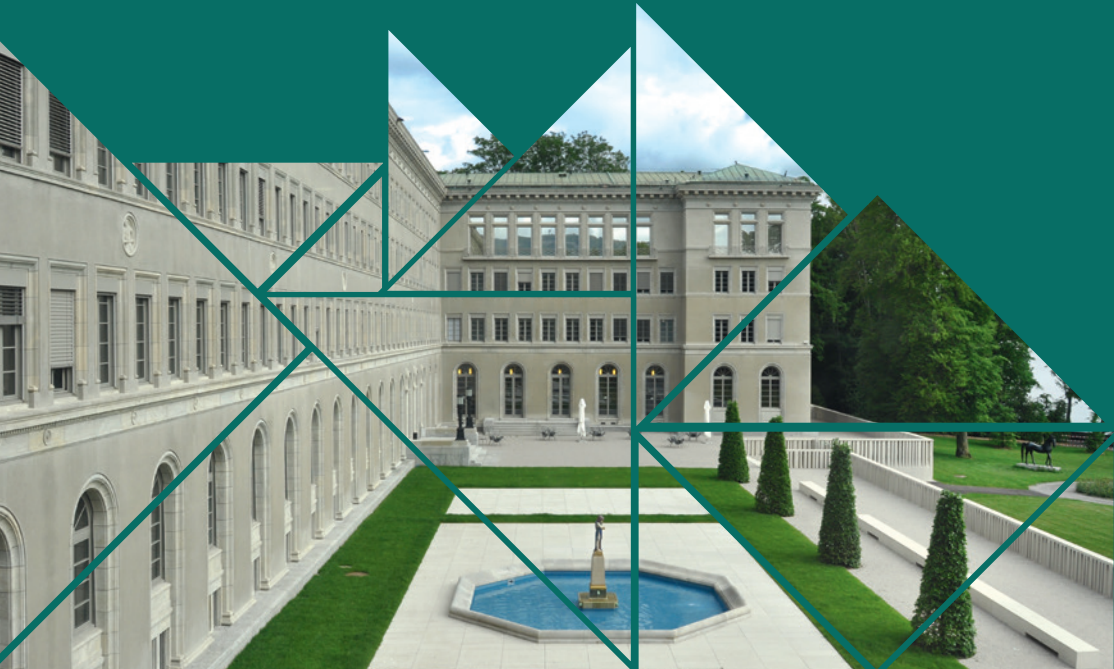


Expanding world trade and
strengthening WTO rules

WTO ACCESSIONS

Did you know?

Since the WTO was established in 1995, 33 economies have joined the organization. This has resulted in over 20,000 pages of legal documents defining their specific terms of membership. These accessions have brought the WTO's total membership to 161 economies, comprising close to 7 billion people and accounting for 98 per cent of world trade.

