

---

## Supplementary Exercises for

### Chapter 7

#### WTO Dispute Settlement as a Model for International Governance

##### I. Questions on the text:

1. Please describe the general WTO dispute process.
2. What are the positive and negative features of the WTO dispute process?
3. What are the criticisms revolving around the WTO dispute system?
4. Why is it somewhat ironic that the trading system, which ostensibly favors trade, is so willing to undo the benefits of trade through authorized trade retaliation.
5. According to the author, the possibility of sanctions, one feature of the WTO should be copied or be eventually removed from the WTO?

##### II. Read the following text and choose the best sentence from A to H below to fill in each of the gaps in the text.

Disputes in the WTO are essentially about broken promises. WTO members have agreed that if they believe fellow-members are violating trade rules, they will use the multilateral system of settling disputes instead of taking action unilaterally. 1) \_\_\_\_\_ A dispute arises when one country adopts a trade policy measure or takes some action that one or more fellow-WTO members considers to be breaking the WTO agreements, or to be a failure to live up to obligations. A third group of countries can declare that they have an interest in the case and enjoy some rights. A procedure for settling disputes existed under the old GATT, but it had no fixed timetables, rulings were easier to block, and many cases dragged on for a long time inconclusively. 2) \_\_\_\_\_ It introduced greater discipline for the length of time a case should take to be settled, with flexible deadlines set in various stages of the procedure. The agreement emphasizes that prompt settlement is essential if the WTO is to function effectively.

3) \_\_\_\_\_ If a case runs its full course to a first ruling, it should not normally take more than about one year — 15 months if the case is appealed. 4) \_\_\_\_\_

The Uruguay Round agreement also made it impossible for the country losing a case to block the adoption of the ruling. Under the previous GATT procedure, rulings could only be adopted by consensus, meaning that a single objection could block the ruling. 5) \_\_\_\_\_

Although much of the procedure does resemble a court or tribunal, the preferred solution is for the countries concerned to discuss their problems and settle the dispute by themselves. 6) \_\_\_\_\_

- A. It sets out in considerable detail the procedures and the timetable to be followed in resolving disputes.
- B. The Uruguay Round agreement introduced a more structured process with more clearly defined stages in the procedure.
- C. The agreed time limits are flexible, and if the case is considered urgent (e.g. if perishable goods are involved), it is accelerated as much as possible.
- D. That means abiding by the agreed procedures, and respecting judgments.
- E. The first stage is therefore consultations between the governments concerned, and even when the case has progressed to other stages, consultation and mediation are still always possible.
- F. Now, rulings are automatically adopted unless there is a consensus to reject a ruling — any country wanting to block a ruling has to persuade all other WTO members (including its adversary in the case) to share its view.

### III. E-C Translation

1. The success of the WTO dispute system has led to charges that it is working too well. The crude version of these criticisms is that it is wrong for sovereign governments to allow faceless bureaucrats to pass judgment on their laws and to call into question democratic domestic decision-making. The more sophisticated criticism is that the Appellate Body has been too activist and has gone too far.
2. One important task of the WTO is its role in settling trade disputes between countries. Countries may appeal to the WTO's dispute settlement mechanism (DSM) when they believe that another country's laws infringe upon free trade. The dispute settlement system gives



these countries the ability to seek a binding settlement to a trade dispute; one that forces the defending nation to compensate the plaintiff country, change its domestic laws in order to comply with the WTO's decision, or risk trade retaliation.

#### IV. Key to Exercises

##### 1. Exercise II.

1) D 2) B 3) A 4) C 5) F 6) E

##### 2. Exercise III

1. WTO 争端机制的成功引起了一些指控，说该机制好得过了头。有的直截了当地批评各主权政府不该容许那些不知名的官僚们审查他们的法律并任凭他们质疑国内的民主决策。而更为圆滑一点的批评者指出上诉受理机构过于激进、行动过火。
2. 世贸组织的一个重要任务是解决国家之间的贸易争端。当成员国确定另一国的法律违反了自由贸易时，可向世贸组织的争端解决机制提出申诉。争端解决机制给予这些国家针对贸易争端寻求约束性索偿的权力。约束性赔偿促使被告国补偿原告国、改变其国内法以保持与 WTO 决议一致，否则的话可能会遭受贸易报复。