Trade Liberalization for Global Growth: Agenda for WTO and G20

Yong WANG
Director, Center for International Political Economy, Peking University, PRC

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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
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 subsity 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
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.
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.
Thank you