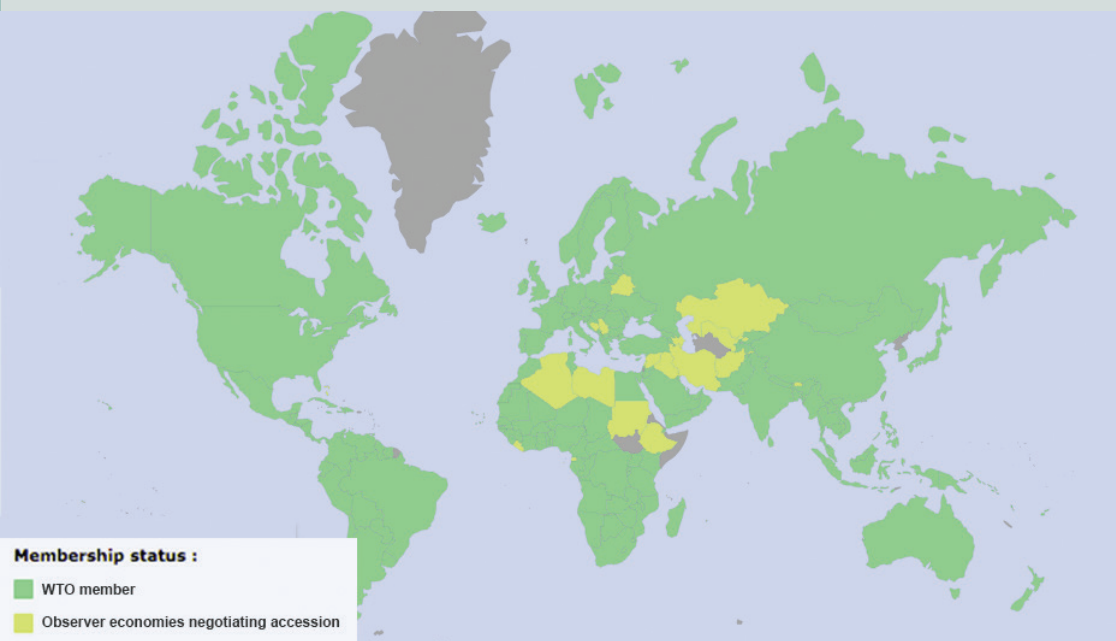


An ever-expanding membership

Another 21 economies are currently in the process of negotiating their membership terms while several others have expressed an interest in joining the WTO (see Chart 1). Article XII of the Marrakesh Agreement Establishing the World Trade Organization states:

“Any State or separate customs territory having full autonomy in the conduct of its trade policies is eligible to accede to the WTO on terms to be agreed between the applicant and WTO members.”

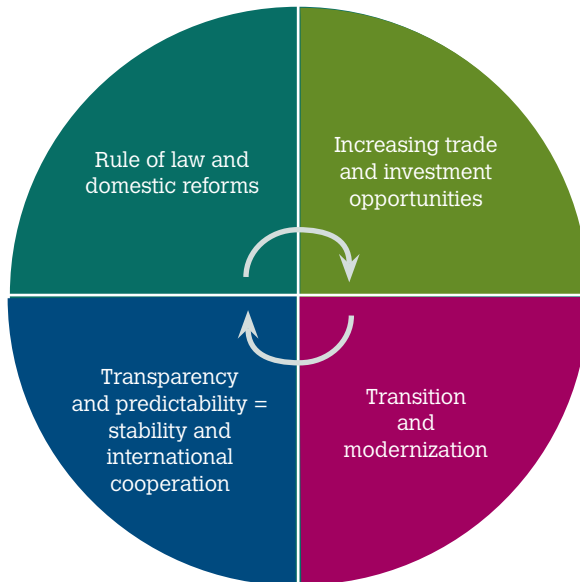
Chart 1: WTO membership map (as of 24 September 2015)



Why do economies wish to join the WTO?

The steady increase in WTO membership over the past 20 years suggests that the overall “cost of exclusion” from the WTO outweighs the “cost of joining”. New members’ “protocols of accession”, spelling out their membership terms and their WTO commitments, have proven to be important not only for strengthening multilateral trade rules but also for helping acceding governments undertake domestic reforms. WTO membership negotiations have therefore frequently helped to improve an economy’s governance (see Chart 2).

Chart 2: Impact of WTO membership on domestic reforms and good governance



Domestic reforms triggered by WTO membership

During WTO accession negotiations, the economies negotiating membership terms are asked to assess to what extent their domestic trade-related legislation and practices conform with WTO rules. Economies that have joined the WTO since 1995 have notified and enacted more than 7,000 items of legislation to bring their laws in line with WTO requirements. For many economies, this has involved a comprehensive legislative reform process.

In the past 20 years, the amount of legislation notified to the WTO by each acceding economy has more than tripled. Economies which joined the WTO before 2000 enacted on average 81 items of legislation while those that have joined since 2012 have enacted on average close to 300 items of legislation.

The growing emphasis on the “rule of law” is also evident in the greater number of accession obligations undertaken by new members. For example, Bulgaria's accession in 1996 contained 22 specific accession obligations while the conclusion of Kazakhstan's accession negotiations in 2015 has produced 118 specific obligations - i.e. a fivefold increase.

There has also been a significant increase in the overall length of accession documents, which detail domestic reforms undertaken by the acceding economy and their WTO commitments resulting from the negotiation process. For recent accessions, these documents have stretched to as many as 30,760 pages in the case of Kazakhstan compared with just 1,700 pages for Bulgaria in 1996.

300

Average number of items of
legislation enacted by economies
joining the WTO post-2012.

Boosting trade and investment opportunities

WTO accession negotiations have helped to create new business opportunities for the acceding economies by increasing the competitiveness, transparency and predictability of their economies. Inward foreign direct investment (FDI) tends to increase significantly following WTO accession: in Cambodia, FDI increased by 565 per cent between 2007 and 2014, while in Chinese Taipei it increased by 128 per cent between 2002 and 2014, according to UNCTAD's 2015 World Investment Report.

