

Trade Liberalization for Global Growth: Agenda for WTO and G20

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The role of WTO in fighting protectionism: Does WTO still matter?



- The answer is Yes. WTO rules and agreements cap the extent and amount of possible protection measures:
 - Still yardstick to judge trade measures on one's own or other members
 - “Teeth” of Dispute Settlement Mechanism with authority of granting retaliation
 - Trade policy review process




Challenges to WTO: declining political will of major trading powers




- WTO's nature characterized by:
 - member-driving
 - reciprocity of negotiation, give and take
 - Involvement of much more members with more diversified economy and development stage
 - more complicated bargaining process




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- The biggest challenge to WTO lies in the declining political will of major trading powers, to compare Doha Round with Uruguay Round, the US in particular:



- The impact of the global financial crisis, and rising protectionism



- Weak coordination among the advanced economy members (US-EU-Japan)





- Low expectation of business community about Doha Round deal and reduced lobbying pressure on governments, to compare with the Uruguay Round (chambers of commerce)
- Developed members increasingly skeptical about the benefits of existing WTO rules



➤ Developing countries as a whole came to the Doha Round with increasing skepticism of the benefits of trade liberalization, driven by:

- the slow pace of implementing phase-out liberalization of textile agreement by developed countries





- Concerns about TRIPS tightened protection of IPR and its impact on public health and the cost of IPRs
- Concerns about the weak will of developed countries to reduce the level of subsidy to agriculture





- As a result, while the Doha Round is stalemated, major economies pursue PTAs (bilateral and regional FTAs or EPAs), to name some of them:
 - Bilateral FTAs: Korea-US, Korea-EU, Korea-India and currently China-Korea FTA, China-Japan FTA(?)





- Regional FTAs: Trans-Pacific Partnership (TPP), Regional Comprehensive Economic Partnership (RCEP, 10+6), China-Japan-Korea FTA and TTIP (EU-US FTA) and more...





- Driving forces behind PTAs:

- Global value chain, and economic integration

- Competitive liberalization, pressure from trade liberalization of other economies

- Competition over the 21st century trading rules: TPP+TTIP will probably usher a new set of rules







- Political and security considerations, to serve grand strategy(TPP as part of US Pivot to Asia or rebalancing strategy) , help solve the issue of “security dilemma”, partly caused by the rise of China



Trade Agenda for G20 in Next Five Years: How to revitalize WTO and multilateralism?

- Considering the value of WTO and the nature of its working mechanism, it is important to move forward creatively, mainly:
 - Build a consensus on saving the reputation of WTO as platform of multilateralism
 - Strike a Doha Round deal based on the agreements most countries agree to

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- In the same time, open doors to negotiation for **possible Plurilateral Agreements** within the WTO, for example, Information Technology Agreement (ITA), International Services Agreement (ISA), Government Procurement Agreement (GPA) and others, based on higher standard and greater demand by trading nations.
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- Regulate PTAs, to ensure its discriminatory effects on non-members minimized.



➤ Study the globalized economy and its influence on trade patterns, and carry forward Public Education to disseminate the objective and accurate information on trade:

■ *Global value chain-based trade statistics*

■ *Depoliticization of trade issues in national politics, based on outdated trade data*



- Strengthen the WTO rules-based peer review process on trade measures, with further assistance of WTO and other international economic institutions



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Thank you

