

WTO Secretariat Seminar, 14 November 2003

REGIONAL TRADE AGREEMENTS & THE WTO

North-South Agreements: Integrating developing countries into the World Trading System?

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Post-Cancun

- What is the impact of the failure of Cancun on:
 - on multilateralism?
 - on regionalism?

→ multilateralism versus regionalism ?

US: bilateralism with the 'can dos'

EU: rethink WTO? ; impact on regionalism?

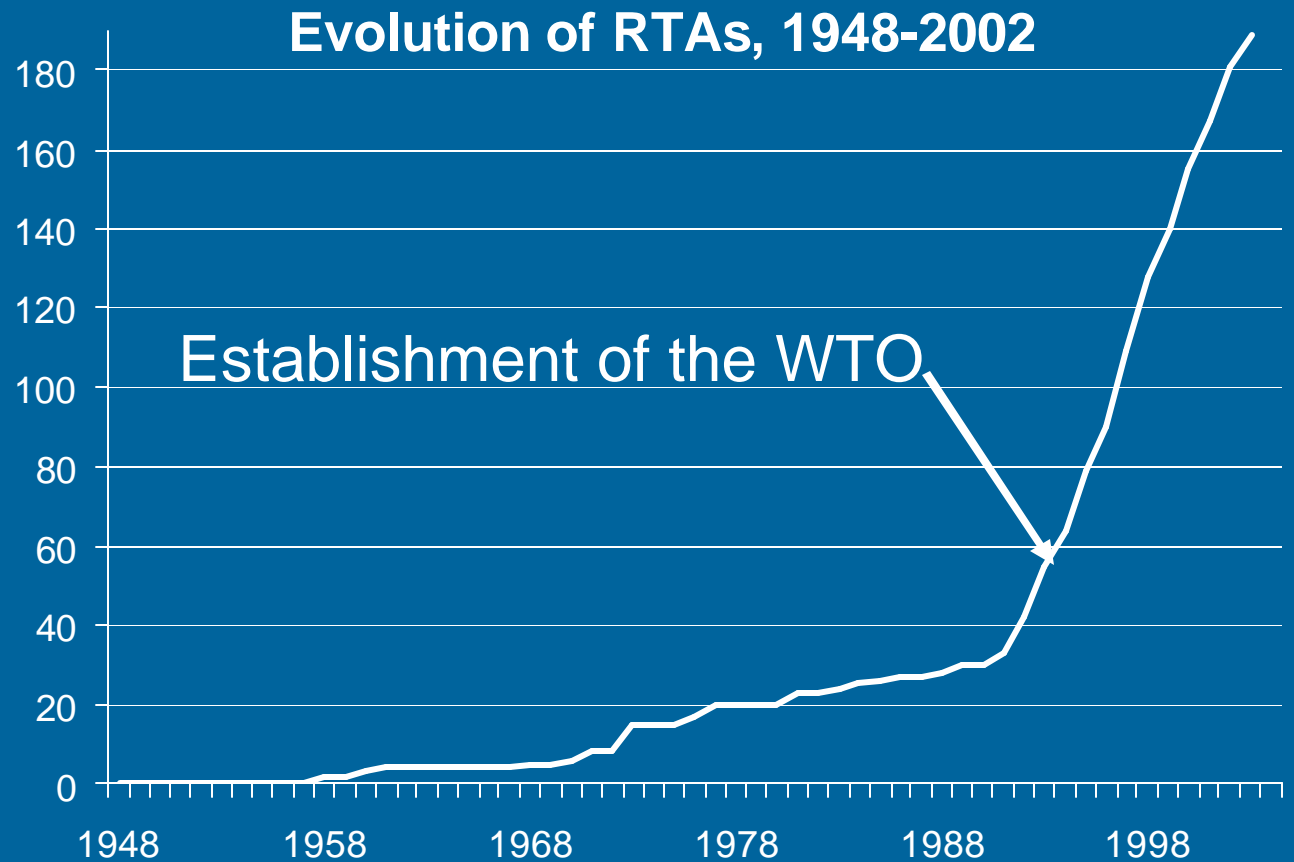


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3 remarks

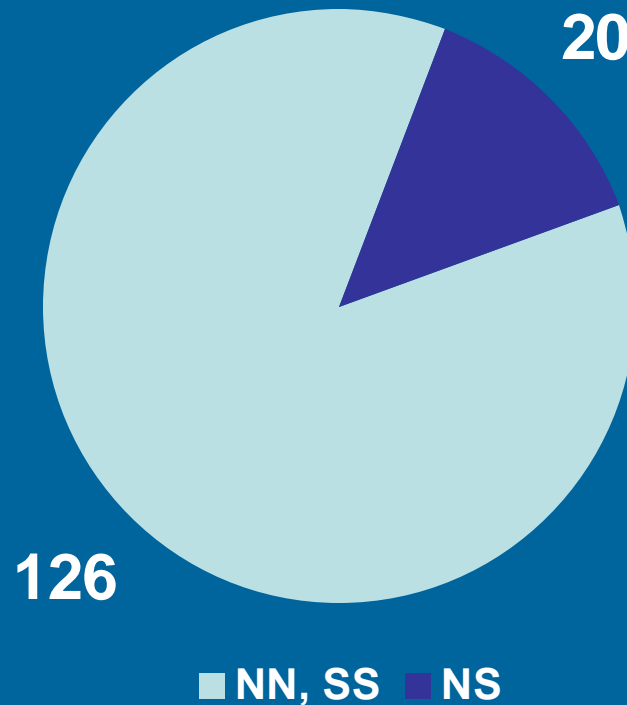
1. Genuine concerns vs strategic rhetoric ?
 - effect on bargaining power
2. Northern pressure for regional path
 - South less vocal
 - Are North-South RTAs driven by North?
3. What's new?
 - RTAs growth over the last decade
