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Seeking Withdrawal of Congressional Approval of the WTO Agreement: Background, Legislative Procedure, and Practical Consequences

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June 9, 2005

Abstract. The Uruguay Round Agreements Act (URAA) legislatively approved the World Trade Organization (WTO) Agreement and the specialized agreements annexed to it. It also enacted the provisions implementing the many obligations the United States undertook under them, and contains provisions (Section 125) establishing the legislative procedure for Congressional withdrawal of such approval. The adoption of a withdrawal resolution, which may be introduced in the year 2005, appears unlikely. Nevertheless, such a resolution would offer Congress the opportunity to debate the costs and benefits of U.S. participation in the WTO. In this context, Congressional concern with U.S. trading partners, particularly the European Union and Canada, over disputes involving agriculture, aerospace, and softwood lumber, could be manifested in floor debates and statements. This report sets out the background of the issue, the functional timetable and requirements for taking the legislative action for such withdrawal, and the related WTO procedure. It also describes past activity under the withdrawal provision and suggests the probable consequences of the withdrawal resolution, if enacted and implemented.



# **CRS Report for Congress**

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# Seeking Withdrawal of Congressional Approval of the WTO Agreement: Background, Legislative Procedure, and Practical Consequences

Updated June 9, 2005

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### Summary

The Uruguay Round Agreements Act (URAA) legislatively approved the World Trade Organization (WTO) Agreement and the specialized agreements annexed to it. It also enacted the provisions implementing the many obligations the United States undertook under them, and contains provisions (Section 125) establishing the legislative procedure for Congressional withdrawal of such approval.

Initiation of such withdrawal action is predicated on the transmission by the Administration of a mandatory quinquennial report, next due by March 1, 2005, analyzing the costs and benefits of past U.S. participation in the WTO as well as the value of continued U.S. participation. Thereupon, a privileged joint resolution may be introduced by any Member to withdraw the Congress' approval of the WTO Agreement provided by the URAA.

The legislative procedure for such withdrawal basically follows Section 152 of the Trade Act of 1974, which provides for the enactment of joint resolutions disapproving certain trade-related actions, which for this purpose has been modified specifically by Section 125 of the URAA. The procedure provides for a (nonmandatory) introduction of the resolution, with mandatory, nonamendable language, and specific expedited (fast-track) consideration.

Although the immediate function of the withdrawal provision is to create a mechanism that will permit periodic Congressional review of U.S. participation in the WTO and the provision focuses specifically on withdrawing the approval of the WTO Agreement, it has been considered in Congress and in the civil society in the broader context of United States' withdrawal from actual participation (i.e., membership) in the WTO.

On June 9, 2005, the House defeated a resolution (H.J.Res. 27) to withdraw approval of the WTO Agreement by a vote of 338-86. A similar resolution in the year 2000 failed by a wider margin (363-56) in the House, and a withdrawal resolution was not even introduced in the Senate. A resolution offers Congress the opportunity to debate the costs and benefits of U.S. participation in the WTO. In this context, Congressional concern with U.S. trading partners, particularly the European Union and Canada, and various other contentious issues emerged in the floor debate and statements on H.J.Res. 27. Such issues are dealt with in detail in CRS Report RL32918, *World Trade Organization (WTO): Issues in the Debate on U.S. Participation*, by Ian F. Fergusson and Lenore Sek.

This report, which will be updated as needed, sets out the background of the issue, the functional timetable and requirements for taking the legislative action for such withdrawal, and the related WTO procedure. It also describes past and current activity under the withdrawal provision and suggests the probable consequences of the withdrawal resolution, if enacted and implemented.

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# Seeking Withdrawal of Congressional Approval of the WTO Agreement: Background, Legislative Procedure, and Practical Consequences

### Background

The Uruguay Round Agreements Act (URAA; P.L. 103-465) in Section 101 (19 U.S.C. 3511) authorized the acceptance, by the President, of United States membership in the World Trade Organization (WTO) and, thereby, of the rights and obligations of the Agreement Establishing the World Trade Organization (WTO Agreement) with its annexed specialized multilateral and plurilateral trade agreements.<sup>1</sup> The URAA, on the other hand, also contains provisions spelling out the legislative procedure whereby the statutory approval of the WTO Agreement — and, thereby — of the United States' membership in the WTO can be withdrawn.

