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BILATERALISM AND REGIONALISM IN THE AFTERMATH OF CANCUN: RE-ESTABLISHING THE PRIMACY OF MULTILATERALISM

Synthesis note based on regional papers prepared by

- **Economic Commission for Europe (ECE)**
- **Economic and Social Commission for Asia and the Pacific (ESCAP)**
- **Economic Commission for Latin America and the Caribbean (ECLAC)**
- **Economic Commission for Africa (ECA)**
- **Economic and Social Commission for Western Asia (ESCWA)**

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Introduction

1. This paper has been prepared as a background document for the Round Table of Executive Secretaries of the United Nations Regional Commissions at UNCTAD XI. It is a synthesis of the regional papers prepared by the five United Nations regional commissions. The theme of the Round Table is: "Bilateralism and Regionalism in the Aftermath of Cancún: Re-establishing the Primacy of Multilateralism". The theme was chosen to address prevailing concerns that the breakdown of multilateral trade negotiations under the Doha Development Agenda (DDA) in Cancún in 2003 had prompted many developing countries to accelerate their efforts to conclude less efficient bilateral and regional trade agreements which could undermine progress in the DDA negotiations. This paper is based on the principle that the multilateral trading system is the most efficient way for developing countries to enhance trade and investment through sustained trade liberalization with the ultimate purpose of generating economic growth and development. The rationale in favour of this principle has been well-documented. In the context of a globalizing world where international trade has risen much faster than production both within regions and among regions all over the world, WTO, and the multilateral trading system it administers, guarantees equal participation of all countries on the basis of a non-discriminatory approach thereby avoiding trade diversion. Furthermore, by providing access to a global dispute settlement system based on an internationally agreed body of law, it ensures an impartial process in the resolution of trade disputes.

2. The purpose of this paper is to analyse the nature and implications of bilateral and regional trade agreements in the world and to assess how and to what extent such agreements could contribute to advancing the multilateral trading system. First, it reviews the current perspectives of developing countries in the five regions on the DDA and the aftermath of Cancún. Section II provides a brief overview of the main existing and upcoming bilateral and regional trade agreements in the world and their implications for economic development. It also provides an assessment of the extent to which such agreements would contribute to or undermine the multilateral trade negotiations under the DDA. Section III explores how the regional commissions, by themselves and in cooperation with each other, can contribute to bringing the DDA negotiations back on track while advancing regional integration initiatives conducive to the multilateral trading system. The main conclusions are summarized in section IV.

I. Regional perspectives on the multilateral trading system and Doha development agenda

Introduction

3. Each of the five regions of the world, covered by the respective regional commissions of the United Nations, is characterized by countries which often differ in many respects from one another. Most regions comprise developed and developing countries, WTO members and non-members, countries at various stages of economic development, landlocked and island developing countries and countries with other varying geographic characteristics, countries with different political systems and often widely diverging cultures and languages. As a result, in most regions there is usually no common position or agreement on any issue prevalent in the multilateral trading system, although in general terms developing countries throughout the world share some concerns, as reflected by the Group of 90 developing countries (G-90) and the newly formed Group of 20 (G-20) at the Fifth WTO Ministerial Conference in Cancún. In broad terms, groups of countries with common concerns to some extent can be categorized into developed countries, developing countries as such, least

developed countries (LDCs) and countries with economies in transition. However, in many cases, there are sharp differences among countries within each group. Also, issue-based groups of countries cutting across regions have emerged, such as the Cairns Group[1] of net agricultural product exporters and Net-Food Importing Countries (NFICs). In addition, not every country participates as actively in the current negotiations as others. Many other countries from each region voice their concerns through groups, such as the group of four West African countries submitting the Cotton Initiative at the Cancún conference. While a detailed analysis of the varying positions of countries, groups of countries, regions and subregions goes beyond the scope of this paper, a brief description of some of the most prevalent and common positions on selected major outstanding issues is given below.

