

RECENT DEVELOPMENTS IN REGIONAL TRADE AGREEMENTS

(JULY-DECEMBER 2017)

During the second half of 2017 six regional trade agreements (RTAs) were notified to the WTO bringing the total of RTAs in force and notified to the WTO to 284. All six RTAs aim to liberalize trade in goods; four cover trade in services as well.

RTAs notified in the latter half of 2017

Of the six RTAs notified, two involve Canada. The RTA between Hong Kong, China and Macao, China completes the trading triangle between China and these two customs territories. The partial scope agreement between MERCOSUR and SACU links two customs unions (Table 1). No new early announcements of RTAs under negotiation were received during the period.

Table 1: Notifications of RTAs between July and December 2017

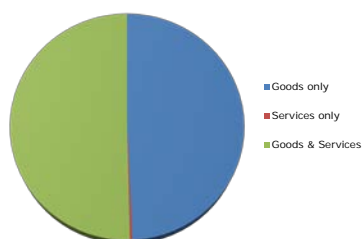
RTA Name (parties)	Coverage	Notification (entry into force)	Notification
Hong Kong, China – Macao, China	Goods & services	18/12/2017 (27/10/2017)	GATT Art. XXIV & GATS Art. V
EU-Canada	Goods & services	19/9/2017 (21/9/17)	GATT Art. XXIV & GATS Art. V
Canada-Ukraine	Goods	13/9/2017 (1/8/2017)	GATT Art. XXIV
Chile-Thailand	Goods & services	12/9/2017 (5/11/2015)	GATT Art. XXIV & GATS Art. V
EFTA-Georgia	Goods & Services	29/8/2017 (1/9/2017)	GATT Art. XXIV & GATS Art. V
MERCOSUR-SACU	Goods	19/7/2017 (1/4/2016)	Enabling Clause

Source: RTA Database, <http://rtais.wto.org>.

Evolution of RTAs

The total of 284 RTAs in force is almost evenly split between RTAs covering goods only and those that cover both goods and services (Chart 1).¹

Chart 1: RTAs in force, by type



Source: RTA Section, WTO Secretariat.

¹ These RTAs correspond to 455 notifications. As the WTO rules require separate notifications of RTAs liberalizing trade in goods and trade in services, the number of notifications is significantly higher than the number of RTAs in force.

RTAs considered in the latter half of 2017

RTAs notified to the WTO are considered by Members, either in the Committee on Regional Trade Agreements (CRTA) if notified under Article XXIV of the GATT 1994 or Article V of the General Agreement on Trade in Services (GATS), or the Committee on Trade and Development (CTD), if notified under paragraph 2c of the Enabling Clause. In the period July-December 2017, the CRTA held two meetings and considered 5 RTAs (accounting for 8 notifications), bringing the total number of RTAs considered by WTO Members between end December 2006 (when the RTA Transparency Mechanism was adopted) until end December 2017 to 159.² No RTA was considered by the CTD during the last six months of 2017.

Table 2: Consideration of RTAs between July and December 2017

RTA Name (parties)	Coverage	Consideration body	Factual Presentation
Rep. of Korea-Colombia	Goods & services	CRTA	WT/REG375/1
Rep. of Korea-India	services	CRTA	WT/REG286/1
China-Rep. of Korea	Goods & services	CRTA	WT/REG370/1
Mexico-Panama	Goods & services	CRTA	WT/REG374/1
EU-ESA	Goods	CRTA	WT/REG307/1

Source: RTA Database, <http://rtais.wto.org>.

Other requirements of the Transparency Mechanism for RTAs include end of implementation reports under Paragraph 15 of the Mechanism.³ During the period July-December 2017, two implementation reports were circulated while implementation reports were due for 136 RTAs.

On 10 November 2017 the CRTA adopted its Annual Report to the General Council ([WT/REG/27](http://rtais.wto.org/REG/27)). On 15 November 2017 the CTD adopted its Annual Report ([WT/COMTD/96](http://rtais.wto.org/COMTD/96)).

RTA database

The WTO's RTA database (<http://rtais.wto.org>) was established in January 2009 as part of the WTO's surveillance of RTAs under the Transparency Mechanism for RTAs. It makes

² Six of these RTAs are no longer in force.