This legislation functionally ties the withdrawal of the U.S. legislative approval of the WTO agreement to the requirement of periodic reports by the Executive to the Congress on the operation of the WTO and its effects on the United States.

Section 124 of the URAA (19 U.S.C. 3534) requires the U.S. Trade Representative to submit to the Congress, by March 1 of each year, beginning in 1996, a report on a wide range of WTO activities and administrative aspects of WTO operations during the preceding WTO fiscal year (which is the calendar year).

Moreover, as required by Section 125 of the Uruguay Round Agreements Act (19 U.S.C. 2535), beginning with March 1, 2000, and every fifth year thereafter, such report, transmitted by the President, must "include an analysis of the effects of the WTO Agreement on the interests of the United States, the costs and benefits to the United States of its participation in the WTO, and the value of the continued participation of the United States in the WTO."

As pointed out in the section on Disapproval Resolutions contained in the Statement of Administrative Action, a part of the documentation which is required

<sup>&</sup>lt;sup>1</sup> Multilateral trade agreements (MTAs) are agreements to which a government automatically becomes a party by accepting membership in the WTO and, hence, apply between all WTO members. Plurilateral trade agreements (PTAs) apply only between WTO members that specifically accede to them. At present, there are only two PTAs: Agreement on Trade in Civil Aircraft, and Agreement on Government Procurement, both acceded to by the United States.

to be transmitted by the President to the Congress together with the draft of the implementing bill for the Uruguay Round Agreements Act,

[t]he provision creates a mechanism that will permit periodic Congressional review of U.S. participation in the WTO.<sup>2</sup>

Following the submission of such quinquennial report and its review by Congress, Congress can withdraw its approval of the WTO Agreement, leading to the termination of the United States' participation in the WTO, through the enactment of a joint resolution disapproving the original approval of the WTO Agreement.

The reasons for the disapproval provision are explained by the House Ways and Means Committee as follows:

The purpose of this provision is to provide an opportunity for the Congress to evaluate the transition of the GATT to the WTO and to assess periodically whether continued membership in this organization is in the best interest of the United States. It is the desire of the Committee not to leave this decision totally in the hands of the Executive Branch but to be active in determining whether the WTO is an effective organization for achieving common trade goals and principles and for settling trade disputes among sovereign nations.

In the course of the five-year review, individual members of Congress can evaluate whether the WTO remains on course as a trade-oriented organization and has not expanded its activities to non-trade related areas. Congress wants to ensure that the United States can continue to exercise substantial influence within the WTO and successfully promote goals that benefit American producers, workers and consumers ...

Congress may vote on a joint resolution disapproving the continued participation of the U.S. in the WTO. $^3$ 

The Senate report on the provision similarly states regarding United States continued membership in the WTO that

Section 125 establishes a mechanism through which the Congress may withdraw the approval of U.S. participation in the WTO granted under section 102(a) of the bill. ... Congress may consider and adopt a joint resolution providing for withdrawal of U.S. approval of the WTO Agreement, the effect of which would be to end U.S. participation in the WTO.<sup>4</sup>

<sup>&</sup>lt;sup>2</sup> U.S. President (Clinton). Uruguay Round Trade Agreements, Texts of Agreements, Implementing Bill, Statement of Administrative Action, and Required Supporting Statement; message from the President ... 103<sup>rd</sup> Congress. 2d Session. House Document 103-316, vol. 1. Washington, U.S. Gov. Print. Off., September 27, 1994. p. 679

<sup>&</sup>lt;sup>3</sup> U.S. Congress. House. Committee on Ways and Means. *Uruguay Round Agreements Act; report ...[to accompany H.R. 5110...]*. 103d Congress, 2d Session. House Report 103-826, part 1. Washington, U.S. Govt. Print. Off., October 3, 1994, p. 34-35..

<sup>&</sup>lt;sup>4</sup> U.S. Congress. Senate. Committees on Finance; Agriculture, Nutrition and Forestry; and Governmental Affairs. *Uruguay Round Agreements Act; joint report ... to accompany S.* (continued...)

