



WTO Accessions: What Does the Academic Literature Say?

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Scope

- 2000-14: 33,000 academic contributions
- 2015 alone: about 2,000
- Half of them on the accession of China
- About 40 key contributions reviewed in the book

Key Themes

- The rationale for accession
- Accession process
- Legal aspects of accessions
- Economics of accessions
- Accessions and domestic reforms
- Reforms of the accession process

Rationale for accession

- Better integration into the world economy
- Securing the MFN status
- Protection against arbitrary protectionist measures of trading partners
- Reducing the negotiating costs by negotiating multilaterally rather than bilaterally
- Participating in international trade rule making
- Accessing an impartial dispute settlement mechanism

Accession process

- **Complexity:** complexity of the multilateral trading system, unevenness in the capacity of the applicants, and the demanding negotiating machinery.
- **Applicant country:** plays the central role in the accession process and needs to demonstrate sustained commitment to accession.
- **Incumbent members:** have the inherent interest in obtaining concessions from acceding countries and leveraging their negotiating capacity accordingly.
- **Unanimity:** accession decisions are made unanimously by the membership, introducing a balance between the incumbent and acceding countries.

Legal aspects of accessions

- **Accession law:** a single body of WTO accessions law should be viewed dynamically, with specific legal rules inferred from the international legal system, the WTO Agreement, accession protocols, and WTO case law
- **Legal fairness:** The legitimacy of the practice when the incumbent members prescribe obligations to the acceding countries that exceed requirements of the WTO Agreement is usually questioned
- **Impact on the multilateral system:** whether accessions practices strengthen or weaken the multilateral system; higher commitments by acceding countries complement the existing rules, help close the loopholes, and contribute to the ongoing reforms of trading rules
- **Upgrade:** On balance, a number of practical suggestions on upgrading the existing accession rules are gradually emerging

Economics of accessions

- **Costs and benefits:** With some exceptions, scholars found that joining the WTO brings substantial benefits to the acceded country
 - In the short term, costs may outweigh the immediate benefits
 - In the long run, better resource allocation helps reestablish the balance
- **Impact on trade:** contributes to an increase in trade volumes, faster growth, institution building, and better governance
- **Impact of fiscal balance:** generally ambiguous and dependent on
 - the acceding country's pre-existing revenue and expenditure compositions,
 - the depth of tariff and subsidies reduction
 - the elasticity of trade volumes to higher openness
- **Structural reforms:** the implementation of accession commitments is seen as catalytic for a broad range of domestic policy reforms.

Accessions and domestic reforms

- Credible anchor for domestic regulatory and administrative reforms
- Improved governance, reduced rent-seeking behavior and corruption
- Help governments credibly distance themselves from domestic lobbies
- Help limit tariff evasion
- Positive and significant impact on the quality of institutions

Reform of the accession process

- Update the catalogue of all existing accession rules that deviate from WTO rules
- Include them in the official WTO analytical index for ease of reference,
- Develop a comprehensive WTO agreement on accessions that would become an integral part of the WTO law.
- Clarify the references to accessions in the WTO law
- Clarify the concept of accessions on “terms to be agreed”
- Streamline the accession process.