

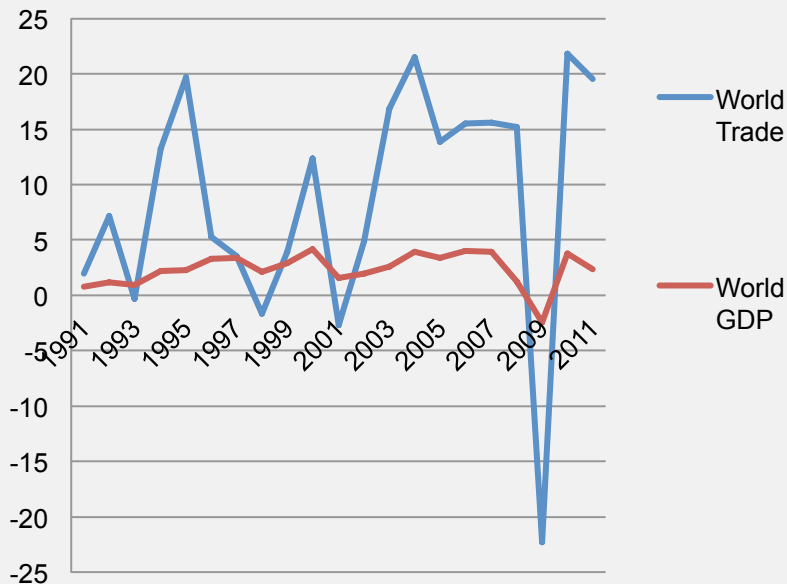
# After Bali

Nakgyoon Choi  
Senior Research Fellow, Korea Institute for International Economic Policy;  
Commissioner, Korea Trade Commission

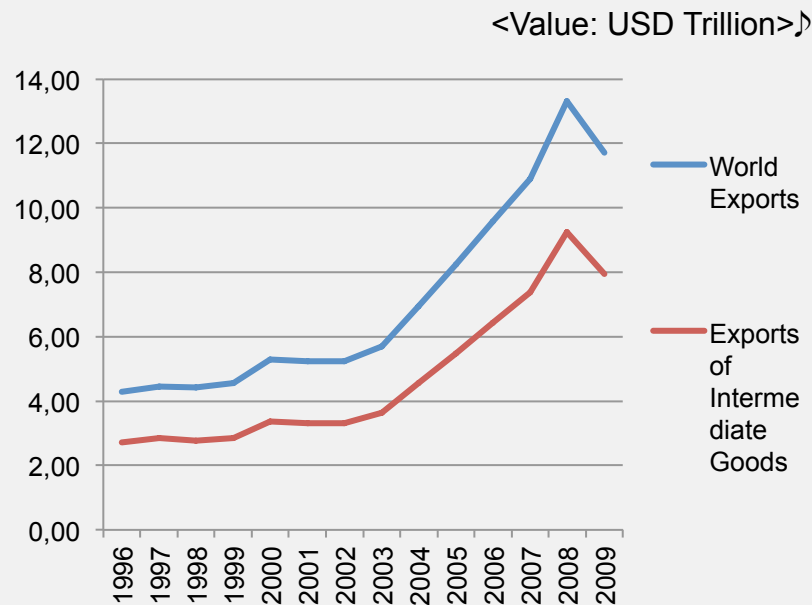
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- ▶ World trade increased by about 8.8% annually during the last two decades and it has played a role of growth engine
- ▶ Recent trade patterns have been transformed from trade in goods to trade in tasks (ex. i-phone)

**<Annual Growth Rates of World Trade and GDP> (%)**



**<Exports of Intermediate Goods>♪**



- ▶ As the rise of global value chains magnifies the economic costs of trade barriers, global trade liberalization is urgently needed
- ▶ Specifically, harmonization of the border measures including standards, SPS, and TBT is expected to facilitate global value chains

The liberalization of services such as distribution, finance, and b

- ▶ usiness services among others is also expected to contribute to efficient movement of goods and materials

