CHAPTER 8

INTERNATIONAL ECONOMIC AND FINANCIAL ORGANIZATIONS

International economic and financial organizations (IEFOs) are a natural byproduct of a global word. However, these organizations themselves are often responsible for strengthening globalization. We can hear about them daily in the media: "The IMF is preparing to save Venezuela, but they won't be allowed to…", "New low for oil prices: the OPEC might intervene shortly" or "IMF and maids".[1]

Most of these organizations came to existence through multilateral international agreements, and they possess international legal personality.[2] For certain organizations, membership may be tied to certain requirements, and there might be multiple types of members: full members, founding members, partnered members, partial members, observers, etc. OPEC is a good example for this, as the founding members possess special veto rights, while it also has observers.

Based on the objectives they were founded to serve, IEFOs can be divided into several different categories:[3]

- general international organizations, which among others, also deal with economic issues (e.g. UN, as described in Chapter 7),
- specialized international economic organizations, such as:
  - financial (IMF, IBRD),
  - investment (MIGA, ICSID),
  - trade (WTO),
  - advancing production and export (OPEC),
  - advancing industrial cooperation,
  - advancing agricultural cooperation,
  - general economic (OECD),
  - established to create economic integration (e.g. NAFTA)

In this chapter, we will only deal with the organizations deemed most important.

8.1. Specialized International Economic Organizations

8.1.1. The International Monetary Fund – IMF

The necessity of creating the **IMF** was first raised at the Bretton Woods Conference, in 1944, primarily for the purpose of **ensuring the stability of the international financial system**. Other goals include advancing international financial cooperation, advancing the balanced development of international trade, advancing the creation of the multilateral payment system, ensuring the stability of payment methods, as well as providing loans to members with balance of payments issues.[4] This last one could help countries in trouble (e.g. overspent ones), while they strengthen their reserves and stabilize

[1] Portfolio www.portfolio.hu/gazdasag/az-imf-es-a-szobalanyok.149745.html

[2] According to Prof. Bruhács, the legal personhood of international organizations can be stated explicitly by their founding agreements (EU, WTO), but legal personhood can also be implicitly derived for international organizations whose founding agreement contains such rights and obligations that would implicate their legal personhood. Source: Bruhács 2014

[3] Voitovich 1995, 21.

[4] See www.imf.org

their domestic currency. Accompanying these goals, the IMF monitors the economies of MS, and if necessary, provides advice, develops programs for members facing an economic crisis.[5]

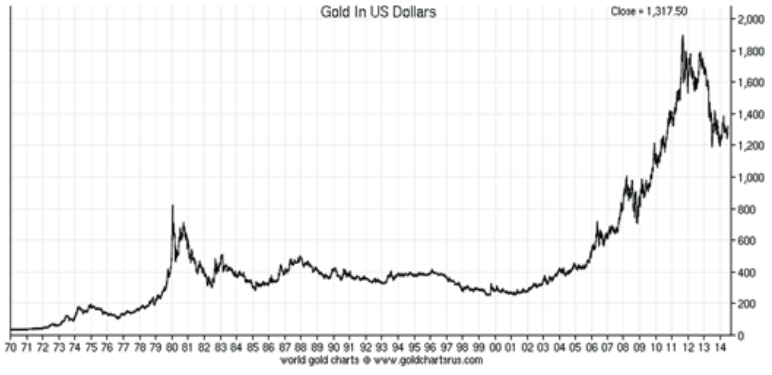
The IMF currently has 189 members,[6] including Hungary[7], meaning that with a few exceptions, every country in the world is a member. Its headquarters are in Washington, D.C. The IMF is led by a Managing Director, who is also the Chairman of the Executive Board. The Executive Board of the IMF nominates him/her for five years. It is an important rule, that unlike with the UN, where each member has one vote, votes here are tied to quotes, so countries with stronger economies, who pay more into the organization's budget, receive more votes as well. Similarly, the money necessary for loans is also ensured by members through their quota payments.[8]

In 1969, the IMF created an international reserve asset, known as Special Drawing Rights (SDR). The SDR was initially defined as equivalent to 0.888671 grams of fine gold—which, at the time, was also equivalent to one US Dollar. After the collapse of the Bretton Woods system, the SDR was redefined as a basket of currencies, which is reviewed every five years. The current currencies in the basket are the US Dollar (41.73%), the Euro (30.93%), Chinese Yuan (8.33%), Japanese Yen (8.09%) and English Pound (10.93%).[9]

The shifting rates of the price of gold in the past decades

In relation to this, it is interesting to examine how the exchange rate of gold changed, compared to the dollar. In the graph blow, we can see the price change of one troy ounce gold (31.1 gram) in the last five years, as expressed in dollar. After the public debt crisis following the 2008 economic crisis, the price of one troy ounce reached 1900 USD in 2011. The IMF possesses significant, 90 million troy ounces gold reserves.[10]

The changes in gold price between 1970 and 2014 (1 ounce/USD)



Source: World Gold Charts

However, it also must be mentioned that even before the 2008 economic crisis, the IMF faced criticism that (for the benefit of developed Western countries) it forces developing countries to adopt

[5] IMF website www.imf.org
[6] Ibid.
[7] Law Decree No. 6 of 1982 on the proclamation of the IMF founding treaty [HU]
[8] IMF website www.imf.org
[9] Ibid.
[10] Ibid.

liberal economic policies, which ruins their not-yet competitive economies, or uses loan-guarantees to plunge them into debt.[11] After the crisis, the IMF was mostly criticized that with the policies of the last decades, it only increased societal inequalities and thus societal tensions as well.

The Case of Greece

One of the biggest "clients" of the IMF is Greece. In the years following the 2008 world economic crisis, the country came close to bankruptcy, which it managed to temporarily escape through IMF loans (among others). The Greek crisis has several roots. Here, a few of the most important ones should be mentioned. One is corruption: e.g. one could read about how the relatives of the deceased did not announce the death to authorities, allowing them to receive the deceased's pensions, or how employees of the public administration received pay bonuses for being on time for work.[12] However, we can also assign some other problems to corruption, such as ineffective taxation, or governmental corruption. Another reason for the debt crisis is that when Greece became a member of the Eurozone, international lenders started treating the Greeks with nearly the same low-interest advantageous loans that they treated other Eurozone countries with strong economies, assuming that if they get into trouble, the other MS will help them. And the Greeks used this opportunity of cheap loans to its maximum, which resulted in becoming extremely indebted. However, Greeks often claim that because of their membership in the Eurozone, they could not devalue their own currency to stimulate exports, which ruined their economy in recent years. In theory, the country should slowly devalue its own currency (i.e. sliding devaluation). The local producer, when it makes the product, pays the workers, materials, energy, and whatever else is necessary for production in domestic currency at the end of the month. So, if the product (e.g. gadget) is finished at the beginning of the month (when the National Bank exchanges 1 Euro for 300 forints), and this product is exported by the producer for 1 Euro per piece, then when it converts its gains in Euro to Forints (HUF) at the end of the month (when the National Bank pays 310 Forint for each Euro as a result of the sliding devaluation), the producer will be incentivized to produce for export, since its costs are paid in Forints at the end of the month. As can be seen from Greece's example, however, one cannot enjoy the benefits of a currency union (e.g. cheap loans) and complain about not being able to intervene into the economy with monetary methods for incentivizing exports.