³ Paragraph 15 states: "at the end of the RTA's implementation period, the parties shall submit to the WTO a short written report on the realization of the liberalization commitments in the RTA as originally notified."

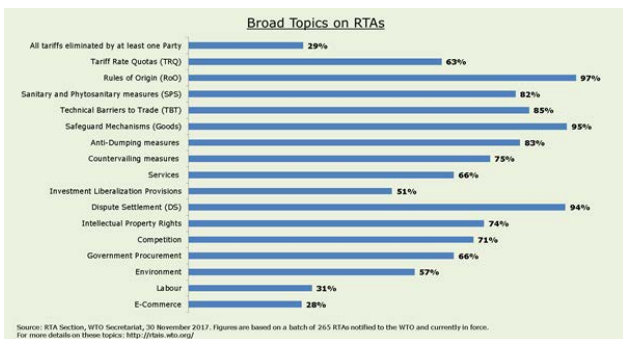
available to the public all the RTA texts, annexes and tariff and trade data provided by parties to RTAs to the WTO as well as links to Committee documents such as the factual presentations and responses provided by RTA parties to WTO Members' questions. In addition, it provides information on the most frequently found topics in RTAs that have been notified and are in force. Such topics include the rules of origin, technical standards and trade defence as well as services and investment provisions and general rules regarding dispute settlement mechanisms, intellectual property rights, and exceptions that are present in RTAs. The database can be searched for any of these topics across all RTAs notified to the WTO and currently in force.

Now after a rehaul, the WTO database provides even more information. The principal changes involve:

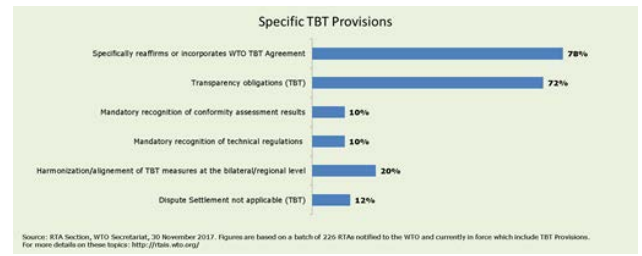
- an expanded list of topics and provisions which can be searched across all notified RTAs currently in force (previously only a subset of RTAs was covered);
- interactive graphs on the evolution of RTA notifications to the GATT and the WTO; and
- an analysis of the preferential tariff (on a tariff line basis) as it is expected to be implemented by the RTA.

An expanded list of topics covered in RTAs

The number of broad topics covered has been expanded to 41, and the topics have been further sub-divided into 72 provisions. This will permit users to search the database for RTAs that contain one or several of these topics or provisions. An example of some of the broad topics covered by RTAs is shown below.

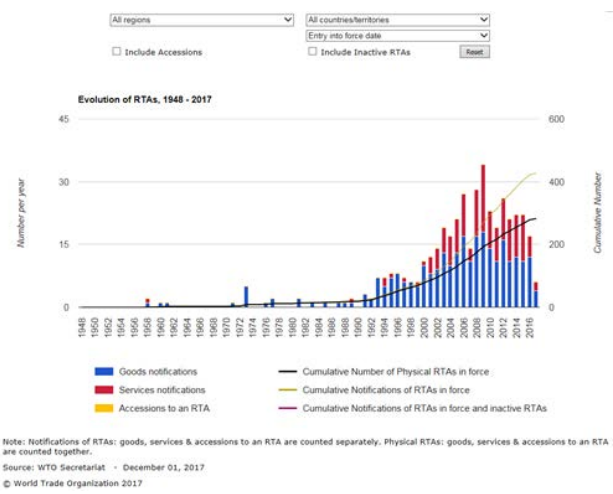


The database can also be searched for more detailed provisions, for example, as shown below, on technical barriers to trade. Similar detailed provisions can be found with regard to a number of the other broad topics identified above.



Interactive graphs

A series of interactive graphs allows the user to produce graphs showing the evolution of RTAs notified to the GATT/WTO by country, region, date of entry into force, signature or notification. The underlying data used to produce the graphs can be exported to an Excel spreadsheet.



