

The New Trade Narrative, GVCs, and the Future of the WTO

Presentation to UNCTAD Expert
Meeting – 16th April 2013

Overview

- The New Trade Narrative
- GVCs and critique of OECD/WB/WTO Research
- Alternative Vision of Multilateralism

New Trade Narrative – “New Pathways”

- Doha Round is “Dead”
- Graduate emerging markets
- “New Pathways” – Plurilaterals, Bilaterals
- Policy Prescription = TF in Bali; Services – ISA; Issue by Issue negotiations

New Trade Narrative - GVCs

- GVCs - “made in the world”
- Intermediate goods – 60 percent of world trade - Services – 50 percent of exports of OECD -Trade Facilitation
- Reduction of NTBs = 6 X tariff reduction
- Prescription: Reduce NTBs, Liberalize Services, Strngthen TF

New Trade Narrative

“New Pathways” +

GVCs =

New Trade Narrative

Return to Washington Consensus

- Self-regulating market – Karl Polanyi
- “Hyper-globalization” – Dani Rodrik
- Trade liberalization automatically raises welfare – wrong – Prebisch to Stiglitz

Trade and Development

- UNCTAD – 2002 – “trade more but earning less”
- Emphasis on static efficiency: developing countries; commodities trap, middle income trap; infants at different times
- Use of trade and industrial policies – not distorting to lift out of recession needs to be accommodated by WTO

GVCs – Corporate Governance

- From retain and reinvest to downsize and distribute (Lazonick and Sullivan, 2002)
- Disintegration of MNCs to System Integrators (Nolan et al, 2002)
- Financialization of Global Markets (Millberg, 2007-9)

Conclusion

- More realistic analysis of “actually existing gobalization” needed – Dani Rodrik
- Balance required – trade protectionism and opportunities to develop
- Alternative Vision for MTS = Fair Trade; Capacity building; Balanced Rules and Good Governance