8.1.2. The World Bank Group[13]

For young lawyers, the first thing that comes to mind about the **World Bank** is an international institution where one can earn quite well. The documents leaked by *Wikileaks* support this presumption. In one of the poorest countries of Asia, East-Timor (Timor-Leste), the World-Bank-paid foreign governmental advisor had a salary of 219,765 USD in 2008.[14]

The **World Bank Group** is made up of five international institutions, out of which the latter two will receive more detailed attention. These are the following:

– The IBRD, which mostly provides loans to the governments of developing countries.

[11] Harvard University https://scholar.harvard.edu/barro/files/98_1207_imf_bw.pdf accessed 4 July 2018

[12] Napi.hu www.napi.hu/nemzetkozi_gazdasag/itt_az_uj_nyugdijbotrany_gorog_halottak_ezrei_kapnak_jarandosagot.485613.html accessed 4 July 2018

[13] The World Bank Group www.worldbank.org 7 July 2018

[14] Wikileaks https://wikileaks.org/wiki/East_Timorese_go_begging_as_foreign_advisers_rake_it_in:_World_Bank_file_on_Ines_Almeida,_2008 accessed 7 July 2018

– The IDA, which provides interest-free loans to the poorest countries. The IBRD and the IDA form together the World Bank within the World Bank Group.
– The IFC, which is an international development institution, focusing on the private sector of developing countries. It finances investments, and provides advice for actors in the private sector.
– Multilateral Investment Guarantee Agency (MIGA)
– International Centre for Settlement of Investment Disputes (ICSID)

The MIGA was created to counter one of the biggest obstacles to the fast spreading of foreign direct investments in the second half of the last century, which was that non-trade risk in developing countries was significant (e.g. expropriation, controlling exchange of the local currency, or war). The Seoul Agreement (signed in 1985, came into force in 1988) created **MIGA** with a headquarters in Washington, D.C. Its goal was to advance **foreign investment** in developing countries by insuring foreign investors and lenders for their non-trade risk. IBRD MS could join it, so Hungary did as well.[15]

Among the goals of MIGA are to help the economic growth of developing countries, to reduce poverty and improve quality of life. Since its inception, it has provided more than 28 billion USD of **investment insurance**. When it comes to decisions, the quota principle applies, thus the one who pays most into the organization, has the most votes in decision-making.[16]

It is important to note that insurances can only be applied for by legal persons and citizens of a MS, and only for foreign investment. If the insurance event comes to pass (e.g. the investment is expropriated), the MIGA (provided the requirements are met) will pay compensation for the insured. After this, the claim for indemnification against the host country will pass to the MIGA, which is quite convenient for most insured investors.[17]

The **ICSID** was created by the *Washington Convention on the Settlement of Investment Disputes between States and Nationals of Other States* in 1956. Its goal was to create a venue **for resolving investment disputes** between MS and other MS legal and natural persons **through conciliation and arbitration**.[18] ICSID currently has 162 members,[19] including Hungary.[20] The headquarters of the organization is in the central office of the IBRD, in Washington, and the organization has international legal personhood.

As for its structure, the chief decision-making body is the Administrative Council, into which each MS delegates one member. The President of the above-mentioned IBRD acts as the Chairman of the Administrative Council *ex officio*. The ICSID also has a Secretariat, which deals with administrative matters, led by the Secretary-General who represents ICSID as a whole. Furthermore, the ICSID Convention also provides for setting up the two panels of conciliators and arbitrators, respectively. Each MS has the right to nominate four experts into each panel (they don't have to be citizens of the nominating state). Furthermore, the President many nominate ten experts into each panel. These must have different nationalities, and must possess recognized expertise in the field of law, trade, industry or finances, and must be able to make unbiased decisions. Knowledge of law is exceptionally

[15] Law Decree No. 7 of 1989 on the proclamation of the 1985 Seoul Agreement about the creation of the Multilateral Investment Guarantee Agency [HU]
[16] MIGA website: www.miga.org
[17] Vörös 2004, 150.
[18] Act LX of 2017, the Hungarian arbitration law, defines arbitration as follow: in disputes concerning trade-based legal relations, instead of state-based court procedure, the case is resolved by a method chosen by the parties, whether it is an *ad hoc* or permanent arbitration institution that is involved.
[19] International Centre for Settlement of Investment Disputes (ICSID) https://icsid.worldbank.org/en/Pages/about/Database-of-Member-States.aspx accessed 12 July 2018
[20] Law Decree No. 27 of 1987 on the proclamation of the 1965 Washington Convention [HU] For Hungarian cases before the ICSID, see: Nagy 2017a, 291-310.

important for those nominated into the panel of arbitrators. During nominations, the President also should consider that the major legal systems of the world be represented in the panels. Members of the panel serve for 6 years, which can be renewed.[21]

The **jurisdiction** of the ICSID extends to every legal dispute originating directly from investment, in which the parties in dispute are a MS (or any subordinate agency or body of the MS) and a natural or legal person of another MS, provided both parties give their written consent to taking the dispute before the ICSID. Once parties have given their consent, neither of them can revoke it unilaterally. Such consent is typically given by the host state in bilateral investment treaties, or in singular investment contracts with the investor (typically in cases of larger, more significant investments). Unless stated otherwise, the consent to arbitration under the Convention closes off any other legal remedy (e.g., legal recourse to their respective domestic courts).[22]

As noted elsewhere, **two types of procedures** can be initiated with ICSID: conciliation and arbitration. Each procedure can be initiated by any MS, or any natural or legal person of a MS, in writing. The application must contain information concerning the questions of the legal dispute, the identification of the parties and their consent to conciliation. In case of **conciliation**, the ICSID set up a conciliation committee after the arrival of the application, which consists of an odd number of conciliators, as per the agreement of the parties. Concerning the procedure itself, ICSID has a Rules of Procedure for Conciliation Proceedings[23], but the main essence of it is that the conciliation committee is obliged to clear up the questions of law in the dispute between the parties and to try to find an agreement between the parties, based on mutually agreeable conditions. It is also important to note that the parties involved in the conciliation proceedings may not refer to the views, comments, or settlement proposals of the other party.[24]