 - many new initiatives already

The number of RTAs has increased sharply over the past few years...



Source: WTO Secretariat

...however, the number of North-South FTAs is still relatively small.



Source: WTO Secretariat

Though it has been on the rise over the past decade:

e.g.:

- EU-Mediterranean countries
- EU-Chile
- EU-Mexico
- EU-South Africa
- US-Jordan
- US-Israel
- US-Singapore
- Canada-Chile
- Canada-Costa Rica



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And already many new initiatives:

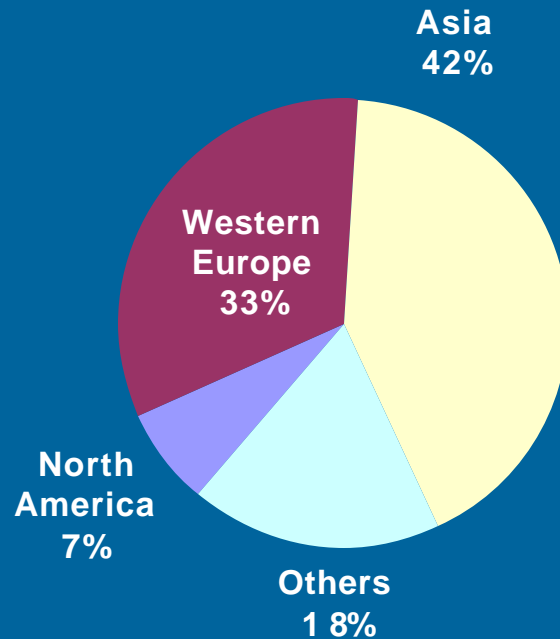
e.g.:

- EU-Mercosur
- EU-ACP:
 - EU – ECOWAS
 - EU – CEMAC
 - coming:
 - EU – ESA (COMESA / SADC ?)
 - EU – Caribbean
 - EU - Pacific
- US – SACU
- US: AGOA...

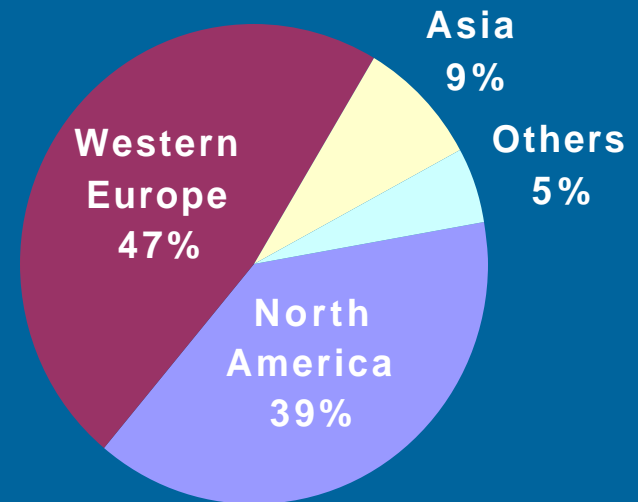
Trade with northern partners remains crucial for the South, in particular the LDCs...

