**ZAMUN 2018**

**WORLD TRADE ORGANISATION**

**Study Guide**



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Contents

[1. Letter from Chairs 3](#_Toc508045644)

[2. About the committee 4](#_Toc508045645)

[3. Introduction to the topic 5](#_Toc508045646)

[4. Quality of products and environmental standards 7](#_Toc508045647)

[5. Conclusion 10](#_Toc508045648)

[6. Useful links 11](#_Toc508045649)

# Letter from Chairs

Dear delegates,

We are very pleased to welcome you in WTO committee at ZAMUN 2018! We hope that you are looking forward to debates during our sessions and are already cautious, which outcome will these debates bring. Therefore, we would like to encourage you to research our topic well and prepare for the conference duly, as the preparation is the key to the success.

Although you have never participated in Model United Nations conference yet, you have nothing to be worried about and you can play significant role in leading our committee towards our goal. If you have any questions regarding both rules of procedure or the topic, do not hesitate to contact us, we will do our utmost to help you deal with all issues, which could arise.

The topic we will be thoroughly discussing, *Quality of products and environmental standards under TTIP,* is current issue that polarizes the world. Therefore, we will be extremely pleased to hear your (and your countries‘) opinion on it, as the people not involved in the subject can come up with new, innovative ideas, which can be easily overseen by those who are dealing with this problem every day.

Both of us have participated in multiple MUN conferences, both university and high school. One of them was ZAMUN couple of years ago. The best thing about the conference is not only discussing interesting topics with your peers but meeting new people, building friendships with other delegates and enjoying the city of Zilina. We assure you that there is absolutely no need for you to get too stressed – this conference is here for you to enjoy it, not to be afraid of it.

Yours,

Michal and Martin

# About the committee

The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations. At its heart are the WTO agreements, negotiated and signed by the bulk of the world’s trading nations and ratified in their parliaments. The goal is to ensure that trade flows as smoothly, predictably and freely as possible.[[1]](#footnote-2)

The WTO was officially commenced on 1 January 1995 under the Marrakesh Agreement, signed by 123 nations on 15 April 1994, replacing the General Agreement on Tariffs and Trade (GATT), which commenced in 1948. It connects 164 member states and controls budget of more than 200 million USD every year.[[2]](#footnote-3)

There are a number of ways of looking at the World Trade Organization. It is an organization for trade opening. It is a forum for governments to negotiate trade agreements. It is a place for them to settle trade disputes. It operates a system of trade rules. Essentially, the WTO is a place where member governments try to sort out the trade problems they face with each other.[[3]](#footnote-4)

The WTO has many roles: it operates a global system of trade rules, it acts as a forum for negotiating trade agreements, it settles trade disputes between its members and it supports the needs of developing countries. All major decisions are made by the WTO's member governments: either by ministers (who usually meet at least every two years) or by their ambassadors or delegates (who meet regularly in Geneva).1

The WTO agreements are lengthy and complex because they are legal texts covering a wide range of activities. But a number of simple, fundamental principles run throughout all of these documents. These principles are the foundation of the multilateral trading system.2

# Introduction to the topic

Transatlantic Trade and Investment Partnership is a comprehensive trade deal between the European Union and the United States, with the aim to promote trade and boost economic growth. If the partnership is finalized, it will open a market among over 800 million consumers and become the biggest trade agreement ever negotiated. The negotiations by the European Commission and the Executive Branch in the U.S. were ongoing since 2013, unfortunately the debate is suspended due to criticism from the US-President, Mr. Donald Trump.[[4]](#footnote-5)

Till now, only few specifics about the deal have been made public, aside from the general objectives. The agreement was set to be finalized in 2014, but is now estimated to take at least until 2019-2020, depending on how prioritized will the topic be by the countries´ representatives.

The United States and European Union together represent 60% of global GDP, 33% of world trade in goods and 42% of world trade in services. There are a number of trade conflicts between the two powers, but both depend on the other's economic market and disputes only affect 2% of total trade. A free trade area between the two would represent potentially the largest regional free-trade agreement in history, covering 46% of world GDP.[[5]](#footnote-6)

The United States investment in the European Union is three times greater than US investment in the entire continent of Asia and EU investment in the United States is eight times that of European Union investment in India and China combined. Intra-company transfers are estimated to constitute a third of all transatlantic trade. The United States and European Union are the largest trading partners of most other countries in the world and account for a third of world trade flows. Given the already low tariff barriers (under 3%), to make the deal a success the aim is to remove non-tariff barriers.5

Documents released by the European Commission in July 2014 group the topics under discussion into three broad areas: Market access; Specific regulation; and broader rules and principles and modes of co-operation.[[6]](#footnote-7) No corresponding US text is available, but the American side has released a public statement setting out its objectives and the potential benefits it foresees.[[7]](#footnote-8) Unofficially, it is expected that 87.5% to 97% of all tariffs are to be cut to zero.[[8]](#footnote-9)

