



# A DETAILED ANALYSIS OF GATT IN RELATION TO INTERNATIONAL TRADE LAW

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## Abstract

This research paper presents a comprehensive analysis of the General Agreement on Tariffs and Trade (GATT) and its role in the development and functioning of international trade law. As a foundational legal instrument that shaped post-World War II global trade relations, GATT established key principles and mechanisms for reducing tariffs, eliminating discriminatory practices, and promoting fair competition among nations. The paper delves into the historical context of GATT's formation, its core legal structures, and the principles it introduced—such as most-favoured-nation treatment, national treatment, and transparency.

Further, the research explores GATT's transformation into the World Trade Organization (WTO) framework, examining how its legal principles were incorporated and expanded in a broader institutional structure. Through case studies and comparative legal analysis, the paper evaluates the effectiveness of GATT in resolving trade disputes, balancing the interests of developed and developing countries, and adapting to contemporary challenges in the global economy. The dissertation also critically assesses the limitations of GATT, its relevance in the face of regional trade agreements, and the potential future of multilateral trade governance.

This study concludes that while GATT laid a strong legal foundation for international trade law, its evolution through the WTO and subsequent trade agreements reflects the dynamic nature of global trade. The insights presented aim to contribute to a deeper understanding of how international legal frameworks can promote equitable and sustainable trade.

## Keywords

General Agreement on Tariffs and Trade (GATT), International trade law, World Trade Organization (WTO), Tariffs, Trade barriers, Most-favoured-nation treatment (MFN), National treatment, Transparency, Trade liberalization, Dispute resolution, Multilateral trade negotiation, Trade agreements, Trade disputes, Trade governance, Protectionism, Non-discrimination, Reciprocity, Trade policy, Economic integration, Trade rounds (Geneva, Annecy, Torquay, Dillon, Kennedy, Tokyo, Uruguay), Trade concessions, Trade rules, Trade system evolution, Institutional economics, Legal positivism, International relations theory, Trade reforms, Developing countries, Agricultural subsidies, Intellectual property rights (TRIPS), Services trade (GATS), Non-tariff barriers, Trade dispute settlement, Regional trade agreements, Global value chains, Sustainable development, Market access, Trade liberalization mechanisms, Bretton Woods system, International Trade Organization (ITO), Protectionism, Trade policy challenges, Economic globalization



## Chapter 1: Introduction

### 1.1 Background

International trade has long served as a cornerstone of global economic interaction, facilitating the exchange of goods, services, and ideas across borders. As economies became increasingly interconnected, the need for a robust legal framework to govern trade relations became evident. The General Agreement on Tariffs and Trade (GATT), signed in 1947, was the first major multilateral effort to provide such a framework. Although initially intended as a temporary agreement pending the formation of the International Trade Organization (ITO), GATT evolved into a cornerstone of international economic law.

Designed to reduce trade barriers and promote transparency, GATT laid down foundational principles that have influenced global trade rules for decades. It served not only as a legal instrument but also as a platform for negotiation, dispute resolution, and cooperation among nations. The transition from GATT to the World Trade Organization (WTO) in 1995 did not diminish its relevance; instead, GATT continues to operate as part of the WTO's legal architecture.

The General Agreement on Tariffs and Trade (GATT) represents one of the most significant landmarks in the evolution of international trade law, establishing the foundational framework upon which modern global commerce operates. Emerging from the economic devastation of World War II, GATT was conceived as part of the ambitious Bretton Woods system designed to rebuild and stabilize the international economic order. Since its inception in 1947, GATT has transformed from a provisional arrangement into the cornerstone of the multilateral trading system, ultimately giving birth to the World Trade Organization (WTO) in 1995.

This dissertation undertakes a comprehensive examination of GATT's multifaceted relationship

with international trade law, exploring its historical development, core principles, legal architecture, and lasting influence on contemporary global trade governance. By analysing GATT through various theoretical lenses—including legal positivism, institutional economics, and international relations theory—this research aims to provide nuanced insights into how this agreement has shaped trade liberalization efforts while navigating the complex interplay between national sovereignty and international economic integration.