Unexpected difficulties of being an arbitrator

Being an international arbitrator can be dangerous. For example, there is the case of the Iran–United States Claims Tribunal (created in 1981, headquartered in The Hague), which arbitrated over the compensation and indemnification claims against the new Iranian regime concerning the foreign investment it expropriated. In one of its sessions, two Iranian arbitrators attacked and severely beat their Norwegian colleague.[25] In another case, the Indonesian government kidnapped the arbitrator they themselves nominated in order to obstruct the proceedings.[26] In certain cases, members of international arbitration tribunals were imprisoned, given death threats or even murdered.[27]

When initiating **arbitration** proceedings, the ICSID creates an arbitration panel. This panel consists of either one arbitrator, or an odd number of arbitrators (per the parties' agreement). If the parties could not agree regarding the number of arbitrators and their nomination, the panel consists of three arbitrators. One is chosen by both parties, the third one (who is the chairman of the panel) is selected based on the parties' agreement. If they once again could not reach an agreement, and if 90 days have passed since the Secretary-General informed the other party about the recording of the claim, then the

[21] ICSID website http://icsidfiles.worldbank.org/ICSID/ICSID/StaticFiles/basicdoc/main-eng.htm; Law Decree No. 27 of 1987 on the proclamation of the 1965 Washington Convention [HU]

[22] Ibid.

[23] ICSID website: http://icsidfiles.worldbank.org/ICSID/ICSID/StaticFiles/basicdoc/partE.htm

[24] ICSID website http://icsidfiles.worldbank.org/ICSID/ICSID/StaticFiles/basicdoc/main-eng.htm

[25] Showdown in The Hague Brawl stalls U.S.-Iranian claims tribunal, United Press International www.upi.com/Archives /1984/09/15/Showdown-in-The-Hague-Brawl-stalls-US-Iranian-claims-tribunal/8388464068800/ accessed 30 August 2018

[26] Horn–Kroll–Kröll 2004, 28.; Horvath–Wilske 2013

[27] Whittington 2014, 429.

Chairman of the ICSID will appoint the missing arbitrators, at either party's request. The arbitrators examine their jurisdiction (i.e. whether they have the right to proceed) *ex officio*. Regarding substantive law (i.e. the body of law summarizing the rights and obligations of the parties), parties may freely make an agreement. In case there is no agreement regarding this, the arbitrators will use the host country's law as the basis (including the private international law norms regarding conflict of laws[28]), as well as the applicable norms of international law. The arbitration tribunal may decide the case based on equity, but only if the parties agree to it.[29] The arbitrational proceeding also has its own body of procedural rules, the Rules of Procedure for Arbitration Proceedings.[30] What is important is that the panel decides the questions based on a majority vote of all members. The **award** is presented in a written form, and is signed by all arbitrators voting in favor. The award extends to all questions presented to the panel, and includes the reasoning behind the answers. The Secretary-General will promptly send the authenticated copies of the award to the parties, which cannot be made public without their consent.

It is interesting to note that the average procedural cost of international arbitration reaches 8 million USD. This means that small and medium enterprises (SMEs) have very little chance of disputing with the host countries in front of the ICSID.[31]

If any dispute would arise between the parties regarding the interpretation of the award, either party can ask for official interpretation. Either party can request in writing from the Secretary-General the review of the award based on a new fact that could significantly influence the award, provided this fact was not known to the arbitration tribunal and the plaintiff at the time of the award, and it was not a result of the applicant's carelessness that they had no knowledge of this fact. This request must be submitted within 90 days of the disclosure of such fact, but no later than 3 years after the award has been rendered. Either party can request in writing from the Secretary-General **to annul the award**, based on the following possible reasons: (*a*) the Tribunal was not properly formed; (*b*) the Tribunal has manifestly exceeded its powers; (*c*) there was corruption on the part of a member of the Tribunal; (*d*) there has been a serious breach of a fundamental rule of procedure; (*e*) the award does not contain due justification.[32]

The award is binding to the parties, and there is no place for any kind of appeal or other types of remedy, except for those listed above. Every MS of the ICSID Convention recognizes the awards as binding, and will make due of the resulting financial obligations as if it was arising from a judgment of their own domestic court.[33]

However, disputes may arise between the MS regarding the interpretation or application of the ICSID Convention. If these issues cannot be resolved through negotiation, they must be presented to the ICJ in The Hague.

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[28] The conflict of laws part of private international law seeks to answer the question of what country's law should be used in a given legal issue. See Nagy 2017b, 23

[29] Ibid.

[30] ICSID website http://icsidfiles.worldbank.org/ICSID/ICSID/StaticFiles/basicdoc/partF.htm accessed 12 July 2018

[31] Gebert 2017, 294.

[32] ICSID website http://icsidfiles.worldbank.org/ICSID/ICSID/StaticFiles/basicdoc/main-eng.htm

[33] Ibid.

Veolia v. Egypt

A big French MNC, Veolia, initiated proceedings in 2012 against Egypt in front of the ICSID. The case concerned several hundred million USD worth of compensation, based on the bilateral investment treaty between France and Egypt. The corporation, rather its Alexandrian subsidiary, was in the business of waste management. As a result of the Arab Spring and the societal tensions, the Egyptian government increased minimum wage, which increased the operational cost of Veolia (thus we can assume most of its employees received minimum wage). Veolia based its argument on that this measure (increasing minimum wage) had a negative impact on its investment, thus Egypt was in violation of the mentioned bilateral investment treaty. The case was won by Egypt, as the arbitration tribunal found that raising the minimum wage did not violate the treaty.[34]

8.1.3. The World Trade Organization (WTO)

The possible creation of an international trade organization was raised all the way back at the Bretton Woods Conference in 1944. It was in the interests of the USA, as the largest economic power in the world, to **liberalize international trade**. This was the reason behind planning the creation of the International Trade Organization (ITO) in 1948. However, ironically as a result of domestic political disputes within the USA it is not created, and in 1947, only an international agreement was signed: **GATT** (entering into force the next year). This agreement greatly contributed to the liberalization of international trade in the second half of the 20th century, and it became the foundation of the Marrakesh Agreement (which created the WTO) as **GATT 1994**.

The Marrakesh Agreement was proclaimed in Hungary through Act IX of 1998.[35] It is important to note that the WTO possesses legal personality. The Marrakesh Agreement has provisions on the functions of the WTO, which, among others, includes assisting the enforcement, management and administration of the Agreement itself and the accompanying trade agreements, as well as providing a venue of negotiation and dispute resolution for members.[36]

The structure of the WTO greatly resembles other international organizations. The most important decision-making body is the Ministerial Conference, in the work of which each member takes part. Between the meetings of the Ministerial Conference, its functions are fulfilled by the General Council, into which each MS delegates representatives. This body also fulfills the functions of the Dispute Settlement Body and the Trade Policy Review Body. The Council for Trade in Goods (Goods Council), the Council for Trade in Services (Services Council) and the Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS Council) all fall under the control of the General Council. The WTO's administrative duties are fulfilled by a Secretariat, led by the Director-General.[37]

In the following, we will briefly touch upon the most important principles and articles of GATT 1994, namely the most favored nation (MFN) principle, the national treatment clause, the elimination of quantitative restrictions, the exceptions and the rules of dispute resolution.

