Trade and Development: recent trends and the role of the WTO

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Takeaways

Four trends:
- Developing countries are catching up
- Rising importance of global value chains
- Agricultural boom
- Synchronization of macroeconomic shocks

How can the WTO help make the most out of them?
Takeaways

- Great analysis of current trends
- Unparalleled synthesis of the literature
- But
  - A bit too macro in terms of role played by the WTO
  - A bit too positive in its assessment
  - Timid in identifying challenges for the negotiating agenda
  - Could have been more critical and constructive
Recent study on WTO effectiveness is critical of the existing literature (Chaudoin, Hays and Hicks, 2014):

- Do we really know that the WTO cures cancer?
- Membership in CITES and WTO equally promote trade

More interdisciplinary micro-evidence is needed
More critical on protectionism during the crisis

Remember 2009 was the year that policymakers were alarmed about protectionism!

Source: Global Trade Alert

SURGE IN PROTECTIONISM

Global total of new beggar-thy-neighbour measures found by 1 October (today) in each year

Source: Global Trade Alert
More critical on the role of the WTO

- Boffa and Olarreaga (2012) find no evidence of tit-for-tat games
- Rather evidence of chicken games among WTO players....
- But the same is true for non-WTO members during the crisis
- Can we attribute the absence of escalation in protectionism to the WTO?
More constructive

- Report identifies topics for a negotiating agenda
  - Trade and the environment: is XX(b) all the WTO can offer?
  - Trade and labor standards: should we leave these to RTAs?
  - Trade and income inequality: shall we ignore it?

- WTO members need to tackle big issues
  - Maybe the mistake of the past was to focus on low-hanging fruits....
Inequality and new trade theory

As the share of exporters grows:

Source: Helpman, Itskhioki, Mundler and Redding (2014)
Share of exporters online and offline

Source: Lendle, Olarreaga, Schropp and Vezina (2013)
Future WTRs

- Narrower more micro questions
- More interdisciplinary analysis
- More critical of the WTO
- More constructive for the WTO’s negotiating agenda and institutions