Trade-led Growth in Times of Crisis Asia-Pacific Trade Economists' Conference 2-3 November 2009, Bangkok

Session 4

The WTO in the 'noodle bowl' world

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The WTO in a "Spaghetti Bowl" World

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Introduction

Questions prompted by:

- Blockages in the Doha Round
- Ongoing proliferation of PTAs

Has the centre of gravity shifted from WTO to PTAs in relation to

- Trade liberalisation?
- Rule-making and maintenance?

If so,

- To what extent?
- Implications?
- Potential responses?

Evidence from Asia-Pacific FTAs

WTO v PTAs (1)

WTO

- value to international community unquestioned
- successful liberalisation of industrial tariffs on trade between developed countries but less successful in moving further
 - Industrial tariffs of developing countries
 - Agriculture
 - Services
- value of rule making/maintenance role independent of trade-liberalising role?

PTAs

- ongoing proliferation
- multiple motivations and characteristics
- many Asia-Pacific FTAs Article XXIV compliant
- self-reinforcing momentum from "domino effect" and major power rivalry
- elevated importance of market access

WTO v. PTAs: Trade Liberalisation

WTO

- slow progress and doubtful/modest outcome in Doha Round
 - pros and cons of broad membership
 - legitimacy versus substantial progress?
- "package deal" approach not delivering desired results
- prospect of lengthy hiatus before any post-Doha progress
- persistence necessary? ("only in the WTO" issues)

PTAs

- routinely discounted but many contain commitment to zero applied tariffs on majority of trade (over time) plus extensive trade facilitation
 - some progress even on difficult issues e.g. agriculture
 - question mark over offsetting effect of rules of origin
- increasing number of countries with FTA partners covering substantial percentages of total trade
- prospect of two groups of WTO members
 - proven liberalisers (members with multiple "high quality" FTAs)
 - reluctant liberalisers
- alternative possible outcomes
 - reluctant liberalisers succumb to pressure to liberalise faster
 - blockages continue and proven liberalisers lose interest in the WTO as liberalising instrument

WTO v. PTAs Rules

t for WTO's DSM

means support must coincide with self-interest on effectiveness in liberalisation?

upplant WTO rules?

ate WTO rules/rights/obligations on applicable issues plement/complement WTO rules but generally do not seek to over-ride them commitments not to exercise WTO rights e.g. antidumping 'As extending reach of WTO's GPA

WTO

roach to services and services/investment linkage npetition or challenge incessions unattainable in the WTO e.g. IP licy, investment, labour environment

threatening to supplant WTO rules?

ase in future?

of trade rules develop around the FTAs of the US, EU, Japan, China?