A. General issues and development concerns

4. While WTO member countries and countries in the process of acceding to WTO agree on the primacy of a universal, fair, open, predictable, rules-based and non-discriminatory multilateral trading system, a common position of most developing countries is that the WTO agreements and Doha-mandate negotiations have given short shrift to development issues and developing countries' concerns despite the promises. While the existing agreements contain various provisions for special and differential treatment (SDT), these are often vague and lacking effective implementation, if implementation is at all possible. Developing countries have therefore called for more precise, effective and operational SDT measures, which should be an integral part of the outcome of the multilateral trade negotiations. As border tariffs reach their lowest average levels, ever increasingly negotiations are moving into the realm of "behind-the-border" measures. Developing countries fear that a "one size fits all" approach could constrain their development space and policy flexibility, while efforts related to the operationalization of SDT have become increasingly controversial. Developed countries have argued that some developing countries place too much emphasis on the issue of SDT while being reluctant to put forward substantive proposals for the liberalization of their own markets. However, many developing countries argue that, given their limited capacity, they cannot enter into any new commitments without clarity on SDT and Uruguay Round-related implementation issues and a careful evaluation of the potentially far-reaching implications for their national development of any liberalization initiative. Many developing countries take the view that current WTO procedures, particularly those related to accession, are not friendly to developing countries and need to be reformed to allow for greater linkages to development objectives. At the same time, the issues of concern to developing countries, as explicitly addressed in the Doha Declaration, have not been given the attention they deserve. The major issues include non-agricultural market access restrictions, such as the incidence of tariff peaks and escalation of industrial products of importance to developing countries; the lack of effective implementation of the phase-out of the Multi-Fibre Arrangement (MFA); excessive use of trade remedies such as anti-dumping and countervailing measures; the high distortions in agricultural trade caused by domestic support and export subsidies, as well as trade distortions in the fisheries sector which are not covered by the Agreement on Agriculture; the lack of progress on issues such as SDT, implementation, dispute settlement, the fuller integration of small, vulnerable economies in the multilateral trading system; and other development issues, such as the relationship between trade, debt and finance (a priority for many Latin American countries), and the relationship between trade and technology transfer.

5. While LDCs are in many instances exempt from reduction commitments under existing WTO agreements, the lack of WTO-bound duty- and quota-free access for all LDC products is a long-standing issue which LDCs expected to have been resolved long ago. Such access would mitigate the

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[1] Cairns Group members: Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, Philippines, South Africa, Thailand and Uruguay.

effects of the erosion of preferences under GSP schemes they enjoy as a result of tariff reductions. African countries, in particular, argue that trade liberalization, often undertaken as part of structural adjustment programmes, has failed to trigger growth and increase their export competitiveness, unlike in East Asia which managed to enjoy rapid economic growth. As a result, African and many other developing countries have called for "policy space" which would allow them to implement trade policies as an integral part of development strategies in combination with selective controls to ensure balanced growth. Other countries, including developed countries, fear that the concept of "policy space" has yet to be defined and risks undermining the principles of the multilateral trading system. Other concerns of LDCs include the loss of public revenue as a result of multilateral tariff reductions.[2] Lastly, countries that have recently acceded to WTO, including many economies in transition in Europe, Jordan and Oman in the ESCWA region, China, and LDCs like Cambodia and Nepal, are reluctant to commit to new obligations under the DDA, after already having agreed to extensive liberalization commitments as part of their accession package.

