Sovereignty, the WTO and Changing Fundamentals of International Law

JOHN H. JACKSON
## Contents

*Preface*  xi  
*Table of statutes and regulations*  xiv  
*Table of cases*  xx  

### Part I  Challenges to fundamental assumptions of international law

1  **Introduction: international law and international economic law in the interdependent world of the twenty-first century**  3  
   1.1 A time of challenge and changing assumptions  3  
   1.2 Facts on the ground: the world situation landscape – change, interdependence, globalization, adjustment  8  
   1.3 Implications for international law and its role for international relations: challenges to the fundamental logic and axioms of international law (a brief overview of things to come)  13  
   1.4 Contours and road map – the structure of this book  15  

2  **The real world impinges on international law: exploring the challenges to the fundamental assumptions of international law and institutions**  18  
   2.1 Introduction to exploring the challenges and their impacts on international law  18  
   2.2 Circumstances and conditions  20  
   2.3 International law and its discontents  32  
   2.4 International economic law  46
Contents

2.5 International institutional law 49
2.6 Some conclusions: the international law system challenged 54

3 Sovereignty-modern: a new approach to an outdated concept 57
3.1 Sovereignty and the fundamental logic of international law 57
3.2 Traditional Westphalian sovereignty concepts: outmoded and discredited? 62
3.3 Potentially valid policy objectives of sovereignty concepts 70
3.4 Perceptions and reflections for Part I: changing fundamentals of international law 76

Part II The WTO

4 The WTO as international organization: institutional evolution, structure, and key problems 81
4.1 The WTO as international economic law and its relationship to general international law 81
4.2 The policy objectives and preferences for a WTO 84
4.3 Historical background: from Bretton Woods to Cancún and Hong Kong 91
4.4 The World Trade Organization: structure of the treaty and the institution 104
4.5 Institutional problems of the WTO 110
4.6 WTO Rules and members’ domestic legal systems 122
4.7 Scope of the subject matter agenda for the WTO: the question of competence 128

5 The WTO dispute settlement system 134
5.1 The WTO dispute settlement system – unique, a great achievement, controversial 134
5.2 The bottom-up trial and error history of the GATT dispute settlement system and the Uruguay Round makeover 137
5.3 The multiple policy goals of international dispute settlement: dilemmas, balancing, and competing principles 145
Contents

5.4 The current structure and operation of the WTO dispute settlement system 152
5.5 A decade of WTO dispute settlement activity, 1995–2005 159
5.6 Key jurisprudential questions I: the relation of WTO law to international law – sovereignty tensions 163
5.7 Key jurisprudential questions II: structural doctrines channeling juridical techniques of decision 173
5.8 Key jurisprudential questions III: treaty interpretation 182
5.9 Key jurisprudential questions IV: dispute settlement reports and national law 192
5.10 Key jurisprudential questions V: compliance and implementation 195
5.11 Dispute settlement structural problems and proposed reforms 199
5.12 Perspectives and conclusions for Part II: the lessons of the GATT/WTO system 204

Part III The search for solutions

6 Policy analytical approaches and thought experiments 211
6.1 Introduction to Part III and Chapter 6 211
6.2 The sovereignty conundrum: slicing the concept 214
6.3 Towards a policy analysis matrix: a three-dimensional puzzle (at least) 217
6.4 Economics and markets: a thought experiment about market failure in the era of globalization 220
6.5 Thinking constitutional 222
6.6 The growing importance of juridical institutions 227
6.7 Interface theory: managing globalization in a world of wide variation 230

7 Illustrative applications 234
7.1 Illustrative applications – grappling with detail and diversity 234
7.2 The WTO and its “constitution”: institutional detail and dynamic evolution 236
7.3 Investments and international rules 240
Contents

7.4 Environmental policies 243
7.5 Health, globalization, and international institutions 245
7.6 Human rights and nation-state sovereignty 248
7.7 Federalism examples: US and EU struggles with the allocation of power 252
7.8 The United Nations and the use of force: constitutionalism evolving 256

8 Perspectives and implications: some conclusions 258

Appendix: Outline of the Uruguay Round treaty establishing the World Trade Organization 269

Notes 271
Index 353