But DDA negotiations have been stalled by the conflicting interes

- ▶ ts among major players

- ▶ The agreement on trade facilitation is a big step towards simplifying, harmonizing, and modernizing customs procedures, thereby reducing trade costs substantially.
- ▶ The WTO agreement as well as WCO conventions are very similar in that they deal with the clearance formalities, custom controls, advance rulings, and pre-clearance procedures. The WTO trade rules are binding while the WCO Conventions are not binding
- ▶ The OECD study reveals that about 15 percent reduction of total trade costs for middle and low income countries are expected from the trade facilitation
- ▶ Agriculture and cotton, and development and LDC issues have been very important for developing as well as the least developed countries. The Bali agreements will be very timely and crucial for their economic development

- ▶ Contentious triangle issues comprising of agricultural tariff reduction, the agricultural subsidy, and the non-agricultural market access (NAMA) liberalization
- ▶ Disagreement over the extent to which work program on agriculture and NAMA should be based on the 2008 draft modalities text
- ▶ Update data on agricultural subsidies
- ▶ Negotiations for the services trade liberalization have been delayed due to the lack of sufficient motivation
- ▶ Least developed countries (LDCs) have been disappointed with the WTO discussions on how to strengthen and clarify support for the LDCs.

- ▶ Issues in the Bali package that have not been fully addressed at the Bali Conference will resume in the relevant Committee or Negotiation Groups of the WTO
- ▶ Necessary steps to finalize the Bali Agreement : In case of trade facilitation agreement, legal scrub, one of three required steps, was just completed. The developed countries should provide sufficient support for developing as well as LDCs
- ▶ The trade facilitation agreement is expected to enter into force within roughly two years
- ▶ The Trade Negotiations Committee needs to prepare a clearly defined work program on the remaining Doha Development Agenda issues until this December

## ① Multilateral Single-Undertaking Approach to Address All Remaining Issues and Complete the Round.

### ▶ Causes behind the stalled Doha Round

- (1) the power shift from the previous quad including US, EU, Japan, and Canada to the new G7 including the US, EU, China, India, Brazil, Japan, and Australia
- (2) the economic factors (cf. the simulation results)

### <GDP Effects of the Various Scenarios of Doha Round>

	AGRI	NAMA	SB-1	SB-2	SE-1	SE-2	SV-1	SV-2	AG-LD	NA-LD	MINI	MEGA
GDP Impact,%												
EU	0.15	-0.02	-0.03	0.05	-0.06	-0.05	0.02	0.07	0.15	-0.01	0.10	0.22
USA	0.02	-0.03	-0.02	0.04	-0.03	-0.03	0.00	0.00	0.02	-0.02	-0.05	0.02
JPN	0.19	0.05	0.01	-0.03	-0.01	0.01	0.00	-0.01	0.19	0.05	0.24	0.19
CHN	0.07	1.63	-0.01	0.01	1.17	1.41	-0.01	0.08	0.06	1.63	2.18	2.38
BRA	0.76	0.29	-0.05	0.08	0.30	0.38	-0.01	0.00	0.75	0.29	1.25	1.45
IND	0.11	1.85	-0.06	0.11	0.33	0.41	0.00	0.24	0.11	1.85	2.03	2.48
World	0.11	0.21	-0.02	0.04	0.04	0.07	0.01	0.06	0.11	0.21	0.33	0.45

Source: Author's Calculation.▶

- ② A Series of small packages: Piecemeal Approach to Deal with the DDA Issues just like the Bali Package
- ③ Plurilateral Agreements to Complement the WTO Multilateral Agreement: TISA, ITA II, and Environmental Goods

⇒ Need to Take a Multi-Track Approach and Pursue the Three Approaches Simultaneously