B. Accession to WTO

6. Accession to WTO has proven to be an onerous task for many developing countries. This has been the case especially in the ESCAP region, which currently accounts for the largest share of non-WTO members. Despite attempts by WTO to streamline the accession process, especially for LDCs, countries in accession are overburdened by servicing and documentation requirements and in the bilateral negotiation process often face demands from WTO members that surpass the obligations of existing members. As a result, accession can be a long, cumbersome and particularly costly process. Economies in transition in many cases bear the additional burden of not being recognized as a market economy, which can delay their accession, while most (e.g. the countries of the Commonwealth of Independent States (CIS)) are not considered developing countries and as such have difficulties availing themselves of the SDT accorded to developing countries. Virtually all the countries of the ECLAC region are WTO members (French Guyana is a notable exception; the Bahamas have observer status), as are countries in Europe (Andorra, Bosnia and Herzegovina, Belarus, the Russian Federation, Serbia and Montenegro and Ukraine are currently observers), while there are still quite a few countries which are not members of WTO in Africa (Algeria, Cape Verde, Equatorial Guinea, Ethiopia, São Tomé and Principe and Sudan are observers) and the ESCWA region (Iraq, Lebanon, Saudi Arabia and Yemen have observer status, while the Syrian Arab Republic has applied for membership but has been accorded no status). In Asia and the Pacific, 22 of the 49 developing ESCAP members are not WTO members (11 including the Russian Federation, are in accession, and 11 have no WTO status), although the recent accession of the first LDCs to WTO, Cambodia and Nepal, are positive developments.[3]

C. Agriculture

7. Trade in agriculture has been the pivotal issue around which the dynamics of the Doha negotiations revolve. Agriculture is of common concern to all developing countries in all regions but negotiations in this area have seen the emergence of diverse groups of countries cutting across the various regions, i.e. the Cairns Group of net agricultural exporters, grouping selected Asian and Latin American countries as well as some developed countries together with a strong common export interest; the group of NFICs, consisting of selected Asian, a few Latin American and mostly African

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[2] For example, according to ECA, import duties account for 34 per cent of government revenues in African LDCs.

[3] While Nepal has ratified its accession protocols, Cambodia's ratification is still pending.

developing countries where food security is of primary concern; the G-20, led by countries such as South Africa, India and Brazil, where the primary concern is the dismantling of barriers raised by OECD countries, including tariff peaks and escalation on tropical products, the use and administration of tariff quotas, domestic support (in particular the level of current *de minimis* provisions and "green" box use) and export subsidies. For selected African (mostly West African) countries, the cotton subsidies applied in some OECD countries, notably the United States of America, are a primary concern as most of their export earnings depend on the export of this commodity. They therefore attach great importance to the Cotton Sector Initiative submitted at the Cancún conference and are insisting that tangible and concrete progress be made on this issue. In this context, the recent panel ruling in favour of Brazil and a number of African countries that challenged United States cotton subsidies under the WTO dispute settlement mechanism could be seen as a positive development. Cotton is also an important export product in selected Asian countries, particularly in Central Asia. High levels of price distortion in wheat, milk, rice and other commodities are also of significant concern to many developing countries. There also appears to be a convergence of views on the need for a special safeguard mechanism (SSM) for developing countries and provisions for so-called "special products". While food security is the primary concern of the NFICs, it is a concern shared by virtually all developing countries. India and the "Like-Minded" Group[4] have led the way with proposals for an entirely new "food security box" and "development box" respectively. Developed countries, in particular the EU and Japan, but also the Republic of Korea, often stress the "multifunctionality" of agriculture as a reason for maintaining high barriers to trade in this sector, although the EU has recently demonstrated more flexibility particularly with regard to its export subsidies as part of the efforts to bring the DDA back on track. Admittedly, agriculture is a controversial and sensitive subject which will make or break the DDA and the multilateral trading system as a whole.

D. Services

8. Developing countries throughout the world stand to benefit substantially from the liberalization of trade in services; Latin American and Asian countries, in particular, have actively participated in negotiations in this area. In today's globalized world, an efficient service sector is crucial to development. Enhancing the efficiency of the service sector through the liberalization of services should therefore be the centrepiece of the Doha negotiations. At the same time, the services sector is highly diversified and complex. The development of a regulatory framework and the sequencing of the liberalization process so that competitive business environments are promoted are thus crucial issues for development.