The withdrawal provision was added to the original draft of the measure in the Trade Subcommittee of the House Ways and Means Committee prior to its introduction. Since the bill implementing the WTO Agreement was to be considered under the fast-track procedure and, hence, could not be amended once introduced, any changes to it had to be made before its formal introduction in mock mark-ups in the relevant committees with both congressional and executive participation.

The withdrawal issue came into legislative focus for the first time after the President's quinquennial report of March 2, 2000, but congressional disapproval action initiated in response to that report was unsuccessful (see p. 9-10).

## **Legislative Procedure**

The legislation lays out a specific, expedited (fast-track) procedure to be followed by the Congress in the consideration of the withdrawal measure. To the extent that it differs from the regular procedure<sup>5</sup>, this procedure follows, in the main, the special abbreviated fast-track procedure for the consideration of "resolutions disapproving certain actions" (Section 152 of the Trade Act of 1974, as amended; 19 U.S.C. 2192)<sup>6</sup>, which has been modified with respect to the timetable for certain legislative steps by the provisions of Section 125 itself. The provisions of both Section 152 of the Trade Act of 1974 and Section 125 of the URAA are specifically defined as exercises of the rulemaking power of either House and deemed a part of the rules of either House. They can be changed by either House, with respect to its own procedure, at any time in the same manner and to the same extent as any other rule of that House (Section 151(a) of the Trade Act of 1974, as amended, applied to the procedure by Section 152 of the same Act; and Section 125(d) of the Uruguay Round Agreements Act; 19 U.S.C. 2191(a), 2192, and 3535(d)).

In the presentation that follows, consequently, statutory references to Section 125 refer to that section of the Uruguay Round Agreements Act (19 U.S.C. 3535), while those to Section 152 refer to that section of the Trade Act of 1974 (19 U.S.C. 2192).

Functionally, the timetable for legislative consideration of the joint resolution of disapproval encompasses the following steps:

<sup>&</sup>lt;sup>4</sup> (...continued)

<sup>2467.</sup> S.Rept. 103-412. Washington, U.S. Govt Print Off., November 22, 1994, p. 24

<sup>&</sup>lt;sup>5</sup> Steps that are part of the regular legislative procedure (omitted in this specific legislation, but applicable to it) are added in this report in parentheses at the appropriate places.

<sup>&</sup>lt;sup>6</sup> This procedure is used primarily for enacting joint resolutions to disapprove presidential determinations that a nonmarket-economy country is not in violation of the free-emigration requirements of the Jackson-Vanik amendment (Sec. 402(b), Trade Act of 1974; 19 U.S.C. 2192(b)), or to disapprove presidential remedial action in import relief cases (Sec. 203(c)(1) of the Trade Act of 1974; 19 U.S.C. 2253(c)(1)).

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#### (1) Introduction of a joint resolution of withdrawal.

A joint resolution of withdrawal may be introduced in either House by any member of that House (Sec. 125(c)(2)(A); 19 U.S.C. 3535(c)(2)(A)) within 90 days<sup>7</sup> of the date on which the Congress receives the quinquennial report transmitted by the President on the operation of the WTO (Sec. 125(b)(2)(B); 19 U.S.C. 3535(b)(2)(B)).

(The resolution is privileged — hence, it must be considered — and is nonamendable.<sup>8</sup>)

#### (2) Language of the withdrawal resolution.

The language of the joint resolution is prescribed by law (Sec. 125(c)(1); 19 U.S.C. 3535(c)(1)) to read, after the resolving clause, only as follows:

That the Congress withdraws its approval, provided under section 101(a) of the Uruguay Round Agreements Act, of the WTO Agreement as defined in section 2(9) of that Act.

(This provision by its very nature makes the withdrawal resolution nonamendable.)

(3) *Committee referral*.

The resolution is referred, in the House, to the Committee on Ways and Means and, in the Senate, to the Committee on Finance (Sec. 152(b); 19 U.S.C. 2192(b)).

#### (4) *Committee consideration*.

If the committee of either House to which the resolution has been referred has not reported it within 45 days<sup>9</sup> after its introduction, the committee is automatically discharged from further consideration of the resolution, and the resolution is placed on the appropriate calendar for floor consideration (Sec. 125(c)(2)(C); 19 U.S.C. 3535(c)(2)(C)).