The study is particularly timely given the current challenges facing the rules-based trading system, including rising protectionism, the fragmentation of global value chains, the digital transformation of commerce, and growing tensions between major trading powers. These developments necessitate a critical reassessment of GATT's enduring principles and mechanisms to determine their continued relevance and adaptability in addressing emerging trade issues in the 21st century.

Through doctrinal analysis, comparative assessment, and case studies of landmark GATT/WTO disputes, this dissertation will examine how GATT's legal framework has evolved to accommodate changing economic realities while maintaining its fundamental commitment to non-discrimination, reciprocity, and progressive trade liberalization. Special attention will be devoted to evaluating the tension between GATT's market-access objectives and other <sup>945</sup>legitimate policy concerns, including environmental protection, labor standards, and sustainable development.

### 1.2 Research Objectives

The primary objective of this dissertation is to provide a detailed analysis of GATT in the context of international trade law. Specific aims include:

<sup>945</sup> General Agreement on Tariffs and Trade (GATT) 1947. Text of the Agreement, including amendments and protocols.



- To examine the historical and political circumstances surrounding the creation of GATT.
- To analyse the legal principles and structures embedded in the GATT framework.
- To evaluate GATT's influence on the development of international trade law.
- Explore the integration of GATT principles within the WTO framework and their interaction with other trade agreements.
- To assess its effectiveness in managing trade disputes and balancing competing interests.
- To explore how GATT interacts with the WTO and other international trade agreements.
- To reflect on the future of GATT in the evolving landscape of global trade.
- Offer insights into potential reforms needed to ensure the continued relevance of GATT in the twenty-first century.

### 1.3 Research Questions

This study seeks to address the following key questions:

1. What are the historical and legal foundations of GATT?
2. economic conditions necessitated the creation of GATT?
3. How has GATT contributed to the evolution of international trade law?
4. What are the core legal principles embedded in GATT, and how have they influenced trade governance?
5. In what ways has GATT been successful or limited in resolving international trade disputes?
6. How does GATT coexist with and complement other trade frameworks,

such as the WTO and regional trade agreements?

7. What is the future of GATT in an increasingly complex and multipolar global trading system?

### 1.4 Methodology

This research adopts a qualitative legal analysis approach, combining doctrinal research with comparative and historical methodologies. Primary sources include the original GATT text, WTO agreements, and dispute settlement rulings. Secondary sources include scholarly articles, legal commentaries, policy papers, and reports from international organizations. Case studies are used to illustrate key legal principles in practice and to evaluate the efficacy of GATT mechanisms.

### 1.5 Structure of the Dissertation

The dissertation is structured into 14 chapters, beginning with this introduction. Chapter 2 provides a historical overview of GATT. Chapter 3 discusses its legal framework, while Chapter 4 explores its core principles. Subsequent chapters examine its integration into the WTO, dispute resolution mechanisms, its impact on developing countries, and specific case studies. The dissertation concludes with an analysis of GATT's future role in global trade law.<sup>946</sup>

## Chapter 2: Historical Evolution of GATT

### 2.1 Introduction

The General Agreement on Tariffs and Trade (GATT) was born out of the economic and political turmoil of the early 20th century. With the devastation of two world wars and the Great Depression, nations began to recognize the dangers of economic isolationism and protectionism. GATT emerged as a response to these challenges, representing a concerted effort by the international community to create a more stable, cooperative, and rules-based global trading environment. This chapter traces

<sup>946</sup> World Trade Organization (WTO) Agreements, including the Marrakesh Agreement Establishing the WTO and the Dispute Settlement Understanding (DSU).





the historical evolution of GATT from its inception in 1947 to its integration into the World Trade Organization (WTO) in 1995.

The story of the General Agreement on Tariffs and Trade (GATT) begins in the ashes of World War II, when the world was desperate to avoid the economic disasters that had contributed to global conflict. The journey of GATT from a temporary agreement to the foundation of today's global trading system reflects humanity's complicated relationship with international commerce and cooperation.