**Market access**

Both sides worked on the basis of a consolidated text with a view to progressively reduce divergences. In addition, the US side has tabled a paper on agriculture market access. As regards specific topics, the negotiations have so far covered a wide range of issues, including textbased discussions on cross-border trade in services, financial services, telecom services and ecommerce.6

**Specific regulation**

Both sides were working on improved regulatory coherence and cooperation by dismantling unnecessary regulatory barriers such as bureaucratic duplication of effort. Sectors that have already been discussed: textiles, chemicals, pharmaceuticals, cosmetics, medical devices, cars, electronics, information technology, machinery, engineering, pesticides, sanitary and phytosanitary measures. All these aspects were discussed from two points of view: 1) Coherence of regulations; 2) Technical barriers to trade.

**Broader rules and principles and modes of co-operation**

Lastly, emphasis was put on improved cooperation when it comes to setting international standards, including e.g.: energy and raw materials, trade and sustainable development, public procurement, intellectual property, competition policy, small and medium-sized enterprises, trade remedies, customs and trade facilitation.6

By now, 15 rounds of negotiations took place, last of them in October 2016 in New York. Despite enormous efforts previously put into this topic, this issue is „not the priority“ of US government and the whole agreement is at the dead point right now. Important will be the year 2021, when the president elections in USA will take place – it will be dependant on a new US president, if this agreement has some future.

# Quality of products and environmental standards

It is commonly (and not correctly) understood

that this agreement´s role is only to cut the tariffs. Be cautious, it is supposed to have much broader impact on the market in the region. One of the most important roles is also to harmonize different standards for quality of products in Europe and Northern America region.

The principal reasons why harmonised standards are advantageous can be divided into following groups:

1. reducing the costs of information for engineers, designers, etc., whilst avoiding confusing differences for technicians;
2. safety, health of consumers or workers;
3. environment and/or consumer protection;
4. compatibility of intermediate or final products;
5. reducing clear redundancy of variety in order to facilitate economies of scale.[[9]](#footnote-10)

The regulatory cooperation could have the biggest impact in terms of dramatically lowering or even removing vital regulations relating to the environment, food, farming or labour rights. Some of the corporate lobbyists pushing for TTIP have stated that it is regulatory cooperation rather than ISDS that is the most important aspect of the deal to them, while some supporters of TTIP have even gone as far as to advocate sacrificing ISDS to protect regulatory cooperation.

The briefing also examines documented instances where the threat or possibility of TTIP is already having harmful consequences for EU regulations, including:

US officials successfully used the prospect of TTIP to bully the EU into abandoning plans to ban 31 dangerous pesticides with ingredients that have been shown to cause cancer and infertility.

A similar situation with regulations around the treatment of beef with lactic acid. This was banned in Europe because of fears that the procedure was being used to conceal unhygienic practices. The ban was repealed by MEPs in the European Parliamentary Environment Public Health and Food Safety Committee after EU Commission officials openly suggested TTIP negotiations would be threatened if the ban wasn't lifted.

The European Fuel Quality Directive which would effectively ban Canadian tar sands oil foundered in the face of strong US-Canadian lobbying around both TTIP and the EU-Canada CETA deal.

The most well-known International Standards organization is the International Organization for Standardization known as ISO. This organization is located in Geneva, Switzerland, and has international accepted standards for many processes, quality assurance systems and products.

Producers/Importers/Exporters must take into account that there are national standards which could be applicable as well. For example, there are IEC standards compiled by the International Electro Technical Commission – IEC whose aim is to monitor the standardization of electrical and electro technical standards for international recognition.

In the Unites states of America standards are compiled by academic, technical and industrial associations whose expertise covers a wide range such as construction products, machinery, electrical, electronic, pressure related and some medical products. The American National Standards Institute, ANSI will register and issue these as United States (US) standards.

The Union market uses European harmonized standards and EN Standards, which fall under the responsibility of the European Standards for Normalization or the CEN/ CENELEC which is the Committee for European Normalization and Electro technique. European member states are obliged to implement the EN Standards in the national regulations of each country. European Directives are legislation for products which are published in the Official Journal of the European Communities; the EN standards are used as harmonized standards to comply with each of the European Directives.

International standards, such as the IEC and ISO, can be recognized by member countries for the certification of products or systems. This is based on the agreements of World Trade Organization WTO and TBT Technical Barriers to Trade. Recognition of the IEC and ISO standards has a positive effect on international standardization which directly influences economic trade.

There are many areas where the EU and US regulations provide for a similarly high level of protection. In these cases, we will be able to make our systems more compatible, without lowering protection. In other areas the EU and the US have different approaches to regulation, implying different levels of protection.