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[34] Investment Policy Hub http://investmentpolicyhub.unctad.org/ISDS/Details/458

[35] The dual membership of EU and its MS in the WTO should be mentioned here, with attention to the fact that a significant portion of WTO issues is now under the jurisdiction of EU trade policy.

[36] WTO website www.wto.org; Art. III. of Act IX of 1998 on the proclamation of the Marrakesh Agreement and its annexes establishing the WTO as part of GATT [HU]

[37] Articles IV-VI of Act IX of 1998 on the proclamation of the Marrakesh Agreement and its annexes establishing the WTO as part of GATT [HU]

The **MFN principle** set forth under Article I, means that every advantage, benefit, privilege or immunity that any MS gives to a product originating from another country or targeted towards another country should be granted (immediately and unconditionally) to all similar products originating from other MS or targeted towards them.

The **national treatment clause** from Article III means that imported products cannot be placed in a disadvantageous position in the domestic market, compared to similar domestic products, through taxes, fees or regulations concerning sale, commercialization, purchase, transportation, distribution and use.

Regarding **anti-dumping duties**, Article VI forbids bringing products of a MS into another MS at a price lower than the consumer price in the country of origin, if this import would cause or threaten significant damage for the receiving country. If it happens, the receiving country can impose dumping duties on the dumped product. This duty can't be higher than the dumping margin on the product, that is the difference between the price in the country of origin and the price in the receiving country. Unfortunately, it happens ever more frequently that a receiving country imposes a dumping duty without legitimate reasons, being pressured to do so by the domestic industrial lobby, as WTO dispute resolution may take years, and during this time, these duties can help strengthen the domestic enterprises of the receiving country in the given sector. Thus, they abuse WTO law to serve as protectionist measures.

Chicken War

We can hear a lot in the media about anti-dumping proceedings, which are chiefly concerned with steel and fishing products, as well as automobiles. One of the recent interesting trade wars between two great economic powers broke out over poultry products. In 2010, China imposed a rather high dumping duty on US broiler chicken (this is the type of chicken meat that grilled chicken is made from), which caused a significant reduction in the import of American chicken. The USA initiated consultations with China in front of the WTO, and finally asked for a panel to be set up. The panel, as well as the Dispute Settlement Body agreed with the USA in the most important questions, and China partially implemented the results. But the story didn't end here. When the bird flu epidemic hit the USA, China banned the import of American chicken almost immediately. As a result, the USA asked the WTO in 2016 to set up a panel, tasked with determining whether China implemented the earlier proposals. This panel agreed with the USA regarding the most important issues.[38]

The Indian Steel Sheets Case

In 1999, American authorities performed an anti-dumping procedure (according to American regulations) against cheap steel sheets imported from India. According to an agreement based on the implementation of the above-mentioned Art. VI GATT, they had to ask for information from the Indian party, which was needed to impose the anti-dumping duty. Some of the information provided by India was false. Based on this, the American authorities decided to ignore all data sent by the Indian party, and determined a very high, 70% dumping margin, based solely on their own data. As a result, India initiated consultations with the USA in front of the WTO. As the consultations didn't bear fruit, India requested the creation of a panel, and to find that the USA behaved erroneously during the calculation of the dumping margin. The panel and the Dispute Settlement Body found that the USA should have considered the truthful information provided by India, and determine a dumping margin based on that.[39]

[38] WTO website www.wto.org/english/tratop_e/dispu_e/cases_e/ds427_e.htm accessed 28 July 2018; Agrárszerktor.hu www.agrarszektor.hu/elemiszer/csirkehaboru-egymasnak-feszult-a-ket-nagyhatalom.10225.html

[39] In more details, see Vörös 2004, 163.

Elimination of quantitative restrictions under Article XI means that as a rule, the members may not introduce or uphold other bans or restrictions (whether they manifest as contingents, import or export permits, or any other type of measure) besides duties, taxes and other fees. The goal of GATT and WTO is to erase every type of trade restriction besides the easily manageable duties. However, it should be mentioned that exceptions exist regarding this article. For example, if the goal of the restriction is to ease the lack of some agricultural or otherwise critically important products in the MS.

The Chinese Rare Earth Metals Case

Rare earth metals, such as tungsten or molybdenum, are primarily used in the electronics industry. One of the greatest reserves in the world is held by China. However, the extraction of these metals is extremely harmful to both health and environment. As a result, (even if there are reserves) such metals are mined in limited quantities in developed Western countries. China attempted to use this situation to its advantage by only selling these metals to Chinese companies, and foreign companies that moved their production to China or found a Chinese partner. This didn't sit well with the USA or other developed countries like Japan, EU MS and Canada. As a result, they initiated consultations with China in 2012, referring to Articles VII, VIII and XI GATT, for their violation due to this Chinese practice, and they also claimed it violates the Chinese WTO accession protocol. As these consultations failed to achieve a result, the USA initiated the creation of a WTO panel. The panel determined in its report that China used three types of restrictions regarding the export of rare earth metals: (1) export duties, which are opposed to Chinese commitments and the referral on Article XX (b) GATT[40] is not substantiated, (2) export quotas, which are also opposed to the country's commitments, and the referral to Article XX (g)[41] is also not substantiated, and (3) demanding trade permits in case of rare earth metal exports, which was also opposed to the commitments. The essence of the panel's argument was that if China refers to the protection of human life, environment, and exhaustible natural resources, then why doesn't it reduce the extraction rate of rare earth metals, why only restrict exports? After the parties turned to the Appellate Body, it upheld the observations of the panel and China finally implemented the proposals and decisions of the Dispute Settlement Body in 2015.[42]

General Exceptions. Article XX lists the possible exceptions to the obligations of the GATT, i.e. the reasons through which a sovereign state can restrict international trade. Such a restriction will usually be in violation of Article I (general MFN principle), Article III (national treatment clause), as well as the ban of discrimination in Article XI. Article XX consists of a *chapeau* and a list. The general part states that a member may only refer to the exceptions listed in the article, if its application does not mean arbitrary or unreasonable discrimination, and if they don't constitute veiled restriction of international trade. These requirements shall be considered in all cases. Only a few exceptions are mentioned here: if the measure is necessary for protection of public morals, or for the protection human, animal, plant life or health, or it is relevant to the conservation of exhaustible natural resources – if these measures express themselves through restricting domestic production or consumption.