Level of Ambition

Multilateral Single-  
Undertaking

Series of Small  
Packages

Plurilateral A  
greements

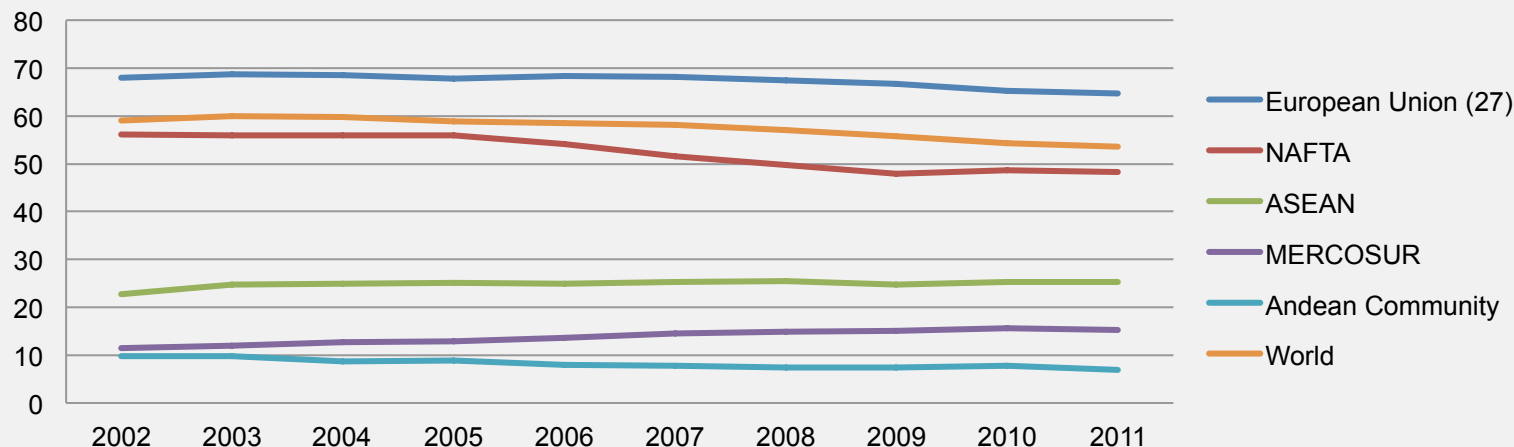
Realistic Possibility



- ▶ The WTO members need to put more emphasis on the sectoral and plurilateral agreements, because they will be effective and efficient in terms of trade liberalization and rule making
- ▶ The Tokyo Round codes regarding subsidies and anti-dumping, among others, were transformed into multilateral agreements in the Uruguay Round
- ▶ ITA(1997) and ACTA(2011) turned out to contribute to the free and fair trade after launch of the WTO
- ▶ Sectoral and plurilateral agreements in the WTO are expected to be stepping stones for multilateral agreements
- ▶ For example, TISA, ITA II, and the plurilateral environmental goods agreement

- ▶ The plurilateral RTAs including TTIP, TPP, EU-Japan FTA, and RCEP are good not only for global value chains but also multilateral rule making regarding ROO, SPS, and standards
  - ⇒ reduce the spaghetti bowl effects resulting from the bilateral FTAs
- ▶ The RTAs should be consistent with the GATT Article XXIV
  - ⇒ Multilateral review and monitoring of the RTAs should be facilitated by the Committee on Regional Trade Agreements