(Also placed on the appropriate calendar under regular legislative procedure are measures that *have been* reported, whether favorably or adversely.)

<sup>&</sup>lt;sup>7</sup> The 90-day period excludes any day on which either House is not in session because of an adjournment of more than three days to a day certain, or sine die, and any Saturday and Sunday on which either House is not in session (Sec. 125(b)(2)(B); 19 U.S.C. 3535(b)(2)(B), by reference to Sec. 154(b) (19 U.S.C. 2194(b)).

<sup>&</sup>lt;sup>8</sup> U.S. Congress. House. Committee on Ways and Means. *Withdrawing the Approval of the Congress from the Agreement Establishing the World Trade Organization; adverse report* ... *[to accompany H.J.Res. 90].* 106<sup>th</sup> Congress. 2d Session. House Report 106-672. Washington, U.S. Govt. Print. Off., June 12, 2000. 15 p. (p. 4)

<sup>&</sup>lt;sup>9</sup> Computed as in footnote 7.

#### (5) Restriction on consideration in either House.

It is not in order in either House to consider a joint resolution of withdrawal (other than a resolution received from the other House) if that House has previously adopted a joint resolution of withdrawal (Sec. 125(c)(3); 19 U.S.C. 3535(c)(3)).<sup>10</sup>

#### (6) Floor consideration in the House.

(a) It is not in order to consider the joint resolution unless it has been reported by the Ways and Means Committee or that committee has been discharged (Sec. 125(c)(2)(D)(ii); 19 U.S.C. 3535(c)(2)(D)(ii)).

(b) A motion to proceed to the consideration of the resolution may only be made on the second legislative day after the calendar day on which the sponsor of the motion announces to the House his intention to do so (Sec. 125(c)(2)(E); 19 U.S.C. 3535(c)(2)(E)). The motion is highly privileged and nondebatable; no amendment to the motion, nor a motion to reconsider the vote by which it has been agreed or disagreed to, is in order (Sec. 152(d)(1); 19 U.S.C. 2192(d)(1)).

(c) Debate is limited to 20 hours, divided equally between those favoring and those opposing the resolution; a motion further to limit debate is nondebatable; no amendment to the resolution, nor a motion to recommit it or to reconsider the vote by which it has been agreed or disagreed to, is in order (Sec. 152(d)(2); 19 U.S.C. 2192(d)(2)).

(d) Motions to postpone the consideration of the resolution and motions to proceed to the consideration of other business are decided without debate (Sec. 152(d)(3); 19 U.S.C. 2192(d)(3)).

(e) All appeals from the decisions of the Chair regarding the application of the Rules of the House of Representatives relating to the resolution are decided without debate (Sec. 152(d)(4); 19 U.S.C. 2192(d)(4)).

(f) Except as provided in the preceding provisions (a) - (e), consideration of the resolution is governed by the Rules of the House of Representatives applicable to other measures in similar circumstances (Sec. 152(d)(5); 19 U.S.C. 2192(d)(5)).

(Hence, like all expedited procedures, this procedure can be superseded by the House's adoption of a resolution reported by the Rules Committee providing for a different procedure.)

<sup>&</sup>lt;sup>10</sup> The exception for a resolution adopted by the "other House" cannot apply to the consideration of the Senate-passed withdrawal resolution in the House of Representatives, since a Senate resolution passed by that chamber is to be kept at the desk and is, hence, not transmitted to the House for the latter's consideration (see item 7(c)) on next page.

(7) *Procedure in the Senate.* 

(a) A joint resolution of withdrawal that has passed the House is, upon receipt by the Senate, referred to the Committee on Finance (Sec. 152(f)(1)(A)(i); 19 U.S.C. 2192(f)(1)(A)(i)).

(b) If a joint resolution was introduced in the Senate before receipt of the resolution passed by the House, the House resolution is placed on the Senate calendar, but the Senate considers its own resolution, except that the Senate vote on the passage of the resolution is on the House resolution (Sec. 152(f)(1)(A)(ii); 19 U.S.C. 2192(f)(1)(A)(ii)).