9. The common interests of developing countries have also evolved around reducing or eliminating barriers to the effective movement of natural persons across borders to supply services (Mode 4 under the WTO General Agreement on Trade in Services (GATS)), while mutual recognition of academic titles and professional licences is also a main issue. Issues such as safeguards on services have been somewhat contentious albeit important for many developing countries. However, despite its potential importance, negotiations on the service sector have proven to be less controversial than others and have therefore received less attention. Many analysts believe that once a breakthrough is reached in other negotiating issues notably agriculture, the issue of liberalization of services will feature much more prominently on the agenda, thus underlining the need for developing countries to be prepared.

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[4] The Like-Minded Group's core members are: Cuba, Dominican Republic, Egypt, Honduras, India, Indonesia, Jamaica, Kenya, Malaysia, Mauritius, Pakistan, Sri Lanka, Uganda, United Republic of Tanzania and Zimbabwe.

E. Singapore issues

10. The Singapore issues are also controversial; disagreement on these issues together with agriculture proved fatal for the Cancún conference. While the disagreement is often perceived as one between developed and developing countries, with developing countries (including the G-20) opposing the inclusion of those issues in the multilateral trade agenda, disagreements among the developing countries also exist in this area, in particular in Latin America. Institutional upgrading necessary to analyse and address the Singapore issues in the national economy, concerns with reduced “policy space” resulting from formulating WTO rules on those issues and the difficulty of incorporating SDT aspects have all been problematic. While many developing countries oppose entering into WTO negotiations on the Singapore issues, some have left the door open to an unbundling of the four issues, with trade facilitation, the issue that has engendered the least opposition, as an area for possible future negotiations.

II. Regionalism and Bilateralism

A. The emerging kaleidoscope of regional and bilateral trade agreements

1. Conceptual framework

11. Trade liberalization and economic reforms have often been undertaken unilaterally in many countries, especially in Latin America and Asia, often under World Bank and IMF programmes. It was the concept of open export-oriented economic policies that brought about the rapid development of selected East Asian countries. As a result of these experiences, countries the world over realized that free trade can indeed act as an important engine of growth, provided that countries possess the necessary supply-side capacities to take advantage of trade opportunities. In that regard, the success of the Uruguay Round and the establishment of WTO can be understood. However, freer trade is one thing; fairer trade is another. While many barriers to trade among developing countries linger, barriers in the developed world have gained the most attention as the majority of exports from developing countries are directed towards OECD markets. South-South trade has assumed increased importance, however. With slow progress in the multilateral trade negotiations, countries have increasingly resorted to bilateral and regional trade agreements (BTAs and RTAs), many of which are based on economic partnership agreements (EPAs) or similar agreements, in order to stimulate their exports. This trend, while boosted by the collapse of the Cancún conference, has been well under way since the early 1980s. As of 1 March 2004, all WTO members, with a few exceptions, such as Mongolia, participated in or were actively negotiating RTAs.

12. While the greatest concentration of RTAs is in the Euro-Mediterranean region, where over 100 are currently in force, the main focus of RTA activity has shifted towards Asia and the Pacific, where APEC countries in particular are engaged in negotiating RTAs and BTAs either among themselves or with other cross-regional partners. RTAs among developing countries account for about 30 to 40 per cent of all RTAs currently in force. Some tend to go beyond FTAs in the strict sense of the word and aim to establish customs unions or common markets but often lack effective implementation. They tend to encompass a large number of countries and often have extended

transition periods, as much as 20 to 30 years. According to WTO, this shows that "some recent RTAs are more a declaration of intent than agreements promising a significant impact on trade flows."[5]

13. RTAs differ widely in form, scope and extent of commitments. Increasingly, the conclusion of RTAs is connected to a country's broader policy aims and include social, political and security considerations as well as economics that go beyond mere trade concerns. As a result, such agreements, especially where a developed country is a partner, increasingly tend to cover issues which are outside the current WTO mandate, i.e. investment, competition, trade facilitation, environment and labour and other WTO "plus" commitments on intellectual property rights (IPR) and services. According to a WTO paper,[6] by October 2003, 285 RTAs had been notified to WTO, of which 215 were in force.[7] Of those RTAs in force, 152 are intended to be free trade areas and 14 are, or have the goal of becoming, customs unions. The remaining 49 are partial scope agreements. If the 60 RTAs currently under negotiation and the 30 in the proposal stage are concluded, by 2007 the number of RTAs in force will have surpassed 300.[8] Customs unions are common in Africa, Latin America and Europe, though in all regions, the free trade agreement or area (FTA) concept is currently proliferating.