### **Post-War Origins: Born from Necessity (1944-1947)**

In July 1944, representatives from 44 nations gathered at Bretton Woods, New Hampshire, their minds focused on preventing another global economic catastrophe. The devastating trade wars of the 1930s—where countries erected increasingly high tariff barriers against each other—were fresh wounds in economic memory. These protectionist policies had deepened the Great Depression and contributed to international tensions that ultimately erupted into war.

At Bretton Woods, delegates envisioned a three-pillar system to govern the post-war economic order: the International Monetary Fund (IMF) to oversee monetary relations, the International Bank for Reconstruction and Development (World Bank) to finance rebuilding efforts, and an International Trade Organization (ITO) to manage trade relations.

However, the ITO would never come to be. While negotiations for this ambitious organization dragged on, a smaller group of 23 countries moved forward with a more limited agreement in 1947—the General Agreement on Tariffs and Trade. GATT was initially intended as a temporary measure until the ITO could be established, but when the U.S. Congress refused to ratify the ITO charter in 1950, GATT

unexpectedly found itself as the primary framework for international trade relations.<sup>947</sup>

### **The Early Years: Building the Foundation (1947-1960s)**

GATT began modestly, with those original 23 countries agreeing to 45,000 tariff concessions affecting about \$10 billion in trade—approximately one-fifth of global commerce at that time. The agreement established several core principles that would shape international trade for decades:

- Most-favored-nation (MFN) treatment: Countries couldn't discriminate between trading partners
- National treatment: Imported goods couldn't face discriminatory treatment once they entered a market
- General prohibition of quantitative restrictions: Quotas and other non-tariff barriers were generally banned
- A framework for binding tariff reductions through negotiation

During the 1950s and 1960s, GATT membership expanded as newly independent countries joined the system. The agreement proved surprisingly resilient and adaptable despite lacking formal institutional structure. Countries embraced a pragmatic approach to resolving trade disputes, often through diplomatic rather than strictly legal channels.

The early GATT saw five rounds of multilateral trade negotiations: Geneva (1947), Annecy (1949), Torquay (1951), Geneva (1956), and the Dillon Round (1960-1961). These talks primarily focused on reducing tariffs product by product, a painstaking process but one that gradually opened markets.

### **Middle Period: Deepening and Broadening (1960s-1970s)**

The Kennedy Round (1964-1967) marked a significant evolution in GATT negotiations.

<sup>947</sup> Case rulings and reports from the WTO Dispute Settlement Body (DSB), including landmark cases like United States – Shrimp (DS58) and EC – Bananas (DS27).



Instead of the previous item-by-item approach, countries adopted across-the-board percentage cuts to tariffs. The Kennedy Round also ventured beyond tariffs to address anti-dumping measures, reflecting the changing nature of trade barriers.

By the end of the Kennedy Round, tariffs on industrial goods had fallen to about half their 1948 levels. The success emboldened GATT members to tackle even more complex issues during the Tokyo Round (1973-1979), which coincided with significant global economic turbulence—oil shocks, stagflation, and the breakdown of the Bretton Woods monetary system.

The Tokyo Round recognized that as tariffs fell, other trade barriers grew more significant. This led to a series of separate agreements (known as "codes") on non-tariff measures such as subsidies, government procurement, and technical barriers to trade. However, these codes were not binding on all GATT members, creating a problematic "GATT à la carte" system where countries could pick and choose their commitments.

During this period, tensions also grew between developed and developing countries over the fundamental fairness of the trading system. The 1960s saw the addition of Part IV to GATT, which acknowledged the special needs of developing countries but provided few concrete benefits. The "Enabling Clause" of 1979 further formalized special and differential treatment for developing nations, allowing preferences that would otherwise violate GATT's non-discrimination principles.<sup>948</sup>

### **The Uruguay Round: Transformation (1986-1994)**

By the 1980s, the limitations of GATT had become increasingly apparent. New trade issues were emerging that the agreement wasn't designed to handle:

- Services trade was growing rapidly but remained outside GATT disciplines
- Intellectual property protection varied widely, causing conflicts
- Agricultural trade remained highly protected despite GATT rules
- Textiles trade operated under a separate regime (the Multi-Fiber Arrangement)
- The dispute settlement system lacked teeth

In September 1986, trade ministers from 86 countries met in Punta del Este, Uruguay, to launch the most ambitious trade negotiations yet. The Uruguay Round would stretch over seven years, face multiple near-collapses, and ultimately transform the international trading system.