Merchandise exports LDCs by destination, 2001

Agricultural products



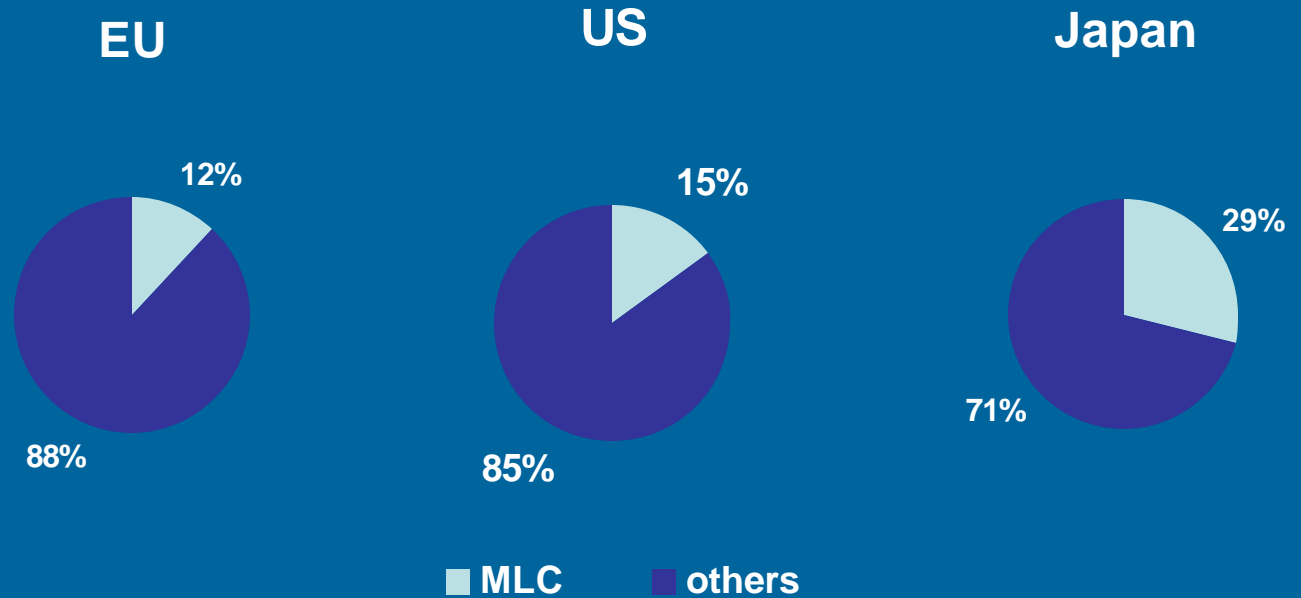
Manufactures



Source: WTO Secretariat

...While trade with Southern partners remains of lesser importance for the North

Merchandise exports to middle and lower income countries (MLC), 1999



Source: OECD

At the level of the regions, asymmetry in trade-dependence

	% of regional exports to EU	% of regional imports from EU	% of total EU exports to region	% of total EU imports from region
CARICOM	12,7 %	21 %	0,4 %	0,3 %
Mercosur	17,5 %	18 %	2,5 %	2,3 %
EAC	40 %	26 %	0,0 %	0,0 %
Pacific	11 %	1 %	0,0 %	0,0 %
ECOWAS	31 %	41 %	1,2 %	1,1 %
CEMAC	38 %	60 %	0,0 %	0,0 %
COMESA	35 %	33 %	1,3 %	1,2 %

Source: IMF and Eurostat

General trends

- Move away from trade preferences, towards **reciprocal** RTAs
- North-South RTAs build on Southern regionalism:
 - threat or opportunity?
- DCs are diverse, so are North-South RTAs
 - US ? EU approach
 - diverse menu (e.g. EU FTAs differ)
 - linkages to politics, strategic support, aid, etc.

North – South RTAs for integration of DCs into world economy?

RTAs as a complement to WTO (?):

- economic integration
 - Trade liberalisation: tariffs, NTB, TBT, trade-related areas
 - Goods, agriculture, services
 - Comprehensive agreements

- **Economic impact and adjustment measures**
 - Trade creation vs. trade diversion
 - Dynamic effects
 - Fiscal impact
 - Supply-side constraints
 - Institutional development
- ➔ **Need for a comprehensive package (beyond WTO?)**

- **Strategic & development dimensions**
 - Lock-in effects (policy reforms)
 - Trade as an instrument of development?
 - Trade and poverty
 - trade integrated into development strategy
 - RTAs to secure aid?
 - e.g. ACP-EU (EPAs)?
 - Geo-strategic dimension:
 - N-S RTAs not driven by trade (only)?
 - power play?