Economies joining the WTO since 1995 account for roughly one-fifth of global trade and world gross domestic product, and over a quarter of the world's population.

Transitioning to a market economy and adopting new standards

In some cases, WTO accession has helped to promote the adjustments needed to make the transition to a market economy. The WTO accession process also encourages the incorporation of international standards, such as those established by Codex Alimentarius (for food safety) and by the International Plant Protection Convention.

Transparent negotiations lead to stable international cooperation

To become a member of the WTO, the acceding economy must agree with all WTO members on its terms of membership. This is done through the establishment of a working party of WTO members and through a process of negotiations. During these negotiations, various means are also available outside of the working party discussions to help WTO members reach an agreement. These can be facilitated by WTO members acting as a third party, by the working party chair and/or by the WTO Director-General. For example, the chair of the working party led a "facilitation process" for the accessions of Yemen and Lao People's Democratic Republic while Switzerland contributed in facilitating in Russia's accession negotiations.

565

Foreign direct investment in Cambodia
has increased by 565 per cent since
Cambodia's accession to the WTO.

A success story

What are the benefits of WTO accessions?

The conclusion of WTO accession negotiations is a “win-win” situation. Acceding economies undergo structural and trade-liberalizing reforms which trigger further economic development and help to secure integration into the global economy. At the same time, the multilateral trading system gets one step closer to universal membership with each new accession.

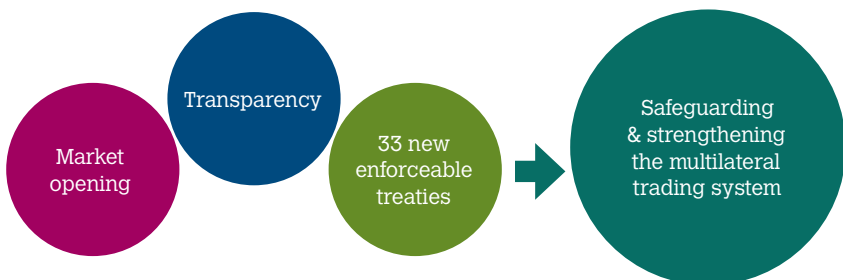
As with all multi-party trade negotiations, the negotiations required to become a member of the WTO are demanding and need the proactive engagement of the government in question. Twenty years of the WTO have shown that successful accession negotiations are based on a fine balance between leadership, determination, endurance, expertise, compromise and dedication.

The WTO accession process has taken on average nine and a half years to complete, with Seychelles taking the longest (almost 20 years) and the Kyrgyz Republic the shortest (just under three years). The length of time varies depending on the commitment of the acceding government, the degree to which its trade rules are already consistent with WTO rules, and the complexity of the issues under negotiation.

The “terms of entry” for new members have become increasingly comprehensive over time, reflecting not only the expansion of WTO rules and the multiple interests at play but also the increased scrutiny now accorded to accession negotiations and the emphasis on the need for consistency with WTO rules.

Twenty years of WTO accessions have safeguarded and strengthened the WTO's rules-based trading system and reasserted the core values of the WTO: non-discrimination, market opening, transparency, increased competitiveness, and the promotion of international cooperation.

Chart 3: What is the “value added” of the results of WTO accessions?



Market opening

The tariff commitments undertaken by economies that have joined the WTO over the past 20 years cover virtually all products (99.9 per cent as opposed to an average of 74 per cent for the original WTO members). Therefore, the tariff commitments of these members provide a greater degree of predictability and transparency for businesses. The tariff commitments (or “bindings” in WTO jargon) of these new members, which apply to all participants in the multilateral system, are on average three times lower (at an average of 13.8 per cent) than those of the original WTO members (45.5 per cent).

The 33 new members have also contributed to market opening in the areas of services and the government purchasing of goods, services and construction work. The new members have undertaken, on average, specific commitments in more than 100 services sub-sectors, while the average for the original WTO members is closer to 50 sub-sectors. In addition, the scope of the specific commitments of the new members has broadened significantly.

Also, more than two-thirds (71 per cent) of the economies acceding over the past 20 years have undertaken to join the Agreement on Government Procurement, which currently has 45 members.