Preferential tariff search

The third new feature allows a user to search WTO Members' preferential tariffs and compare them to their MFN tariffs. The search function is provided at the tariff line level. Thus an exporter in a given country could analyse the preferential tariffs in distinct export markets for a given product(s) and compare them to the MFN tariff.

The information generated by the database will permit users to identify RTAs with the provisions they are interested in and provide a clearer picture of common features of RTAs and emerging trends. Many RTAs build on existing WTO rules and develop new rules where WTO rules do not currently exist. While the additional market access generally negotiated by RTAs adds an element of discrimination towards non RTA members, the discrimination may be less marked with respect to RTA rule making. The practices of WTO members in their individual RTAs could provide useful lessons for the WTO membership as a whole.

The new additions to the database became available to the public in mid-December 2017.

RTAS being negotiated

Ongoing key negotiations include EFTA-MERCOSUR, EFTA-Ecuador, EFTA-Indonesia, EU-Indonesia, EU-Thailand, EU-Viet Nam, Japan-Republic of Korea, Republic of Korea-Mexico, China-Norway and Canada-Singapore.

On 8 December 2017, the **EU-Japan** negotiations (begun in 2013) were finalized. After legal verification and translation, the European Commission will submit the agreement for the approval of the European Parliament and EU Member States.

The fifth round of the **NAFTA** renegotiations ended in November 2017 with a statement from the three parties indicating that the Chief negotiators had concentrated on narrowing gaps and finding solutions and as a result progress had been made in a number of chapters. The sixth round is scheduled for 23-28 January 2018 in Montreal.

No further developments were reported on the Trans-Atlantic Trade and Investment Partnership (**TTIP**) Agreement.

Trans-Pacific Partnership (TPP) or CPTPP

In a statement on 11 November 2017, the 11 countries negotiating the renamed **CPTPP** (The Comprehensive and Progressive Agreement for Trans-Pacific Partnership), announced they had agreed the core elements of the Agreement, following the US departure earlier last year. Agreement was reached on all the elements of the original TPP (and the side letters signed between the 11 members) except for four issues on which further negotiation is needed (state owned enterprises (Malaysia); services and investment non-conforming measures (Brunei); dispute settlement (Viet Nam); and cultural exception (Canada)), and 20 provisions that are to be suspended. The suspended provisions relate mainly to express shipments; investment arbitration; express delivery services; patents and patent term adjustments; biologics; term of protection for copyright; legal liability and safe harbour provisions for internet service providers; and technological protection measures.

Technical work is now expected to continue on the four issues identified above so they are finalized by the time the Agreement is signed. The Agreement will enter into force once six of the signatories have ratified it.

Regional Comprehensive Economic Partnership (RCEP) Agreement

The **RCEP** Agreement involves 16 partners: 10 ASEAN members and Australia, China, Republic of Korea, Japan, India and New Zealand. The 20th round of negotiations was held in October 2017 and the first ever RCEP summit was held in November. Having missed the 2017 deadline to complete negotiations, participating countries agreed to intensify negotiations in 2018 with the goal of signing the agreement during the ASEAN summit in Singapore in November 2018.

Continental FTA

In December 2017 African Union Trade Ministers approved most of the provisions of the draft agreement establishing the African Continental FTA (**CFTA**). The CFTA agreement includes three protocols: on trade in services, trade in goods and a dispute settlement mechanism. The protocol on trade in services has two annexes, namely, schedules of commitments and a regulatory framework. The protocol on trade in goods has nine annexes: tariff liberalisation schedules, rules of origin, customs procedures and cooperation, trade facilitation, transit and transit facilitation; non-tariff barriers, technical barriers to trade, sanitary and phytosanitary measures, and trade remedies.

The agreement establishing the CFTA and the protocol on trade in services have been completed and endorsed by trade ministers. The protocol on trade in goods and its annexes and the dispute settlement mechanism still need to be concluded. The agreement is expected to be signed in March 2018.

EU-MERCOSUR

After years of negotiations and innumerable delays the Parties were expected to sign the **EU-MERCOSUR** Agreement at the Buenos Aires Ministerial. However, due to a last minute hitch on agricultural issues, this has been pushed back to 2018.