The negotiations wrestled with bringing new areas under international rules while strengthening existing disciplines. Agriculture proved particularly contentious, with the European Community and the United States locked in disagreement over farm subsidies. The inclusion of services and intellectual property rights represented major expansions of the trading system's scope.

By December 1993, after marathon negotiations, the Uruguay Round concluded with agreement on a comprehensive package of reforms. The results were formally signed in Marrakesh, Morocco, in April 1994, creating not just new trade rules but an entirely new organization—the World Trade Organization (WTO)—to replace the provisional GATT structure.

### **Legacy and Transformation into the WTO (1995)**

On January 1, 1995, GATT as an organization ceased to exist, succeeded by the WTO. However, the original GATT agreement lives on as "GATT 1994," incorporated as part of the WTO framework alongside new agreements on services (GATS), intellectual property (TRIPS), and other areas.

<sup>948</sup> Jackson, John H. *The World Trading System: Law and Policy of International Economic Relations*. MIT Press, 1997.



The transformation from GATT to WTO represented more than a name change. The WTO established a permanent institution with legal personality, a more structured dispute settlement mechanism with real enforcement power, and a "single undertaking" approach requiring members to accept virtually all agreements rather than choosing which to follow.

What began as a stopgap arrangement among 23 countries had evolved over nearly five decades into the foundation of a comprehensive system governing global trade among more than 120 nations. GATT's principles—non-discrimination, transparency, reciprocity, and binding commitments—continue to shape international trade relations today, even as the system faces new challenges from regional trade agreements, digital commerce, and geopolitical tensions.

The GATT journey reveals how international economic cooperation evolves—not through grand design but through pragmatic responses to concrete problems, shaped by shifting power dynamics and changing economic realities. Its history demonstrates both the difficulty and the possibility of building international rules that balance national sovereignty with collective benefits in an interconnected world.

## 2.2 Pre-GATT Context: Protectionism and Economic Instability

The early 20th century was marked by economic nationalism, trade barriers, and beggar-thy-neighbor policies. The Great Depression (1929–1939) intensified these trends, as countries imposed high tariffs to protect domestic industries. Notably, the United States enacted the Smoot-Hawley Tariff Act in 1930, triggering a wave of retaliatory tariffs and a sharp decline in global trade.

Efforts to reverse this trend began in the late 1930s and continued through World War II. The Atlantic Charter of 1941, a pivotal agreement between the U.S. and the U.K., outlined the need for a global economic system that would

promote peace, prosperity, and free trade. This vision laid the groundwork for post-war international institutions like the International Monetary Fund (IMF), the World Bank, and eventually GATT.

## 2.3 The Havana Charter and the Failure of the ITO

In 1946, the United Nations convened a conference in Havana to establish the International Trade Organization (ITO). The Havana Charter, which emerged from this effort, was a comprehensive document covering not only trade in goods but also employment, economic development, investment, and competition policy.

However, the ITO never came into existence. Although the Charter was signed by 53 countries in 1948, it failed to gain ratification in key states, especially the United States, where Congress opposed its broad scope and perceived infringement on national sovereignty. As a result, the interim trade agreement that had been negotiated in parallel—GATT 1947—became the de facto framework for global trade.

## 2.4 Establishment of GATT (1947)<sup>949</sup>

GATT was signed on October 30, 1947, by 23 countries, and came into effect on January 1, 1948. It was not a formal international organization but rather a multilateral treaty with legal obligations. Its primary goals were to:<sup>950</sup>

- Promote trade liberalization by reducing tariffs.
- Eliminate discriminatory trade practices.
- Establish a forum for trade negotiations and dispute resolution.