Capacity constraints

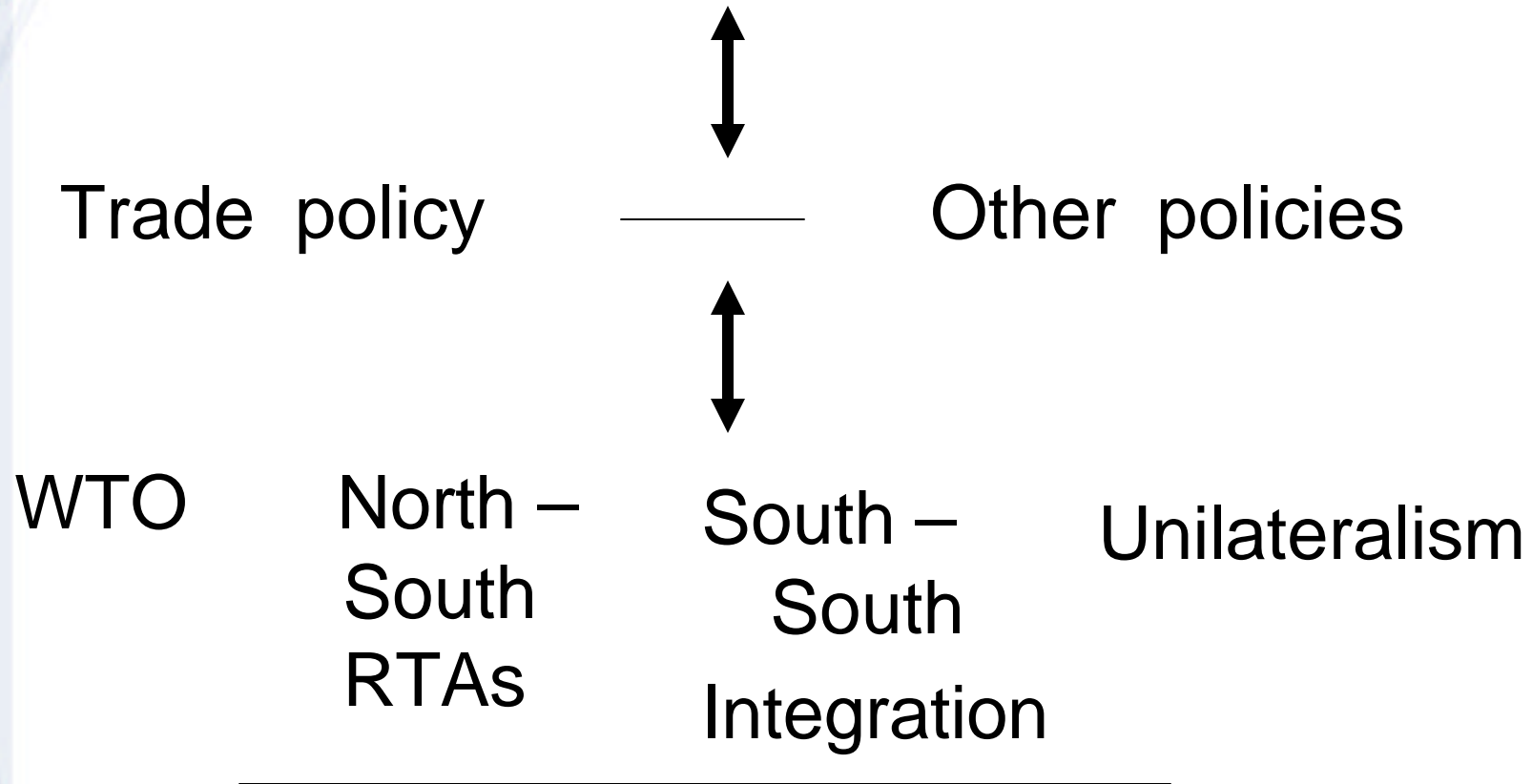
- Capacity to prepare and negotiate:
 - Multiple trade agenda (WTO, RTAs, etc.)
 - Formulation of strategy and policy agenda
 - Institutional development
 - Lack of expertise
 - Competing demands (internally, externally)
 - Regional coherence, coordination
 - Legitimacy



Capacity constraints

- Linkages among WTO and RTAs
 - Possible positive spillovers in terms of preparation / information
 - Overstretched capacities
 - Tensions when diverging agenda:
 - WTO vs. RTAs (e.g. Singapore issues)
 - among RTAs (S-S, with US, with EU, etc.)
 - support or dividing effects?

Development strategy



Thank you !

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