Transparency

As a result of the protracted negotiation process, new WTO members are well placed to implement their obligations and to exercise their rights of membership from “day one” of joining the WTO.

For example, the economies joining over the past 20 years have a better record than the original WTO members for notifying the WTO promptly of changes to their trade rules and regulations. This is due to the fact that the accession process requires new members to put in place appropriate mechanisms for submitting notifications upon joining the WTO. In turn, this has enhanced the overall level of transparency in the multilateral trading system.

13.8

The 33 new members of the WTO have an average tariff level of 13.8%, three times lower than the average for original WTO members.

33 new enforceable treaties

WTO accession agreements (known as protocols) are enforceable international treaty obligations. Each protocol becomes an integral part of the WTO Agreement and adds to the body of WTO legal texts. Accessions have therefore contributed to enhancing the stability and predictability of the multilateral trading system while modernizing and improving the quality of WTO rules.



“The negotiated agreement between the WTO membership and the [new] Member results in a delicate balance of rights and obligations, which are reflected in the specific wording of each commitment set out in these documents. Ultimately, the [new] Member and the WTO membership recognize that the intensively negotiated content of an accession package is the ‘entry fee’ to the WTO system...”

Panel report, “China - Raw Materials”, para. 7.112.

1/5

Economies joining the WTO over the past 20 years have been involved in one-fifth of the disputes brought to the WTO, either as complainants or respondents.

They have also acted as third parties/ participants in more than 337 instances.

Success stories

Accessions of least-developed countries



WTO accession negotiations have helped the least-developed countries (LDCs) mainstream trade into their development agendas. Two LDCs have graduated from LDC status since they have acceded to the WTO (Cabo Verde and Samoa).

Economic growth and productivity

From 1995 to 2014, the value of merchandise trade for the economies joining the WTO over this period rose by 783 per cent while the value of world merchandise trade increased by 268 per cent over the same period.



Trade opening



Each completed WTO accession has led to an expansion of the multilateral trading system and an increase in market opening. Over the past 20 years, accession negotiations have been successfully concluded by the entire WTO membership, and sensitive policy issues have been overcome, proving that the WTO continues to bring economies together and to boost world trade.

An expanding membership

Since the WTO was established in 1995, 33 economies have joined the organization.

New member	Date of accession
Ecuador	21 January 1996
Bulgaria	1 December 1996
Mongolia	29 January 1997
Panama	6 September 1997
Kyrgyz Republic	20 December 1998
Latvia	10 February 1999
Estonia	13 November 1999
Jordan	11 April 2000
Georgia	14 June 2000
Albania	8 September 2000
Oman	9 November 2000
Croatia	30 November 2000
Lithuania	31 May 2001
Moldova, Republic of	26 July 2001
China	11 December 2001
Chinese Taipei	1 January 2002
Armenia, Republic of	5 February 2003
The former Yugoslav Republic of Macedonia	4 April 2003

New member	Date of accession
Nepal	23 April 2004
Cambodia	13 October 2004
Saudi Arabia, Kingdom of	11 December 2005
Viet Nam	11 January 2007
Tonga	27 July 2007
Ukraine	16 May 2008
Cabo Verde	23 July 2008
Montenegro	29 April 2012
Samoa	10 May 2012
Russian Federation	22 August 2012
Vanuatu	24 August 2012
Lao People's Democratic Republic	2 February 2013
Tajikistan	2 March 2013
Yemen	26 June 2014
Seychelles	26 April 2015

* WTO members formally adopted Kazakhstan's WTO terms of entry in July 2015. Kazakhstan will become a member 30 days after it notifies its ratification to the WTO.



“WTO accession is the best health-check of the Organization”

Roberto Azevêdo
WTO Director-General

Transparency

WTO accession negotiations are conducted on a transparent basis. Information about WTO accessions is available via:

- the WTO Accession Commitments Database (ACDB) which can be accessed at <http://acdb.wto.org>
- the Director-General's Annual Report on WTO Accessions, published on the WTO website
- monthly WTO accessions newsletters available on the WTO website
- the Register for Bilateral Market Access Agreements
- the Accession Intelligence Portal (AIP) – forthcoming.



Further information

Further information is also available in WTO publications. These can be purchased from the WTO online bookshop and from a worldwide network of distributors.

<http://onlinebookshop.wto.org>