Security Exceptions. Besides the above-mentioned general exceptions, the GATT names a few exceptions specifically. Article XXI, e.g. allows MS to depart from the GATT's provisions in the name of fundamental national security interest, or – if necessary to protect the balance of payments – as

[40] Article XX (b) GATT 1994: necessary for the protection of human, animal or plant life or health.

[41] Article XX (g) GATT 1994: related to exhaustible natural resources, if these measures become effective alongside the restriction of local production or consumption.

[42] *China Rare Earths case* (DS431)

according to Article XII, the MS may limit the quantity of products allowed for import with a few requirements attached.[43]

The question of **dispute settlement between WTO members** is dealt with by Annex C/2 of the WTO Agreement (Dispute Settlement Understanding – DSU). This document creates the Dispute Settlement Body (DSB), the decision of which is binding on MS. Among the duties of the DSB is the creation of the panel in given disputes, the adoption of the panel's and Appellate Body's reports, as well as overseeing the implementation of its decisions and recommendations, and approving the suspension of obligations in necessary situations.

Three dispute settlement principles are to be respected during dispute settlement. The first is the principle of good faith. The second is that complaints made in individual cases cannot be joined. And finally, that there is a presumption that violating the rules affects other members negatively, and the burden of proof for disproving this is on the member responsible for the violation.

The dispute settlement process is made up of multiple phases. The first is an obligatory **consultation** between the parties in dispute. The other party must agree to the request for consultation within 10 days of its receipt, and the consultation itself must start within 30 days. If this does not happen, the party initiating the consultation may request the creation of a panel. The request for consultation must be announced to the Dispute Settlement Body. The consultation, as well as anything said during it (and offers or proposed settlements) do not affect the later proceedings.

If the consultation is unsuccessful or if the parties cannot find a solution to their dispute within 60 days after the receipt of the consultation request, the Dispute Settlement Body establishes a **panel** at the written request of the complaining party, in which the party must note whether consultations happened, what are the concrete measures being disputed, and the legal basis of the complaint. The DSB can only refuse the establishment of the panel if every member refuses the request. The DSU will determine who can be members of the panel. These can be independent governmental or non-governmental experts, but cannot be from the same MS as the parties (except if the parties agree to it). In general, the panel has 3 members, but parties can request a five-member panel as well. The WTO Secretariat will make recommendations for the constitution of the panel to the parties, against which they cannot object, except if they have a 'compelling' reason.

The functions of the panel are also determined concretely by the DSU. Its task is to assist the DSB in carrying out its duties, which in practice means that it objectively measures up the given case, establishes the facts, the applicable treaties based on that, and finally makes statements regarding the facts, which assists the DSB in making its recommendations and decisions. The panel is of course obligated to consult with the parties in dispute during the examination. The DSU also provides for the possibility of any WTO member (who has substantial interest in the case and informed the DSB of this interest) to submit its positions, opinions and arguments in writing to the panel. Articles 12, 13, 14 and 15 of the DSU, as well as the Annex 3, deal with the proceedings before the panel in detail.

The panel must submit a **report** to the DSB within 6 months. The report is approved by the DSB, except if any disputing party proclaims its desire to appeal, or if the DSB rejects the report with full consent. This latter one is rather rare, as the parties involved also have a vote each in the DSB.

If one of the parties seeks to **appeal** against the panel's report, then the case goes to the Permanent Appellate Body, which is created by the DSB. Only the parties in dispute may appeal, but other parties with substantial interests (which they officially announced) may make written submissions and request

[43] Vörös, 2004, 100.

hearings from the Appellate Body. The appeal is restricted to the panel report's legal questions and the legal interpretation developed by the panel. The Appellate Body may uphold, modify or reverse the panel's legal statements and conclusions. The Appellate Body's report is approved by the DSB.

Banana War

In the seventies, the European Union (back then European Communities) provided an opportunity to countries of the Caribbean (with the aim of fostering their economic development) to sell as many bananas in the community market duty-free, as they wished. This was not a significant number even at the beginning of the nineties, when about 7% of the total banana consumption in the EU was supplied by the Caribbean. However, without these measures, they would have been forced out of the community market (which is also the world's largest banana market), as the grand Latin American banana plantations (which were mostly in the hands of American MNCs) could grow bananas more effectively and thus could sell them much cheaper. These MNCs put pressure on the US government during the nineties to stop the protectionist European practice. Thus, the US (which provides about 0.01% of the world's banana production)[44] initiated WTO proceedings against the EU alongside multiple Latin American countries. The EU lost the "war", whose true casualties were the small-scale banana producers of the Caribbean.[45]

In practice, the problem with the WTO dispute settlement is the same as with any international organization's dispute settlement: there is no world police to enforce the decisions of the DSB. Thus, the following 'solutions' exist for disputes between the parties:

1) The parties try to find a compromise that is mutually acceptable, with attention paid to the DSB's recommendation,
2) the responsible party revokes its measure,
3) maybe even pays compensation to the offended party, or if this is not possible,
4) the offended party may 'legitimately' suspend its obligations towards the offending party (e.g. revokes some duty benefits for products imported from the offending party's country).

8.1.4. The Organization of Petroleum Exporting Countries (OPEC)

Petroleum, and its derived products, is the most important energy source in the economy. When the world economy does well (there is a conjuncture, a boom), then the price of petroleum usually increases, as the economy consumes more energy, and when there is a crisis, it drops. However, there are exceptions to this in the history of world economy, as the market can be manipulated to a certain extent by the increase or decrease of production. In recent years, for instance, many accused the US of keeping the oil price low through its allies (e.g. Saudi Arabia) to weaken the Russian economy, which depends heavily on revenues generated by oil export.

[44] US bananas are mostly gown in Hawaii and Florida. University of Florida EDIS http://edis.ifas.ufl.edu/fe901

[45] *WTO EC – Bananas III* www.wto.org/english/tratop_e/dispu_e/cases_e/ds27_e.htmKey facts; European Parliament www.europarl.europa.eu/news/en/headlines/world/20110121STO12285/ending-the-banana-wars-who-wins-and-who-loses; The Banana Wars, The Guardian www.theguardian.com/world/1999/mar/05/eu.wto3

Statistical data on crude oil production

Interestingly, the statistics regarding oil extraction can be quite varied depending on the source, the contradictions regarding oil reserves are even greater. According to the statistics of the OPEC and BP, the OPEC provided about 30% of the extracted petroleum in 2017, while 70-80% of the world's petroleum reserves are found in OPEC MS. The greatest reserves are possessed by Venezuela, Saudi Arabia, Canada, Iran and Iraq.[46]

