

FTAs and the WTO

The WTO's monitoring of Free Trade Agreements.

Most-favoured nation (MFN) treatment is a key principle underlying the multilateral trading system. In practice, MFN treatment means that a lower customs duty offered by one member of the World Trade Organization (WTO) to another country must be extended to all other members of the WTO. However, a country may enter into a free trade agreement or customs union granting more favourable treatment to the participating states than to the other WTO members if it observes certain conditions stipulated in the relevant provisions of the WTO agreements, to ensure the complementarity of the FTA with the WTO system (notably Article XXIV of the GATT, for trade in goods, and Article V of the GATS, for trade in services).

In December 2006, the WTO General Council established a new transparency mechanism for such agreements, which is currently being implemented on a provisional basis ([Transparency Mechanism for RTAs](#)). This mechanism provides for the early announcement and notification of any agreement to the WTO as well as notification of any subsequent changes affecting the implementation or the operation of an agreement. In addition, the WTO maintains an electronic database including relevant tariff and trade-related information on all notified FTAs. The EFTA Member States are committed to the rules and the implementation of this mechanism, in line with their overall priority given to the multilateral trading system. To access the WTO's database, including all notifications by EFTA, click on the following link: [RTA Database](#).

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