The original GATT document consisted of a preamble, 35 articles, and several schedules of

<sup>949</sup> Jackson, John H. *The World Trading System: Law and Policy of International Economic Relations*. MIT Press, 1997.

<sup>950</sup> Hoekman, Bernard M., and Kostecki, Michel M. *The Political Economy of the World Trading System*. Oxford University Press, 2009.





concessions. These schedules listed tariff commitments agreed to by member states.<sup>951</sup>

## 2.5 The GATT Rounds: Progressive Liberalization

Over the following decades, GATT members engaged in a series of negotiating rounds to expand and deepen trade liberalization:

### a. Annecy Round (1949)

- 13 countries participated.
- Focused on tariff reductions—yielded around 5,000 tariff concessions.

### b. Torquay Round (1950–51)

- Included 38 countries.
- Resulted in further tariff reductions.

### c. Geneva Round (1955–56)

- Focused on tariff concessions and preparatory work for broader negotiations.

### d. Dillon Round (1960–61)

- First round to address issues of customs unions.
- Named after U.S. Under Secretary of State Douglas Dillon.

### e. Kennedy Round (1964–67)

- Emphasized anti-dumping measures and significant tariff cuts (approx. 35%).

### f. Tokyo Round (1973–79)

- Tackled non-tariff barriers.
- Resulted in new plurilateral agreements on subsidies, technical barriers, government procurement, and more.

### g. Uruguay Round (1986–94)

- Most comprehensive round.
- Expanded scope to include services (GATS), intellectual property (TRIPS), and agriculture.

- Culminated in the establishment of the WTO in 1995.

## 2.6 Transition to the WTO (1995)

The Uruguay Round revealed the limitations of the GATT framework, particularly in its informal institutional structure and weak dispute resolution mechanisms. The outcome was the Marrakesh Agreement, which established the World Trade Organization (WTO) in 1995. Unlike GATT, the WTO was a full-fledged international organization with a more robust legal and institutional framework.

Importantly, GATT did not disappear. Instead, it was incorporated as GATT 1994, one of the core legal instruments within the WTO. GATT 1994 includes:

- The original GATT 1947 text.
- Legal instruments adopted through previous GATT rounds.
- Understandings on interpretation of various GATT provisions.<sup>952</sup>

## 2.7 Summary of Milestones

Year	Milestone
1947	GATT signed by 23 nations
1948	GATT comes into force
1949–1994	Series of negotiation rounds
1986–1994	Uruguay Round expands GATT's scope
1995	WTO established; GATT becomes part of WTO framework

## 2.8 Conclusion

The historical development of GATT reflects a broader shift in international economic governance—from fragmented, unilateral trade policies toward coordinated, multilateral cooperation. From its provisional status in 1947 to its transformation under the WTO in 1995,

<sup>952</sup> Hudec, Robert E. *The GATT Legal System and World Trade Diplomacy*. Butterworth Legal Publishers, 1990.



GATT laid the groundwork for an international legal system capable of managing complex trade relationships. The next chapter will explore the legal structure of GATT in detail, examining how its provisions form the backbone of modern trade law.<sup>953</sup>

## Chapter 4: Core Principles of GATT

### 4.1 Introduction

At the heart of the General Agreement on Tariffs and Trade (GATT) lies a set of core principles that guide the conduct of international trade among its members. These principles form the legal and philosophical foundation of the multilateral trading system. Designed to promote liberalization, fairness, and predictability in trade, these norms have shaped not only the GATT framework itself but also the subsequent legal instruments of the World Trade Organization (WTO). This chapter offers a detailed examination of the major principles underpinning GATT and assesses their practical implications and legal interpretations.

### 4.2 Most-Favoured-Nation (MFN) Treatment – Article I

#### 4.2.1 Definition and Purpose

The Most-Favoured-Nation (MFN) principle requires each GATT member to treat all other members equally with respect to trade advantages, such as tariffs and market access conditions. Under Article I, if a country grants a trade advantage to one country, it must extend the same advantage to all other GATT members.