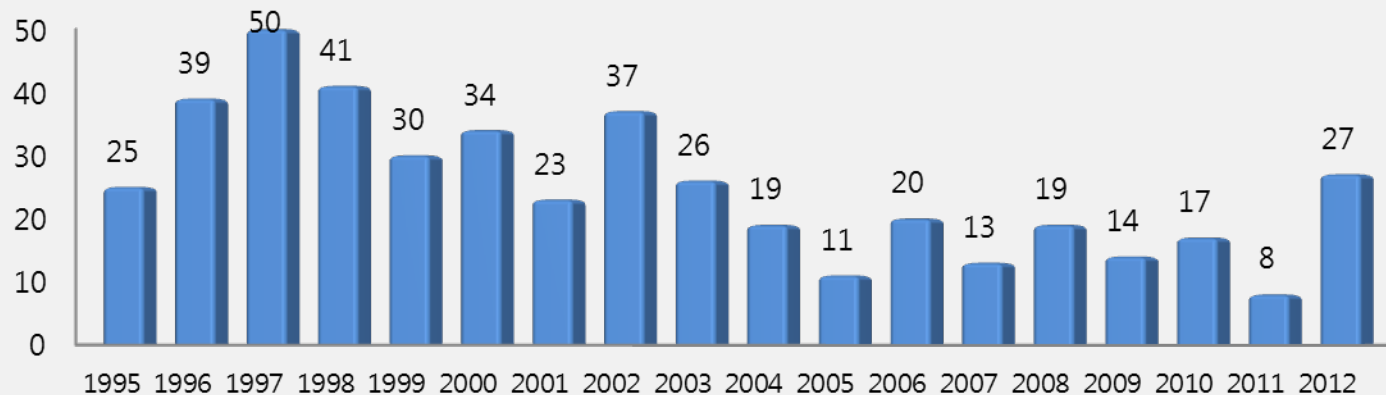
<Share of Intra-Region Exports>



Source: WTO

- ▶ WTO dispute settlement mechanisms must be equipped with a kind of binding legal system
- ▶ DSB should deal effectively with the ever-increasing 21<sup>st</sup> century disputes related to environmental protection and TBT
- ▶ It is widely viewed that the WTO dispute settlement mechanism needs to be developed fully with respect to transparency and efficacy.♪

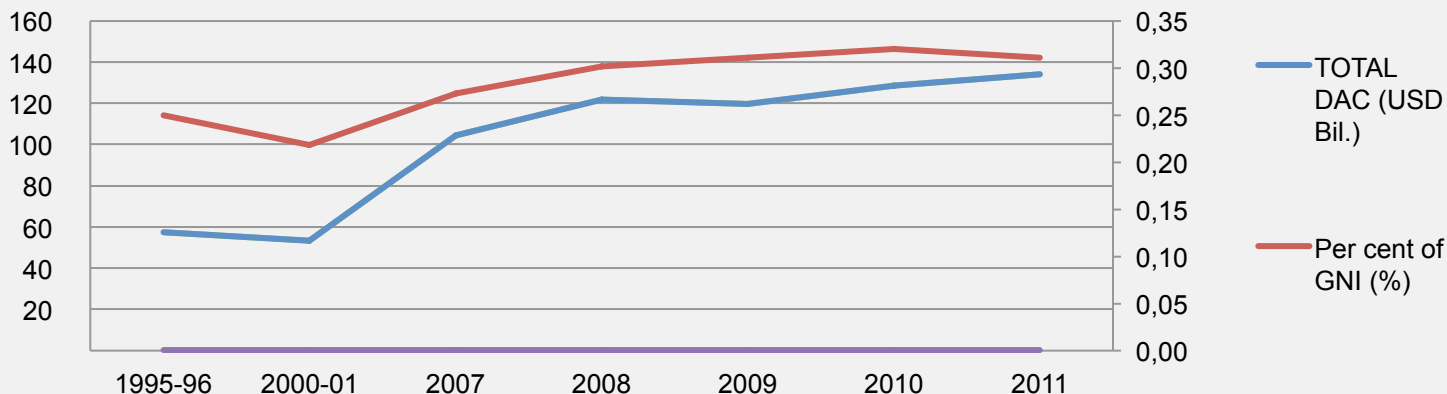
<DSB Consultations by Year>♪



Source: WTO♪

- ▶ WTO should strengthen its role as part of the new global governance, that is, as a partner to the G20/IMF/World Bank
- ▶ Specifically, it should cooperate with other international organizations in order to deal with the development issues
- ▶ WTO should strengthen its cooperation with the OECD DAC (Development Assistance Committee) and World Bank in order to assist the LDCs in building up their capacities

**<Net Official Development Assistance by DAC countries>**



Source: OECD

# Thank You

**KIEP** Korea Institute for International  
Economic Policy