Following WWII, the world's oil market was ruled by seven great western oil companies (the 'seven sisters')[47] as a cartel. The **OPEC** practically came into being as a response to this in 1960 (Baghdad) as the permanent intergovernmental organization of the world's most important oil exporting countries, which coordinates the petroleum extraction policies of its members.[48] The Secretariat of the organization and its headquarters are currently located in Vienna. In reality, the OPEC functions as a cartel as well. The founders were Iran, Iraq, Kuwait, Saudi Arabia and Venezuela. Qatar, Indonesia (its membership is currently suspended), Libya, the United Arab Emirates, Algeria, Nigeria, Ecuador, Gabon, Angola, Equatorial Guinea and Congo joined later. Thus, there are currently 15 members of the organization. Although the oil fields of Algyő (near Szeged) possess an almost inexhaustible supply of petroleum, Hungary is not a member of the organization. According to its statute, any significant net oil exporting country, which possesses similar goals, can become a member of the organization if three-quarters of the members vote for its accession.[49] When the organization was created, the members were developing countries. We can find a very culturally diverse range of membership, from Venezuela to Indonesia. These are mostly autocratic or only partially democratic countries. As the main income of these nations come from petroleum, it is in their interest to keep its price relatively high and stable. The self-interest-based nature of the organization is evident in that despite the constant conflicts between the countries of the Persian Gulf, the organization's functioning is not significantly affected by it.[50]

8.2. The Organization for Economic Cooperation and Development (OECD)

Following WWII, the US had to face two serious problems. First, the economy started slowing down (mostly due to the decrease in arms productions). The machines were easy enough to repurpose from wartime production to peaceful economic purposes, and there was a skilled workforce, but they had to find buyers for the American products. The newly freed European countries were interested, as they were lacking in almost everything, except they had no money. The other problem was caused by the USSR spreading its influence across Europe. The solution to both problems was the **Marshall Plan**. This was basically an assistance program, in which the US gave potential buyers money to spend on American products, which practically saved the economy from a crisis. The USSR could most effectively spread its ideology in capitalist countries where workers lived in squalid conditions due to the bad economic situation. The American loans significantly raised the quality of life and strengthened the economy in Western European countries that partook of them. To better manage the distribution of

[46] OPEC website https://asb.opec.org/index.php/interactive-charts/oil-data-upstream; British Petrol website https://www.bp.com/content/dam/bp/en/corporate/pdf/energy-economics/statistical-review/bp-stats-review-2018-oil.pdf

[47] These were: Anglo-Iranian Oil Company (currently BP), Gulf Oil (later became a part of Chevron), Royal Dutch Shell, Standard Oil Company of California (currently Chevron), Standard Oil Company of New Jersey (currently part of ExxonMobil), Standard Oil Company of New York (currently part of ExxonMobil), Texaco (currently part of Chevron). Source: https://www.financial-dictionary.info/terms/seven-sisters-oil-companies

[48] OPEC website: www.opec.org/opec_web/en/

[49] Art. 7. (C), OPEC Statute www.opec.org/opec_web/static_files_project/media/downloads/publications/OPEC_Statute.pdf

[50] However, some MS frequently extract more petroleum than the earlier pledged quotas, deceiving each other. For example, the NSA found this out about Saudi Arabia only a few years ago. See: How the NSA and GCHQ Spied on OPEC, Spiegel online www.spiegel.de/international/world/how-the-nsa-and-gchq-spied-on-opec-a-932777.html

the aid and to organize (and supervise) the rebuilding efforts, the Organization for European Economic Cooperation (OEEC) was created in 1948. The **OECD** (headquartered in Paris) came into being as the OEEC's legal successor in 1961, as an economic policy venue for MS. The organization currently has 35 members,[51] including Hungary.[52] Its goal is to sustain economic growth and financial stability in its MS and the world, and to provide a venue for the development of international economic relations. In practice, experts of the OECD concern themselves with a great many things, e.g. they compare and analyze different school and pension systems, try to understand the economic, social or environmental changes, and develop solutions to problems that rear their head.[53]

8.3. Regional Economic Integrations

Throughout history, we can find many examples of successful economic integrations.[54] The US itself owes its existence to economic integrations, or there is the German Federal Republic. These, however, have surpassed economic integrations, and function as federal states. Nonetheless, as a result of their successes, integration efforts in Europe after WWII have strengthened. Among the various theories of integration, neo-functionalism finally emerged as the dominant theory, which promoted **gradual integration**. This means that they first began cooperating on fields where there was already a degree of cooperation between the countries. These were primarily trade and its related fields, and were later expanded to cover other conjoining areas (such as transportation of goods, etc.).

In the past almost seventy years, the European Union underwent the following **stages of integration**:
- free trade area – when the countries abolish duties between themselves but outwardly still decide their duties independently,
- customs union – when members of the union start using the same tariffs and procedures outwardly as well,
- common market – when not only free movement of goods, but also free movement of services, capital and labor are guaranteed between the members,
- single internal market – when all obstacles, including all manners of administrative ones, are abolished,
- economic and monetary union, where the EU currently is.

However, it should be noted that as a regional economic integration, the EU has a *sui generis* aspect, i.e. it cannot be compared to other integrations, and given its institutional and legal system, it is far more than a simple economic integration. Therefore, it won't be dealt with here in more detail (However, Chapters 9 and 10 are recommended reading on the subject).

8.3.1. The EU-Canada Comprehensive Economic and Trade Agreement (CETA)

Fundamentally, **CETA** is a **comprehensive free trade agreement** between the EU and Canada, which surpasses traditional trade questions to deal with a diverse range of topics, such as investment, competition law, intellectual property law, labor law or environmental law. The agreement came into temporary force in 2017 September. In practice, this means that except for the provisions concerning investments, every other part of the agreement is in use. Before the full agreement can come into

[51] OECD website: www.oecd.org/about/membersandpartners/list-oecd-member-countries.htm
[52] Act XV of 1998 on the proclamation of the OECD Convention [HU]
[53] OECD website: www.oecd.org
[54] For more on new generation free trade agreements and regional economic integrations, see Nagy 2018a, 197-216., Nagy 2018b, 394-404.

force, however, the ratification of national parliaments is necessary, as well as the closure of the EU ratification, which is currently pending on the outcome of advisory process no. 1/17 in front of CJEU. To summarize the most important trade elements of the agreement, it removes duties on 99% of goods, and similarly to Article III GATT, provides national treatment to the other party's product in the domestic market, therefore forbidding discrimination. Similarly, the agreement has provisions on the parties not imposing export duties or taxes on exported goods, and will cease all quantitative restrictions. Another notable aspect of the agreement is the part concerning investment, which contain similar substantive law to other investment treaties, but procedurally, the CETA seeks to replace the traditional arbitration system with a permanent court system.[55]

However, the agreement still receives numerous criticisms, and its negotiation process was also heavily **criticized** because its secretiveness. During the negotiations between the Commission and the Canadian government, only the opinions of important economic actors were considered, while environmental and other civil organizations were shut out of the proceedings. This was further amplified by the various leaked documents during this period, which showed that the original CETA was to be a much more traditional free trade agreement. Upon public pressure, the Commission was forced to choose an alternative approach, which led to the final version of the CETA.

