# Session 11: Governments, non-state actors and trade policy-making: Negotiating preferentially or multilaterally?

# Sub‑theme I: The WTO and the players that influence the multilateral trading system

Moderator

Professor Ann Capling, University of Melbourne

Speakers

Dr Patrick Low, Director, Economic Research and Statistics, WTO

Dr Sebastián Herreros, International Trade and Integration Division, United Nations Economic Commission for Latin America and the Caribbean, Santiago, Chile

Dr Alexander Chandra, Trade Knowledge Network, Jakarta, Indonesia

Mr Riad al Khouri, Dean of the Business School, Lebanese French University, Erbil, Iraq

Ms María Pérez-Esteve, Counsellor, Information and External Relations Division, WTO (Ms Pérez-Esteve was subsequently unable to present her paper due to a scheduling conflict)

Organized by

Economic Research and Statistics Division, WTO, and University of Melbourne, Australia

Report written by

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**Abstract**

 A pressing issue facing international trade relations is how to ensure compatibility between multilateral and preferential approaches to trade cooperation. This challenge has become greater with the recent rapid proliferation of preferential trade agreements (PTAs). A good deal has been written about why governments might choose to negotiate preferentially or multilaterally, but this literature has been written almost exclusively from the perspective of governments. We know very little about how non-state actors (e.g. businesses, producer groups, trade unions, civil society organizations, think tanks, etc.) view this issue of “forum choice”, or how they position themselves to influence governments’ choices when considering whether to give preference to PTAs or to the WTO.

 This session presented the findings of an international, multi-country research project that investigated this issue through case studies of trade policy-making and forum choice in eight developing countries: Chile, Colombia, Indonesia, Jordan, Kenya, Mexico, South Africa and Thailand. The case studies were based on original research, including interviews with state and non-state actors involved in the trade policy-making process in the eight countries under study. The session also doubled as a launch of the book *Governments, Non-State Actors and Trade Policy-Making: negotiating preferentially or multilaterally?,* co-edited by Ann Capling and Patrick Low, which forms part of the WTO series of publications in collaboration with Cambridge University Press.

**1. Presentations by the panellists**

Professor Capling opened the session by presenting the background of the project.

(a) Sebastián Herreros, International Trade and Integration Division, United Nations Economic Commission for Latin America and the Caribbean, Santiago, Chile

 Dr Herreros presented the findings of the Latin American country case studies (Chile, Colombia and Mexico). In all three countries the business sector is the most influential type of non-state actor (NSA) and the most satisfied with the opportunities offered by government for consultation on trade policy issues; NSA involvement peaked during the free trade agreement (FTA) negotiations with the United States and later receded; civil society organizations were assembled to oppose PTA negotiations but were later disbanded or lost influence; and since all NSAs saw the WTO negotiations as being remote, slow and little influenced by smaller players, they tended to privilege FTAs. Trade policy is much less controversial in Chile than in Colombia or Mexico. There is more awareness of the value of WTO rules for the world economy in Mexico, and the WTO is preferred to the North American Free Trade Agreement (NAFTA) as a venue for dispute settlement – even for disputes under NAFTA rules.

(b) Alexander Chandra, Trade Knowledge Network, Jakarta, Indonesia

 Dr Chandra presented the two East Asian country case studies. NSAs in Thailand have a long history of engagement in policy-making. FTA Watch is a highly influential NSA network that actively mobilized against the proposed PTA with the United States. This NSA network has a strong preference for regional as well as South-South cooperation. In Indonesia, multilateral, regional and bilateral trade negotiations are seen to have equal importance, although there is a preference for “regional” agreements such as ASEAN (Association of Southeast Asian Nations). Bilateral FTAs are least favoured. Civil society groups in Indonesia take a cynical view of the WTO; they like the WTO because they do not think it does very much by way of market opening.

(c) Riad al Khouri, Dean of the Business School, Lebanese French University, Erbil, Iraq

 Mr al Khouri presented the Jordan case study. He stated that, although it was the smallest of the case studies, it was nonetheless very interesting because of the political implications. Trade policy is highly centralized, with little parliamentary involvement. NSAs are not directly involved, although some engagement in PTAs is emerging. The Doha Round of negotiations is viewed as a non-issue in Jordan, with PTAs seen as very important.

(d) Patrick Low, Director, Economic Research and Statistics, WTO

 Dr Low discussed the Kenya and South Africa case studies. In Kenya, NSAs have not really been very active in trade policy, with the exception of the business sector. They do not express strong preferences for negotiating preferentially or multilaterally. Unlike most of the other case study countries, South Africa believes it can exert influence in the WTO, and sees WTO as a fairer playing field for dealing with powerful actors, although the slowness of negotiations is a concern.

(e) Ann Capling, University of Melbourne

 Prof. Capling presented the study of Geneva-based NSAs, written by Maria Pérez-Esteve. The findings of this chapter confirmed that Geneva-based NSAs expressed strong views about the importance of the multilateral trade system and negotiations through the WTO. A surprising result was the fact that this agenda did not tend to permeate back to the organizations.

 In her closing remarks, Prof. Capling said that the question of forum choice is not always an open one. Many governments have liberalized unilaterally, perhaps showing a lack of concern for reciprocity because they are too small to extract concessions from major trade partners. Some economic, political and political economy objectives, especially where discrimination is intrinsic to the objective, cannot be pursued in the WTO. Most countries had strong interest in negotiating PTAs with their most important trade partners. Regionalism is also important, determined in part by trade patterns but also by considerations of regional solidarity.

 Prof. Capling pointed out that debate about the core functions of the WTO (especially rule-making, learning and deliberation) needs to be encouraged; that more work needs to be done in raising awareness of the value of global rules; and that the views/preferences of major traders need to be understood. This could be envisaged as a future project.

**2. Questions and comments by the audience**

 Attendance of the session was excellent, and the audience engaged in a lively question and answer session, which filled the allocated 45 minutes. One questioner suggested that most business groups are interested in a narrow set of market access issues and were therefore more interested in negotiating preferentially in their key markets, and less likely to appreciate the value of global rules. The role of regional groups, such as ASEAN, within WTO negotiations was discussed with each panellist, with the panel concluding that group activity can be useful to raise awareness and to understand limits, but that such groups tended have a limited role in terms of moving agendas, compared to issue-based coalitions.

**3. Conclusions and way forward**

 Overall, in the countries included in the project, all of whom are largely “price-takers” in trade agenda-setting, the non-state actors feel more engaged with regional and bilateral PTAs, and tend to see the WTO as remote, difficult to influence, and “exogenous”. It may be that the WTO does not project its core functions and potential contributions effectively enough in some of its smaller members. Perhaps the WTO should be looking at how to do more in this direction.