(c) If the Senate passes a joint resolution of withdrawal before receiving the passed House resolution, its resolution is held at the desk pending the receipt of the House resolution. Upon receipt of the House resolution, the latter is deemed to have been read twice, considered, read the third time, and passed (Sec.152(f)(1)(B); 19 U.S.C. 2192(f)(1)(B)).

(In the procedure for the enactment of a withdrawal resolution, items (b) and (c) are materially irrelevant, since they imply the possibility of a difference between the House and Senate languages of the measure, possible in the consideration of some other resolutions under Section 152 (see footnote 4), but not of a WTO withdrawal resolution in view of its mandatory language.)

(This procedure also makes it functionally clear that a resolution of withdrawal cannot be adopted unless it is a House joint resolution.)

(8) Floor consideration in the Senate.

(a) A motion to proceed to the consideration of the resolution is privileged; an amendment to the motion is not in order, nor is a motion to reconsider the vote on the motion to proceed, whether agreed or disagreed to (Sec. 152(e)(1); 19 U.S.C. 2192(e)(1)).

(b) Debate on the joint resolution and all debatable motions and appeals connected therewith is limited to 20 hours, equally divided between, and controlled by, the majority leader and the minority leader, or their designees (Sec. 152(e)(2); 19 U.S.C. 2192(e)(2)).

(c) Debate on any debatable motion or appeal is limited to one hour, equally divided between, and controlled by, its mover and the manager of the resolution, except that when the manager is in favor of such motion or appeal, the time in opposition is controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control on the passage of the resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal (Sec. 152(e)(3); 19 U.S.C. 2192(e)(3)).

(d) A motion to further limit debate on the resolution, on a debatable motion, or on an appeal is nondebatable; and no amendment to, or motion to recommit, the resolution is in order (Sec. 152(e)(4); 19 U.S.C. 2192(e)(4)).

#### (9) Deadline for transmission to the President.

If the Congress adopts a joint resolution of withdrawal, it must transmit it to the President within 90 days<sup>11</sup> from the receipt of the President's quinquennial report (Sec. 125(b)(2)(i); 19 U.S.C. 3535(b)(2)(i)).

(10) Override of the veto.

If the President vetoes the joint resolution, each House may vote to override the veto — by a two-thirds majority — either by the last day of the 90-day period beginning on the date the Congress receives the President's report, or the last day of the 15-day period<sup>12</sup> beginning on the date the Congress receives the veto message, whichever is later (Sec. 125(b)(2)(A)(ii); 19 U.S.C. 3535(b)(2)(A)(ii)). In the Senate, consideration of a veto message, including consideration of any debatable motions and appeals related thereto, is limited to ten hours, equally divided between, and controlled by, the majority leader and the minority leader, or their designees (Sec. 152(f)(3); 19 U.S.C. (f)(3)).

(Under the Rules of the House of Representatives, the debate on overriding a Presidential veto is normally limited to one hour.)

### Implementation Procedure

(1) Implementation of the withdrawal by the United States.<sup>13</sup>

Section 125 is not self-implementing, nor does it contain any specific provision regarding the withdrawal resolution's entry into effect (presumably on the date of its enactment), nor a directive (presumably to the President) to transmit the notice of withdrawal to the Director-General<sup>14</sup>, nor the deadline for such transmittal. This discrepancy was noted — with some other relevant comments — on page 4 of the House report on the measure, as follows:

While enactment of a resolution withdrawing Congressional approval under section 125 would call into question the future of U.S. participation in the WTO, it does not expressly provide for the President to withdraw from the WTO. Nor would the resolution put the United States in violation of its WTO obligations.<sup>15</sup>

(2) WTO withdrawal procedure.

The withdrawal of a member from the WTO is regulated by Article XV of the WTO Agreement. The provision requires the transmission of a written notice of

<sup>&</sup>lt;sup>11</sup> Computed as in footnote 7.

<sup>&</sup>lt;sup>12</sup> Both periods computed as in footnote 7.

<sup>&</sup>lt;sup>13</sup> Assuming that the resolution has been adopted.

<sup>&</sup>lt;sup>14</sup> See section (2) below.