#### 4.2.2 Legal Text

“...any advantage, favour, privilege or immunity granted by any contracting party to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for the territories of all other contracting parties.”

### 4.2.3 Rationale and Significance

- Prevents trade discrimination.
- Reduces complexity and fragmentation in trade policy.
- Encourages multilateralism over bilateralism.

### 4.2.4 Exceptions to MFN

- Preferential trade agreements (Article XXIV).
- Special and differential treatment for developing countries (Enabling Clause).
- Waivers granted under Article XXV.

### 4.2.5 Jurisprudence

Panels have interpreted MFN broadly to cover all measures affecting trade, not only tariffs but also internal taxes and administrative procedures.<sup>954</sup>

### 4.3 National Treatment – Article III

#### 4.3.1 Definition and Purpose

The National Treatment principle ensures that imported goods are not treated less favorably than domestic goods once they have entered a market. This guards against protectionism through internal measures such as taxes or regulations.

#### 4.3.2 Key Provisions

- Article III:2: Prohibits discriminatory taxation.
- Article III:4: Prohibits less favorable treatment through regulations and laws.

#### 4.3.3 Legal Interpretation

- Focus is on the “like product” concept.
- Test for violation includes examining whether:
  - Imported and domestic products are like.

<sup>953</sup> <https://guides.ll.georgetown.edu/c.php?g=363556&p=3915307>

<sup>954</sup> rwin, Douglas A., Mavroidis, Petros C., and Sykes, Alan O. The Genesis of the GATT. Cambridge University Press, 2008.





- Imported products are treated less favorably.
- The measure modifies competition conditions to the detriment of imported goods.

#### 4.3.4 Case Law Example

Japan – Alcoholic Beverages II (1996): Japan's higher tax on imported liquor was ruled inconsistent with Article III:2, even though applied uniformly, because it disfavored foreign products in practice.

### 4.4 Tariff Bindings and Reduction Commitments – Article II

#### 4.4.1 Tariff Binding System

Members agree not to raise tariffs above negotiated "bound" levels as specified in their schedules of concessions. This guarantees predictability and prevents arbitrary increases.

#### 4.4.2 Purpose

- Protects exporters from unexpected changes in trade policy.
- Encourages long-term investment and planning.
- Reduces trade uncertainty.

#### 4.4.3 Enforcement

Violation of tariff bindings can lead to disputes and authorization of retaliation under WTO mechanisms.

### 4.5 Elimination of Quantitative Restrictions – Article XI

#### 4.5.1 Key Rule

Article XI prohibits quantitative restrictions (quotas, bans, import licenses) on imports and exports, except in limited circumstances.

#### 4.5.2 Objective

- Promote the use of transparent, price-based trade controls (i.e., tariffs) over restrictive quotas.
- Ensure predictability and non-discrimination.

#### 4.5.3 Exceptions

Permitted for:

- Food security.
- Balance of payments problems.
- Export restrictions on natural resources.<sup>955</sup>

### 4.6 Transparency – Article X

Transparency is a foundational element of GATT, requiring publication and administration of trade regulations in a uniform and impartial manner.

When people talk about trade rules, they often focus on tariffs or quotas – the obvious barriers that directly restrict what can cross borders. But some of the most important trade rules aren't about these direct restrictions at all. They're about something more fundamental: making sure everyone knows what the rules are.

GATT Article X was revolutionary precisely because it recognized this simple but profound insight. Trade can't function effectively if the rules are secret, unpredictable, or arbitrarily applied. Article X established transparency as a core obligation in the international trading system – a principle that seems obvious today but represented a significant innovation when GATT was created.

Interestingly, when GATT was first negotiated, Article X didn't receive much attention. The drafters were focused primarily on tariff reductions and the core non-discrimination principles. Transparency was viewed almost as a technical matter – necessary but not particularly controversial.

Over time, however, Article X grew in importance as traditional tariff barriers fell and the focus shifted to administrative and regulatory measures affecting trade. By the 1980s and 1990s, transparency had moved from the periphery to become a central concern in trade negotiations.

