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Abstract

Regional Trade Agreements with Non-WTO Members and the Most-Favoured-Nation Treatment Obligation: Are They Compatible?

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Conclusion of regional trade agreements (RTAs) allows the parties to eliminate customs duties and other restrictions of trade between themselves, but necessarily results in violation of the most-favoured-nation (MFN) treatment obligation. Whereas both the General Agreement on Tariffs and Trade (GATT) and the General Agreement on Trade in Services (GATS) justify this violation if all the parties to an RTA are WTO members, the question is less clear if the RTA is entered into with non-WTO members. This article analyzes the compatibility of RTAs involving non-WTO members with MFN treatment and explores ways to foster economic integration without jeopardizing the legitimacy of RTAs concluded with non-WTO members.

Keywords: General Agreement on Tariffs and Trade, most-favoured-nation treatment, non-WTO members, regional trade agreements