<sup>&</sup>lt;sup>15</sup> See footnote 3.

withdrawal by the withdrawing member to the Director-General of the WTO, which takes effect six months after the date of its receipt and applies to the WTO Agreement and all related multilateral trade agreements; withdrawal from plurilateral agreements acceded to by the withdrawing member is controlled by the specific provisions of such agreements. Thus, the withdrawal from the plurilateral Agreement on Government Procurement under its Article 10 takes effect 60 days after the receipt of written notice of withdrawal by the Director-General of the WTO; and the withdrawal from the Agreement on Civilian Aircraft under its Article 9.6, 12 months from the receipt of the written notice.

### **Practical Consequences**

Whether or not the withdrawal resolution is adopted, its mandatory consideration after its introduction can be expected to deal with various causes of dissatisfaction and, in some instances, frustration that some Members, not all on the proponent side of the withdrawal issue, feel toward the WTO regime. As in the debate on the withdrawal resolution introduced in 2000 (see section of Past Activity on next page), the salient arguments in favor of the resolution as put forward by its supporters in the debate are likely to be: the encroachment on U.S. sovereignty by virtue of U.S. membership in the WTO and submission to the obligations under the WTO Agreement; usurpation of Congress' constitutional power "to regulate Commerce with foreign Nations"; violation of the U.S. Constitution by implementing the WTO Agreement as a Congressional-Executive agreement rather than a treaty; and, more tangibly, the perceived, for the United States adverse, results of the WTO dispute settlement mechanism<sup>16</sup> in cases where the United States is either the complainant or the defendant.

Again, as in 2000, the opposition to the resolution is likely to argue that the WTO has contributed greatly to the expansion, regulation and transparency of international trade — including that of the United States — and that some deficiencies of the WTO regime as seen by the supporters of the resolution are nonexistent and their adverse effects exaggerated and merely in need of reform rather than being a sufficient reason for United States' withdrawal from the WTO.

In the event that the withdrawal resolution is adopted and actually implemented by the United States' withdrawal from the WTO, such withdrawal would, on the most general level, exclude the United States from participation in an international multilateral system of trade rules and practices, which initially (in the General Agreement on Tariffs and Trade of 1947) was formulated and promoted principally by the United States itself. Since then, it has been greatly expanded in the form of the WTO Agreement, likewise with the United States' participation and under its leadership, into a world-wide, comprehensive code of rules covering most aspects of

<sup>&</sup>lt;sup>16</sup> For information on various aspects of the WTO dispute settlement mechanism, see CRS Report RS20088, *Dispute Settlement in the World Trade Organization: An Overview*; CRS Report RS21763, *WTO Dispute Settlement: Stages and Pending U.S. Activity Before the Dispute Settlement Body*; and CRS Report RL32014, *WTO Dispute Settlement: Status of U.S. Compliance in Pending Cases.* 

international trade. This code has radically reduced tariff and nontariff obstacles to free flows of world commerce in goods and services and provided a forum for settling international trade disputes. U.S. withdrawal from the WTO also would likely erode the U.S. leadership position in international trade relations and thereby possibly put a strain on the cohesiveness of the organization.

On a more specific, functional level, the withdrawal would relieve the United States from the obligations stemming specifically from the WTO agreement, but also preclude it from benefitting from its rights under the agreement, particularly, from access to WTO dispute settlement mechanism. Except for that access, however, this exclusion from the WTO regime would in practice be likely to result in very limited selective changes in the United States' position in international trade, at least in the short run.

On the U.S. side, most obligations under the WTO Agreement have been enacted by the URAA as general U.S. domestic law and would not be automatically repealed by the withdrawal resolution. To that extent, they would continue to apply not only to WTO members but to U.S. trading partners in general. Some provisions of the WTO Agreement have been substantively in effect on the basis of earlier, also generally applicable legislation; others have been amended or newly enacted by the URAA, again as generally applicable domestic legislation. Such applicability would not cease due to the U.S. withdrawal from the WTO.

Similarly, those U.S. present rights under the WTO (i.e., obligations of other WTO members toward the United States) which are reflected in those countries' generally applicable statutes or regulations would not cease to apply to the United States. In either case, appropriate action (in the United States, by new legislation) would need to be taken to nullify their reciprocal applicability.