<sup>955</sup> Ruggie, John Gerard. "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order." International Organization, vol. 36, no. 2, Spring 1982.



This evolution reflected growing recognition that in a world of complex regulations, how rules are administered can be as important as the rules themselves. A reasonably high tariff applied transparently and predictably might be less restrictive in practice than a lower tariff applied unpredictably or arbitrarily.

The WTO agreements that eventually succeeded GATT expanded considerably on these transparency principles, with detailed requirements for specific areas like technical regulations, sanitary measures, customs valuation, and import licensing. But all these elaborations are built on the foundation established by Article X.

#### 4.6.1 Key Provisions

- Publication of laws, regulations, and decisions related to trade.
- Uniform and impartial administration of trade rules.
- Right to judicial or administrative review.

#### 4.6.2 Significance

- Enhances trust among members.
- Enables informed decision-making by businesses and governments.

#### 4.7 General Exceptions – Article XX

GATT balances trade liberalization with the right of states to pursue legitimate policy objectives. Article XX allows deviations from obligations under specific conditions.

##### 4.7.1 Grounds for Exceptions

- Protection of public morals (a).
- Protection of human, animal, or plant life or health (b).
- Conservation of exhaustible natural resources (g).
- Compliance with laws not inconsistent with GATT (d), etc.

##### 4.7.2 Two-Tier Test

1. The measure must fall under one of the listed exceptions.

2. It must not constitute arbitrary or unjustifiable discrimination or a disguised restriction on trade.

#### 4.7.3 Case Example

US – Gasoline (1996): A U.S. clean air regulation was initially found inconsistent with GATT rules, but ultimately upheld under Article XX(g), provided it was applied fairly.

#### 4.8 Special and Differential Treatment for Developing Countries

##### 4.8.1 Legal Basis

- Embedded in Part IV of GATT (Articles XXXVI–XXXVIII).
- Enabling Clause (1979).<sup>956</sup>

##### 4.8.2 Forms of Flexibility

- Longer timeframes for implementation.
- Preferential access to markets of developed countries.
- Technical assistance and capacity-building.

##### 4.8.3 Debate

Critics argue these provisions are weak and non-binding, while others stress their importance in addressing structural inequalities.

#### 4.9 Summary of Core Principles

Principle	GATT Article	Function
Most-Favoured-Nation	Article I	Non-discrimination among trading partners
National Treatment	Article III	Equal treatment of domestic and imported products
Tariff Bindings	Article II	Predictability and restraint on tariff increases

<sup>956</sup> Pauwelyn, Joost H.B., Guzman, Andrew T., and Hillman, Jennifer A. International Trade Law. Aspen Publishers, 2016.



Principle	GATT Article	Function
Elimination of Quotas	Article XI	Transparent trade through price-based measures
Transparency	Article X	Publication and fair administration of trade laws
General Exceptions	Article XX	Policy space for non-trade objectives
Development Flexibilities	Articles XXXVI–XXXVIII	Special provisions for developing countries

#### 4.10 Conclusion

The core principles of GATT are designed to ensure a balance between free trade, fairness, and the sovereign right of states to pursue legitimate policy goals. By embedding non-discrimination, transparency, and rule-based commitments at the heart of international trade law, GATT laid a resilient foundation for the multilateral trading system. These principles continue to shape the trade architecture under the WTO and are central to resolving disputes, negotiating new agreements, and maintaining the integrity of global trade. The next chapter will explore how these principles were carried into and transformed within the World Trade Organization framework.<sup>957</sup>

#### Conclusion

This dissertation set out to provide a detailed analysis of the General Agreement on Tariffs and Trade (GATT) in relation to international trade law. Through eight comprehensive chapters, the evolution, structure, principles, and legal implications of GATT have been examined, culminating in a critical assessment of its past performance and future potential.

