



## Trade Guide: WTO TRIMs

# WTO AGREEMENT ON TRADE-RELATED INVESTMENT MEASURES

### What is this Agreement and what does it do?

Under the Agreement on Trade-Related Investment Measures of the World Trade Organization (WTO), commonly known as the TRIMs Agreement, WTO members have agreed not to apply certain investment measures related to trade in goods that restrict or distort trade.

The TRIMs Agreement prohibits certain measures that violate the national treatment and quantitative restrictions requirements of the General Agreement on Tariffs and Trade (GATT).

Prohibited TRIMs may include requirements to:

- achieve a certain level of local content;
- produce locally;
- export a given level/percentage of goods;
- balance the amount/percentage of imports with the amount/percentage of exports;
- transfer technology or proprietary business information to local persons; or
- balance foreign exchange inflows and outflows.

These requirements may be mandatory conditions for investment, or can be attached to fiscal or other incentives. The TRIMs Agreement does not cover services.

All [WTO member countries \(offsite link\)](#) are [parties to this Agreement](#).

This Agreement went into effect on January 1, 1995. It has no expiration date.

### Who benefits from this Agreement?

Any U.S. company interested in conducting international trade or investment activities in any WTO member country can benefit from this Agreement.

### How can this Agreement help my company?

When the TRIMs Agreement went into effect in 1995, all WTO member countries were required to notify their nonconforming trade-related investment measures and then bring those measures into compliance with the

Agreement following a transition period. The length of the transition period varied based on the Member's individual level of development. At this time, all transition periods have expired, although a limited number of countries were granted extensions for particular programs. These extensions generally expired on or before December 2003.

## **Transition Periods**

When the TRIMs Agreement went into effect in 1995, all WTO member countries were required to notify the World Trade Organization of all their nonconforming trade-related investment measures within 90 days (by April 1, 1995). Countries that provided notification were granted a transition period to eliminate their nonconforming policies. Developed countries (such as the United States and the countries of the European Union) received a two-year transition period. Developing and least-developed countries received a five and seven-year transition period respectively.

The TRIMs Agreement allows a member country to apply a previously-notified inconsistent measure to any new investment for the duration of its transition period. This exception was designed to allow new investments to receive treatment equal to that of established investments while a country brings its trade-related investment measures into conformity with the Agreement.

The transition period has now expired for developed and developing countries, although some developing countries have not terminated all their non-conforming policies and some have asked for further delays. Such a delay can be approved for a developing country if it is found to be undergoing financial or other specific difficulties in implementing the Agreement. In any event, transition periods for least-developed countries continued until January 1, 2002, unless the Council for Trade in Goods approved a country's request for an extension.

## **Investment Agreements**

In addition to the TRIMs Agreement, there are other investment agreements that can help your company compete in the international marketplace. The United States has Bilateral Investment Treaties in force with 40 countries. These agreements typically provide comprehensive investment protection, including disciplines on local content and trade balancing. You can find the [full texts of bilateral investment treaties](#) on the web site of the Commerce Department's Office of Trade Agreements Negotiations and Compliance. Similar provisions have also been incorporated in the investment chapters of some of the United States' free trade agreements, such as the [NAFTA](#), and those with [Korea](#) and [Panama](#), and others.

## **Can the U.S. Government help me if I have a problem?**

Yes. If you encounter any difficulties conducting international business because another country has imposed measures that are prohibited by this Agreement, contact the Office of Trade Agreements Negotiations and Compliance (TANC) through [its public hotline at the U.S. Department of Commerce](#).

TANC can help you understand your rights under this Agreement and can alert the relevant U.S. Government officials to make inquiries, if appropriate, with the other country involved to help you resolve your problem.

The U.S. Government cannot guarantee that your problem will be solved, but it can, if appropriate, raise the particular facts of your situation with the government of the other country involved and ask officials of that government to review the matter. As a last resort, the U.S. Government could request the initiation of a WTO

dispute settlement panel to resolve the issue. The WTO dispute settlement process is described in the [Trade Guide to the WTO Understanding on the Settlement of Disputes](#).

## How can I get more information?

The complete text of the WTO Agreement on Trade-Related Investment Measures is available from the Office of Trade Agreements Negotiations and Compliance's [WTO Agreements database](#).

If you have questions about this Agreement or how to use it, you can [e-mail](#) the Office of Trade Agreements Negotiation and Compliance which will forward your message to the Commerce Department's Designated Monitoring Officer for the Agreement. You can also contact the Designated Monitoring Officer at the following address:

Designated Monitoring Officer

TRIMs Agreement

Trade Agreements Negotiations and Compliance

Enforcement and Compliance

International Trade Administration

U.S. Department of Commerce

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Room 3033

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The [World Trade Organization's Home Page \(offsite link\)](#) will give you additional information on the WTO .