If the United States withdraws from the WTO, its trade relationships with a number of countries could continue to be regulated by earlier bilateral compacts with them, substantially less comprehensive than the WTO, which are still in force but currently suspended while both parties are members of the WTO, and by later agreements not related to the WTO (e.g., free-trade agreements).

Within these parameters, the United States, but also all other WTO members, would be free of any restraint that is now mandated by WTO rules, if they wished to take any adverse action against each other. By acting in such manner, however, they would be open to unrestrained retaliation and counter-retaliation without recourse to the established WTO mediatory or conciliatory procedure. In this context, U.S. withdrawal from the WTO would result in a major disadvantage for the United States: the loss of access to the WTO dispute settlement mechanism, with the concomitant loss of potential WTO approval of a WTO-legal retaliatory action on the part of the United States in the event that the challenged U.S. measure could have been found not to be in violation of WTO rules.

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### **Congressional Activity**

The first Section 125 report was included as Chapter II - World Trade Organization in 2000 Trade Policy Agenda and 1999 Annual Report of the President of the United States on the Trade Agreements Program, transmitted to Congress on March 2, 2000. The report presented favorably the WTO accomplishments that took place during the preceding five-year review period, but also discussed in detail issues still to be resolved with regard to the future operation of the Organization.

In response, Representative Ron Paul (TX) and several cosponsors introduced on March 6, 2000, H.J.Res. 90 to withdraw the Congress' approval of the WTO Agreement, which was referred to the Ways and Means Committee. On March 30, 2000, the Committee held a hearing on the subject,<sup>17</sup> and on June 12, 2000 — being in general agreement with the President's evaluation — unanimously (35-0) adversely reported<sup>18</sup> the withdrawal resolution. On June 19, 2000, House Committee on Rules held a hearing on the rule for the consideration of H.J.Res. 90 (H.Res. 528; 106<sup>th</sup> Congress), which was adopted on the same day on a nonrecord vote and favorably reported by that committee as an original measure (H.Rept. 106-682) and adopted by the House on June 21, 2000. Also on June 21, the withdrawal resolution was considered on the House floor and failed of passage on a roll-call vote (56-363). No parallel action took place in the Senate.

As in the year 2000, the Section 125 report due in 2005, in overall content similar to the 2000 report, was included as Chapter II — World Trade Organization, in the U.S. Trade Representative's publication *2005 Trade Policy Agenda and 2004 Annual Report of the President of the United States on the Trade Agreements Program*,<sup>19</sup> transmitted to Congress on March 1, 2005. On March 2, 2005, Representatives Bernard Sanders (VT) and Ron Paul (TX) introduced H.J.Res. 27 to withdraw the Congress' approval of the WTO Agreement, which was referred to the Committee on Ways and Means. On May 17, 2005, the Subcommittee on Trade held a hearing on the Future of the World Trade Organization. On May 24, 2005, the full Committee ordered adversely reported by voice vote H.J.Res. 27, and on May 26, 2005, submitted an adverse report.<sup>20</sup> On June 9, 2005, the House disapproved withdrawal resolution H.J.Res. 27 by a vote of 338-86.

<sup>&</sup>lt;sup>17</sup> U.S. Congress. House. Committee on Ways and Means. *Future of the World Trade Organization; hearing* ... (Serial 106-88). March 30, 2000. Washington, U.S. Govt. Print. Off., 2001. 110 p.

<sup>&</sup>lt;sup>18</sup> See footnote 8.

<sup>&</sup>lt;sup>19</sup> [http://www.ustr.gov/Document\_Library/Press-Releases/2005/March/Bush\_Administra tion\_Submits\_Annual\_Trade\_Report\_To\_Congress.html]

<sup>&</sup>lt;sup>20</sup> U.S. Congress. House. Committee on Ways and Means. *Withdrawing the Approval of the United States from the Agreement Establishing the World Trade Organization; adverse report .. to accompany H.J.Res.* 27. (109<sup>th</sup> Congress, 1<sup>st</sup> Session. House. H.Rept. 109-100). May 26, 2005. 12 p.