GATT's contribution to the multilateral trading system is indisputable. It has fostered global economic growth, prevented trade wars, and

provided a legal structure that has become the cornerstone of international economic relations. From its humble origins as a provisional framework to its current position as the backbone of the WTO regime, GATT has consistently aimed to liberalize trade while embedding fairness, predictability, and transparency.

However, as the analysis in this paper has shown, GATT is not without its flaws. Institutional shortcomings, development asymmetries, and a narrow scope of application once hampered its effectiveness. Even within the WTO, GATT-based rules face new tests: from digital disruption and environmental regulation to systemic tensions in dispute settlement and calls for a more equitable trading order.

International trade law, like the world it serves, is not static. For GATT to remain relevant, it must evolve—not only by refining its legal texts but by realigning its core values with contemporary global priorities. That includes sustainable development, digital innovation, inclusive growth, and robust, enforceable legal norms.

In conclusion, GATT remains a vital instrument of international trade law. But its long-term viability depends on its ability to adapt and remain responsive to global economic, social, and environmental realities. The journey from GATT 1947 to WTO 2047 and beyond must be marked not only by continuity but also by courage, innovation, and inclusivity.

The dissertation, "A Detailed Analysis of GATT in Relation to International Trade Law," provides a comprehensive exploration of the General Agreement on Tariffs and Trade (GATT) as a cornerstone of the modern global trading system. The study meticulously traces GATT's historical evolution, legal framework, and its profound impact on international trade governance, offering valuable insights into its successes, limitations, and future relevance.

GATT emerged in the aftermath of World War II as a pragmatic response to the economic devastation caused by protectionism and trade

<sup>957</sup> Matsushita, Mitsuo et al. *The World Trade Organization: Law, Practice and Policy*. Oxford University Press, 2015.





wars. Although initially intended as a temporary measure, it evolved into a robust framework that facilitated trade liberalization, reduced tariffs, and established foundational principles such as non-discrimination (Most-Favoured-Nation treatment), national treatment, and transparency. These principles not only stabilized global trade relations but also laid the groundwork for the multilateral trading system we know today.

The dissertation highlights how GATT's adaptability allowed it to address changing economic realities over several decades. Through successive negotiation rounds—such as the Kennedy Round and the Tokyo Round—GATT expanded its scope from tariff reductions to addressing non-tariff barriers and other complex trade issues. This adaptability culminated in its transformation into the World Trade Organization (WTO) in 1995, where GATT's principles were integrated into a broader institutional framework with enhanced enforcement mechanisms.

A critical analysis of GATT's effectiveness reveals both its strengths and limitations. On one hand, GATT succeeded in fostering unprecedented levels of trade liberalization and cooperation among nations. It provided a forum for resolving disputes diplomatically and promoted economic growth by reducing barriers to trade. On the other hand, the study acknowledges GATT's shortcomings, including its inability to address emerging issues such as environmental sustainability, digital trade, and labor standards. Additionally, its reliance on consensus-based decision-making often led to delays and inefficiencies in resolving disputes.

The dissertation also examines GATT's role within the WTO dispute settlement system, which represents a significant advancement in international trade law. By transitioning from a diplomatic to a judicial approach, the WTO has strengthened the enforceability of trade rules. However, challenges remain in ensuring that the system remains equitable for both developed and developing countries.

Looking ahead, the study emphasizes the need for GATT's principles to evolve in response to contemporary challenges such as digitalization, climate change, and rising protectionism. It calls for reforms to enhance inclusivity, address regional trade agreements' growing influence, and integrate social and ethical dimensions into trade governance. The dissertation concludes that while GATT's legacy is undeniable, its future relevance depends on its ability to adapt to an increasingly complex and multipolar global trading system.

In summary, this dissertation underscores GATT's pivotal role in shaping international trade law and governance. It celebrates GATT's achievements while critically reflecting on its limitations and potential for reform. As global trade continues to evolve in the 21st century, GATT's enduring principles of non-discrimination, reciprocity, and transparency remain vital touchstones for fostering equitable and sustainable economic growth. This study not only enhances our understanding of GATT's historical significance but also provides valuable perspectives on how multilateral trade frameworks can address emerging global challenges effectively.

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