For instance, the EU has very detailed legislation that lays out when and how genetically modified products can be grown or sold in the EU. EU rules do allow some products to be imported and grown but they are much stricter than comparable US rules. In a case like this, it is not possible to make the systems compatible, because we have taken different democratic decisions through our legislative processes about what rules are right for our societies. TTIP will do nothing to change those laws.

The same goes for hormone-treated meat. EU legislation lays down requirements on this, and that will not change because of TTIP. A similar but distinct example is the chemicals sector. The EU and US regulate chemicals in different ways. The main European legislation – known as REACH – requires that chemicals sold in Europe be registered with the European Chemicals Agency. The registration must be accompanied by a comprehensive set of data. US law – contained principally in the Toxic Substances Control Act – does not require such registration or submission of data. Here again, TTIP is not going to change the underlying legislation. There is no question of any substances being sold in the EU without complying with the REACH requirements, regardless of whether they can be marketed or used in the US.

# Conclusion

Finally, you are getting to the part of this document, for which you were (probably ;) ) looking the most. The conclusion. We would like to remind you that by finishing reading the studyguide, your work is only about to begin, not to finish.

The purpose of this studyguide was to offer you general information about the topic and to emphasize which aspects of the issue should be taken care of the most. The question that demands the most attention is how the international agreement with all its consequences will be harmonised with other international and national law, e.g. European Union’s law or law of the specific country. This is the point we would be extremely happy to hear your opinion on.

Furthermore, we would like you to come up with your own ideas and opinions about the topic. Do not forget to look at the real stances of your countries and represent them. Moreover, you will need to come up with a solution to the issue presented. Therefore, look at specific aspects of TTIP on which you disagree with other countries and try to think about how to communicate them, so that you are able to come up with a solution in the committee.

On the other hand, do not think about this topic in too broad context. Our topic are environmental standarts and quality of products under TTIP, not the TTIP as a whole. There will be only a few sessions for the duscussion and hopefully passing the resolution – let us use them as effectively as possible and do not waste valuable time.

We cannot wait to see you!

# Useful links

As you may have already noticed, many paragraphs of this studyguide are accompanied by sources in the footnote. Please, go through these sources to gain more knowledge and insight to the topic. Furthermore, below this paragraph are other useful links, which could help you with your preparations for our conference.

We wish you a good luck and are already looking forward to our time together!

**Other useful links:**

1. Overview to TTIP and regulations:

<http://www.lse.ac.uk/businessAndConsultancy/LSEEnterprise/pdf/TheTTIPInternationalTradeLawHealthSystemsandPublicHealthFinalJan2015.pdf>

<http://trade.ec.europa.eu/doclib/docs/2015/february/tradoc_153121.1.2%20TTIP%20and%20regulation%20overview.pdf>

1. Implications for the US and the Eurozone:

<https://www.econstor.eu/bitstream/10419/166539/1/cesifo-forum-v14-y2013-i2-p49-60.pdf>

1. Impact on third countries:

<https://www.researchgate.net/profile/Mehmet_Sait_Akman/publication/281378101_Catalyst_TTIP's_impact_on_the_Rest/links/55e4dd3208ae6abe6e9035d3/Catalyst-TTIPs-impact-on-the-Rest.pdf#page=45>

1. Regulatory cooperation:

<http://trade.ec.europa.eu/doclib/docs/2015/january/tradoc_153002.1%20RegCo.pdf>

<http://www.globaljustice.org.uk/sites/default/files/files/resources/race_to_the_bottom_0.pdf>

1. <https://www.wto.org/english/thewto_e/thewto_e.htm> [↑](#footnote-ref-2)
2. <https://en.wikipedia.org/wiki/World_Trade_Organization> [↑](#footnote-ref-3)
3. <https://www.wto.org/english/thewto_e/whatis_e/whatis_e.htm> [↑](#footnote-ref-4)
4. <https://www.investopedia.com/terms/t/transatlantic-trade-and-investment-partnership-ttip.asp> [↑](#footnote-ref-5)
5. <http://ec.europa.eu/trade/policy/countries-and-regions/countries/united-states/> [↑](#footnote-ref-6)
6. <http://trade.ec.europa.eu/doclib/docs/2014/july/tradoc_152666.pdf> [↑](#footnote-ref-7)
7. <https://ustr.gov/about-us/press-office/press-releases/2014/March/US-Objectives-US-Benefits-In-the-TTIP-a-Detailed-View> [↑](#footnote-ref-8)
8. <https://euobserver.com/economic/132376> [↑](#footnote-ref-9)
9. <http://aei.pitt.edu/66278/1/SR117_Egan_%26_Pelkmans_TTIP.pdf> [↑](#footnote-ref-10)