

THE ROLE OF DISPUTE SETTLEMENT MECHANISM IN FACILITATING MULTILATERAL TRADE NEGOTIATIONS

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ABSTRACT

The dispute settlement mechanism (hereinafter DSM) has the functions of ensuring the stability of the global economy, making trade relations more secured and predictable and maintaining the multilateral system. It also plays certain roles in multilateral trade negotiations. Because of the binding effect in the result arising from dispute settlement procedure, the DSM enhances the willingness and seriousness of Members to enter into multilateral agreements and helps build the trust and confidence in the multilateral system. From a more specific perspective, the DSM could reduce the need of clarification of WTO rules through negotiating new agreements. From practical perspective, the DSM helps identify the issues and the directions for negotiators to clarify the issues. But it also makes negotiators more cautious and careful about deciding the terms used and consequently it could prolong the negotiation process. For developing countries, the DSM makes them more capable in managing trade negotiation because

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engaging in dispute settlement proceedings could help enhance their capacity. Another important role that the DSM can play is to incorporate certain values into the WTO system through treaty interpretation and hence make it less necessary to negotiate new rules to include such values.

KEYWORDS: *Bali Ministerial Conference, Bali Package, dispute settlement mechanism (DSM), dispute settlement understanding (DSU), Doha Ministerial Declaration, Doha Round, multilateral trade negotiations*