14. About 70 per cent of all RTAs are FTAs with most being preferential trade agreements (PTAs) rather than FTAs in the strict sense of the word. Almost 90 per cent of all RTAs are bilateral trade agreements (BTAs),[9] and the remainder can be classified as plurilateral trade agreements.

15. Most RTAs are concluded at the subregional level among contiguous countries and some have membership which cut across regions or are interregional. Those that are interregional often include one or two developed countries. BTAs can be concluded between two developed or two developing countries or between one developed and one developing country. In the latter case, the developing country is often the smaller, more vulnerable trading partner. However, there are BTAs between two developing countries where one is large and/or more developed than the other (i.e., BTAs being negotiated involving Brazil, India, China or South Africa). A special case is the "hub and spoke" type of RTA where a large developing country or developed country (the "hub") sets the terms and conditions in a set of identical or similar BTAs with a smaller group of countries (the "spokes"). A brief overview of the most important existing and emerging RTAs appears below.

2. Regional and subregional trade agreements

16. Subregional and regional trade agreements are common in all regions. In Africa, there are about 14 RTAs of some sort. For instance, the West African Economic and Monetary Union

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[5] WTO, *World Trade Report*, 2003.
[6] WTO; "The Changing Landscape of RTAs", prepared for the Seminar on Regional Trade Agreements and the WTO, 14 November 2003.
[7] This number does not take into account the 9 accessions to existing RTAs, nor does it count the 27 notified Economic Integration Agreements, extending the scope of previously notified goods agreements to trade in services (WTO).
[8] Not every RTA under negotiation will automatically increase the number of RTAs in force, given the fact that some will supersede or expand existing RTAs. It should be noted that the conclusion of these agreements may actually result in a net reduction in terms of the total number of RTAs in force owing to the consolidation effect that some of these agreements may have. Apart from the case of the EU enlargement where the accession of 10 new countries will repeal approximately 60 existing RTAs, the same pattern could also be observed in Latin America where FTAs currently under negotiation should replace and consolidate a myriad of bilateral partial scope agreements. The reduction in the number of RTAs due to consolidation does not, however, necessarily correlate to a reduction in the volume of preferential trade. (WTO)
[9] BTAs can be concluded between two countries or between one country and a plurilateral RTA.

(WAEMU or UEMOA), the Economic Community of West African States (ECOWAS), the Central African Economic and Monetary Community (CEMAC) and the South African Development Community (SADC) have or aim to establish FTAs or customs unions. SADC, arguably the most effective RTA in the region, started implementation of its Trade Protocol in 2000. Alongside SADC there is a South African Customs Union (SACU), which is the oldest customs union in the world with South Africa as the ”hub”. In 2001, Kenya, Uganda and the United Republic of Tanzania agreed to revive a customs union through the East African Community (EAC) while in North-West Africa, Algeria, the Libyan Arab Jamahiriya, Morocco, Mauritania and Tunisia are undertaking efforts to establish a common market through the Arab Maghreb Union (AMU). Across Africa, there are the Common Market for Eastern and Southern Africa (COMESA) and the African Economic Community (AEC), recently transformed into the African Union (AU), which aims to achieve a pan-African economic and monetary union similar to the EU by 2028. While the names of these RTAs suggest a fairly deep level of integration, their implementation and the level of political commitment, as well as various civil conflicts, remain major problems. There is also a considerable overlap among various RTAs and an obvious rationale for integrating some of them, though efforts in this regard, i.e. in COMESA and SADC, have been unsuccessful thus far. Only the United Republic of Tanzania abandoned COMESA in favour of SADC. There are also many BTAs of various forms in force or being discussed among African countries, often within existing subregional groupings, for example between Morocco and Tunisia, Mozambique and South Africa and Zimbabwe and South Africa, and Nigeria and the Central African Republic. Mozambique, Malawi and Zambia are exploring the establishment of a tri-country economic zone.