Other problems still persist, however, out of which I will only highlight two. The first is the so-called **regulatory chill**, which is a hypothetical phenomenon related to investment dispute settlement. The essence of it is that the host country will not introduce regulations or make policy decisions that would infringe upon the interests of the foreign investors. And this would be because of the high legal fees, and fears of a highly-valued award that would cause significant distress to the host country. Especially developing countries and post-Socialist countries are considered at risk by this potential phenomenon. The host countries thus cannot introduce legislation, especially on important fields like environmental law or labor law, because they fear that the foreign investor will turn to international arbitration, and will demand compensation.[56] The above-mentioned Veolia case is a good example of this. Despite its procedural innovations, this risk could still be present for CETA. The newly established permanent courts do not have any precedents or established practice of their own to draw on, so it will be probable that in the years following the CETA fully entering into force, their decisions and awards will either be unpredictable for the parties, or they will partially adopt the already inconsistent arbitral practice. This situation breeds uncertainty, which would theoretically lead to regulatory chill.

The other noteworthy problem is the '**Trojan horse issue**'. CETA's investment provisions apply to investors of the contracting parties. However, the term investor is rather loosely defined by the agreement.[57] Especially in relation to Canada, as most important American corporations possess Canadian subsidiaries with independent legal personality. This could lead to American investors gaining access to the privileges provided by CETA, if their investment in the EU is made through a Canadian subsidiary. Therefore, the US could gain an economic advantage by making it possible for them to enter the EU and reap the benefits of the CETA through their 'Trojan horse' Canadian subsidiaries, while EU enterprises obviously would lack the means of doing the same to American markets. All in all, the CETA will probably remain a controversial agreement in the future too, and the truth of its criticism cannot yet be ascertained factually.

[55] European Commission website http://ec.europa.eu/trade/policy/in-focus/ceta/

[56] Víg–Hajdu 2018, 49.

[57] Ibid. 52.

8.3.2. The European Free Trade Association (EFTA)

The **free trade agreement** that created the **EFTA** was signed by those European countries in 1960 that didn't intend to join the Treaty of Rome (creating the EEC). Out of the seven founding members, only Norway and Switzerland remain, though Iceland and Liechtenstein joined in the meantime. Regarding trade of goods, the EFTA is in the ninth place worldwide, while in the trade of services, it is in the fifth place, despite its MS having less than 14 million population combined. It is also an important trade partner of the EU.

The European Union and three EFTA members (Iceland, Liechtenstein and Norway) have signed an agreement that created the **European Economic Area** (EEA), which came into force in 1994. This created a common internal market between the EU and these countries. This agreement provides equal rights within the market to the citizens and enterprises of the aforementioned three EFTA countries. However, regarding the four freedoms (goods, services, persons and capital), the three EFTA country uses the EU norms. Besides these, the agreement also deals with cooperation in other fields too, such as education, environmental protection, consumer protection, etc. The common EU agricultural and fishing policy (CAP), the customs union, the common trade policy, the CFSP, the JHA, as well as the financial union do not fall under the EEA. Switzerland is not a member of the EEA, but has made multiple bilateral agreements with the EU.[58]

Bank Secrets in Liechtenstein

The small Liechtenstein Principality created the roots of its current economy after WWI. Following the upheavals of the war, the former elite realized the necessity of hiding their wealth. The principality primarily ensured this through foundations, and continues to do so to this day. The system is quite simple: one must create a foundation or trust, which takes relatively little money to manage and sustain. There is a confidential trustee (which activity requires a specific permit in Liechtenstein) who manages the wealth, and based on the directions of the founder, may make payments to specific beneficiaries. The trustee may not reveal the personal details of neither the founder nor the beneficiaries under local law. The foundation or trust pays minimal taxes, and may pay money to anyone tax-free.[59] Since 2017, Liechtenstein shares the details of natural person bank account owners with EU MS through an agreement, but this does not affect foundations and trusts. This, however, is still not a perfect system for those seeking to hide their wealth from tax agencies. In 2008, for example, an IT technician of the princely family's bank copied the details of the bank's clients, and sold the information to German authorities for 4.2 million Euros. Thanks to these details, it turned out that German parties, businessmen, athletes and drug smugglers all utilize Liechtenstein's services.

8.3.3. The North American Free Trade Agreement (NAFTA)

During the early nineties, the US planned to make separate free trade agreements with Canada and Mexico, from which sprung the idea of making a **trilateral** agreement. This became **NAFTA**, the main goals of which include lifting the restrictions on trade, fostering the movement of goods and services across the borders (i.e. the creation of a free trade area), increasing investment opportunities,

[58] European Free Trade Association (EFTA) www.efta.int accessed 6 August 2018

[59] Ospelt and partner 24. www.ospelt-law.li/Portals/0/publikationen/Common%20Company%20Forms%20Liechtenstein.pdf accessed 3 August 2018

effectively and adequately protecting intellectual property, as well as providing an adequate framework for further cooperation between members.

The agreement counts as ***lex specialis***[60] in the member countries, except for the exhaustively listed environmental agreements. Regarding its scope, it only extends to the goods listed in its annexes. It provides national treatment for these goods, and clarifies that tariffs can't be raised, new tariffs should be created and must be gradually reduced. Similarly to GATT, it contains measures unrelated to tariffs, e.g. it prohibits quantitative restrictions. It regulates denomination of origin and customs procedures. Certain product groups, such as energy, petroleum and its derivatives as well as agricultural products receive their own chapters. Similarly, it deals with standards applying to goods, because these can potentially be classified as measures restricting trade (Think of electronic sockets, for instance: if the plug on the device is not compatible with these, then it is impossible to sell the product on the given market without extra costs for replacing the plugs with compatible ones).

NAFTA has separate chapters on other important questions, like public procurement/government contracts (where in certain cases, it provides national treatment to the enterprises of other MS), investment (where it provides national treatment), expropriation, dispute settlement, and regulates the freedom of services that cross the borders, but only in a relatively narrow manner, which means that there is no free movement of labor between MS.

It is difficult to measure **the effects of the NAFTA**, as since its inception, there have been multiple economic crises, and the MS have signed other free trade agreements. It is a fact, however, that before NAFTA, Mexico had a strong agricultural sector, while today, the dumping of American MNCs have led to the bankruptcy of many Mexican farms, and the country is no longer self-sufficient in food. On the other hand, because Mexican labor is cheaper, and the environmental and other standards are lower, many American corporations moved their production to Mexico, which affected the rise of unemployment in the US in recent decades. Another problem is that the strict border system on the Mexico-US border impedes the movement of goods. However, the three economies have become too intertwined to reverse the current level of integration.