17. In Asia and the Pacific, there is a vast and rapidly expanding array of RTAs and BTAs of every possible type, but only around 10 are fully effective. Most RTAs are at the subregional level. The most integrated is the Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA). Others include the Association of South-east Asian Nations (ASEAN) Free Trade Area (AFTA), the recently concluded South Asian Free Trade Area (SAFTA, successor to the South Asian Association for Regional Cooperation (SAARC) Preferential Trading Arrangement or SAPTA), the Central Asian Cooperation Organization (CACO) and, in the Pacific, in addition to ANZCERTA, the Melanesian Spearhead Group (MSG) Trade Agreement and the Pacific Island Countries Trade Agreement (PICTA) initiative. An example of the “hub-and-spoke” type FTA is the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA) with Australia and New Zealand as the hubs. AFTA perhaps has made the most progress and aims to establish an ASEAN Economic Community and single market by 2020. Both AFTA and SAFTA have time frames for the reduction of tariffs to the range of 0 to 5 per cent. SAFTA has yet to establish a set of common preferential rules of origin. RTAs which cut across subregions are rapidly emerging and include the BIMST-EC[10] free trade agreement, which links South Asia with South-East Asia, and various links between ASEAN and other major economies of the region, of which the ASEAN + China FTA (scheduled for 2010) is the most advanced, as well as ASEAN + Japan, ASEAN + Republic of Korea and ASEAN + India. There are also talks on linking ASEAN with ANZCERTA. The Bangkok Agreement, the oldest PTA in Asia and essentially a preferential trade agreement, links some South Asian countries, including India, with China and the Republic of Korea and has the potential to evolve into a pan-Asian FTA. The members of the Economic Cooperation Organization (ECO) established the ECO Trade Agreement (ECOTA), which is essentially an interregional trade agreement, linking Central, South and West Asia. The Bangkok Agreement, BIMST-EC FTA and ECOTA have as yet no common preferential rules of origin but work on this has reached an advanced state in the case of the Bangkok Agreement, which is scheduled to be renamed the Asia Pacific Trade Agreement (APTA).

[10] Bangladesh-India-Myanmar-Sri Lanka-Thailand Economic Cooperation. Bhutan and Nepal joined in February 2004.

18. In addition, there are numerous bilateral trade agreements, usually of the preferential type, in Asia, including, inter alia, agreements between Japan and Singapore, Thailand and China (so far only covering fruit and vegetables), Thailand and India, and Singapore and New Zealand. India, Thailand, Japan and Singapore are among some of the countries currently negotiating multiple BTAs with other countries of the region. At the subregional level, BTAs are common in South Asia, and the India-Sri Lanka BTA is the most far-reaching of them. There are various BTAs among countries in Central Asia and the Caucasus with varying degrees of successful implementation.

19. The greatest concentration of RTAs is in Europe, but these RTAs mostly involve agreements of accession to the EU, which is the largest common market in the world in terms of country membership. Alongside the EU, the only other European plurilateral RTA is the European Free Trade Association (EFTA). Three EFTA members (Iceland, Liechtenstein and Norway) entered into the Agreement on the European Economic Area with the EU and 15 EU countries in 1992. There are numerous BTAs between countries in South-East Europe within the framework of the 1999 Stability Pact,[11] some of which are not being applied. The Central European Free Trade Area (CEFTA), formed in 1992 by selected Eastern European countries following the EFTA model, is slowly disintegrating as member countries accede to the EU. Finally, there is the Pan-European Trade Zone (PEZ), which has 29 member States, including the EU, EFTA and CEFTA States, the Baltic States and Bulgaria. Officially known as the Pan-European Cumulation Area, set up in 1997, it allows for national treatment of goods consisting of components made in more than one participating country in accordance with established preferential rules of origin.