The Chinese Aluminum Case

> In 2016, the Americans discovered a massive aluminum deposit (amounting to 6% of the world reserves according to some appraisals) in the Mexican desert, not far from the US border. According to the Americans, the Chinese brought the metal to Mexico, with the goal of later using the provisions of NAFTA (as if it was Mexican goods) to take them into the US, as the latter imposes a high tariff on aluminum directly originating from China. The Chinese were finally forced to transport the aluminum back to Vietnam (not China, because that would have been an admission of the metal's true origin).[61]

8.3.4. The Caribbean Community (CARICOM)

The **CARICOM** came to be in 1973, through the Treaty of Chaguaramas, amended in 2002 to provide for the possibility of later creating a single market. The CARICOM has fifteen permanent members and 5 partnered members, which are mostly developing Caribbean island nations, with a very diverse population, language and culture, which in practice, also affects the integration process. CARICOM

[60] During the application of law, lex specialis precedes the general rule (*lex generalis*). This is the so-called "*lex specialis derogat legi generali*" principle in Latin. See: Trócsányi–Schanda 2014.

[61] A Chinese billionaire may have hidden 6% of the world's aluminum in the Mexican desert www.businessinsider.com/a-chinese-billionaire-may-have-hidden-6-of-the-worlds-aluminum-in-the-mexican-desert-2016-9

rests on four pillars, which are economic integration, foreign policy coordination, human and social development and security. The most important goal is to increase the quality of life and to stabilize the economies of the MS.[62] While the official position of the organization is that there is a functioning single market, the leaders of MS often refute this in their comments.[63]

The Caribbean region is rich in fish and petroleum, and tourism can be considered the driving industry. Besides these, some MS and partnered members are off-shore tax havens like Liechtenstein (Belize, Cayman Islands, etc.).

8.3.5. The Association of Southeast Asian Nations (ASEAN)

The **ASEAN** was created in 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand. The creation of the organization was mainly driven by political reasons, they sought to cooperatively combat the spread of Communism in the region (having denied this officially ever since), and to stabilize peaceful relations between the members. After the Cold War, the organization managed to remain and expand due to political reasons as well. Fearful of China's regional ambitions, the organization was joined by Vietnam, Myanmar, Cambodia, Brunei and Laos, which means there are currently 10 members. The main goals of the organization are economic, social and cultural cooperation, and the sustainability of regional peace and stability. Besides these, the MS successfully cooperate in other fields like education, technical development and infrastructural development. The ASEAN Charter, which came into force in 2008, has the goal of creating the ASEAN Community, which would have three pillars: security policy cooperation, economic community, and a social and cultural community.[64]

The South China Sea Dispute

The South China Sea is important for both China and nearby countries for multiple reasons: strategically critical trade routes pass through it, most notably the large quantities of oil tankers heading towards China, and the cargo ships transporting Chinese goods from China. Furthermore, it is also important from a military perspective, as it is easier to exit to the Pacific Ocean from here. Furthermore, it also makes monitoring nearby countries easier. And it shouldn't even be mentioned that the area is rich in petroleum and gas deposits and has an abundant fish population. The middle of the sea is occupied only by tiny island chains and reefs (Paracel Islands, Spratly Islands). A few years ago, China created artificial islands using these, and created military bases and airports on them, referring to historical rights. The nearby countries (Taiwan, Vietnam, the Philippines, Malaysia, Indonesia, Brunei) questioned this, referring to the 1982 UN Convention on the Law of the Sea. They had the opinion that the sea and reefs 200 nautical miles from their coasts belonged to their exclusive economic areas, and that the sea beyond those was international waters. As China remained uncompromising, the Philippines turned to the Permanent Court of Arbitration in The Hague, arguing that China was in violation of the UN Convention on the Law of the Sea. China refused to take part in the proceedings, stating that the Permanent Court had no jurisdiction over matters concerning its sovereignty.[65] China otherwise prefers bilateral negotiations, since it is easier for them to exert economic and military pressure on their weaker neighbors in the region. The Permanent Court decided in favor of the Philippines. However, China is still aggressively expanding in the region, which will likely end up strengthening the cooperation within ASEAN.

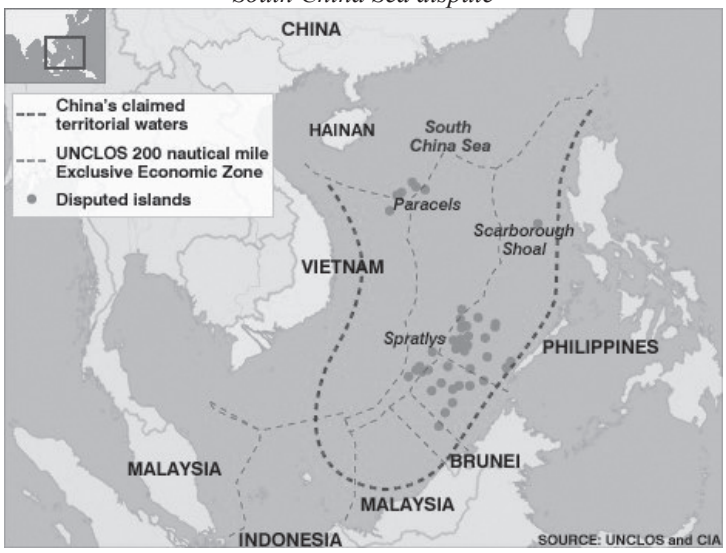
[62] CARICOM website https://caricom.org

[63] http://pridenews.ca/2018/02/26/can-caricom-survive-caribbean-single-market-economy-csme/

[64] ASEAN website www.asean.org

[65] *The South China Sea Arbitration* (The Republic of Philippines v. The People's Republic of China), PCA www.pcacases.com/web/view/7

South China Sea dispute



Source: CIA Central Intelligence Agency

QUESTIONS FOR SELF-CHECK

1. What would be the disadvantage of introducing Euro in Hungary, which has an export-based economy?
2. Explain the arbitration proceedings of the ICSID briefly!
3. Explain the most important provisions and principles of GATT 1994 briefly!
4. What two types of anti-dumping duties can you name?
5. What 'solutions' exist for dispute settlement between WTO members?
6. What motivated the US to create the predecessor of the OECD, the OEEC, after the war?
7. What stages of integration did the EU go through historically?
8. What problems can be raised regarding the CETA?
9. What are the biggest challenges for NAFTA as a free trade area?
10. What motivated the Southeast Asian nations to create ASEAN?

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