20. In the Americas, the North American Free Trade Agreement (NAFTA) is the most far-reaching RTA and an example of a WTO-“plus” RTA involving developed countries and a developing country (Mexico). NAFTA has high variation in rules of origin from one product to another. Other subregional RTAs include the Caribbean Community (CARICOM), the Central American Common Market (CACM) and, in South America, the Andean Community and MERCOSUR, which are all customs unions. Other regional initiatives include the United States-Central America Free Trade Agreement (CAFTA). However, the most ambitious effort towards regional economic integration in the Western Hemisphere is the creation of the Free Trade Area of the Americas (FTAA), which would link North America, Latin America and the Caribbean on the basis of the NAFTA model. The negotiations on FTAA are proceeding slowly and face problems similar to those plaguing the DDA.

21. In addition to RTAs, there are a number of BTAs in Central and South America, such as those between Chile and Mexico, Costa Rica and Mexico, Mexico and Nicaragua, Bolivia and Mexico, CARICOM and the Dominican Republic, CARICOM and Costa Rica, while economic complementation agreements exist between Chile and Ecuador, Chile and MERCOSUR and others.[12] Chile also has a BTA with Central America. Various countries (e.g., Chile) or groups of countries (e.g., Central American countries) have BTAs with the United States. Chile also has a BTA with Canada.

22. In the Middle East, the only plurilateral RTA is the plan of the Gulf Cooperation Council (GCC) countries to establish a customs union by 2003 and an economic union (including a single market and currency) by 2010. There have been various attempts to establish an Arab Common Market and there are currently numerous bilateral trade agreements (signed or being negotiated)

[11] Several countries and international organizations agreed on a Stability Pact for South-East European countries in 1999. It aims at strengthening countries in Southeastern Europe in their efforts to foster peace, democracy, respect for human rights and economic prosperity in order to achieve stability in the whole region.
[12] MERCOSUR has FTAs with Chile, Bolivia and Peru.

among countries in the ESCWA region, but most experience difficulties owing to the limited coverage and commitments, restrictive rules of origin and political tensions. The region maintains the second highest number of protection barriers to trade in the world (after South Asia). The most promising blueprint for regional economic cooperation is the League of Arab States, in particular the Greater Arab Free Trade Area (GAFTA), which was launched by the member States of the League in 1998 with the aim of reviving the 1981 Agreement for Facilitation and Promotion of Trade among Arab League members. In contrast to previous attempts at Arab integration, GAFTA embodies specific commitments requiring across-the-board elimination of tariffs, tariff-like charges and non-tariff measures. Import duties and other barriers to trade in goods of Arab origin are to be eliminated over a seven-year period ending in 2005. GAFTA envisaged the progressive removal of tariffs and equivalent duties and taxes with the goal of achieving free trade in goods, including agricultural products over a 10-year period ending in 2008. Recently, this date was brought forward to 1 January 2005. To date, tariff dismantlement has reached 80 per cent. Recently, the League has endorsed a GATS-like agreement intended to integrate trade in services into the GAFTA framework. In addition to the above-mentioned regional and subregional agreements, a plethora of bilateral free trade areas between Arab countries exist and continue to proliferate. These BTAs use GAFTA as their general guideline and attempt to expand bilateral market access while accelerating the dismantlement schedule.

3. Interregional trade agreements

23. While most RTAs and BTAs are at the subregional and regional level, there are various initiatives to forge FTAs between existing groupings and countries in various regions and continents. Most of them involve either the United States or the EU, and to a lesser extent Japan, but there are also a number of cross-regional FTAs involving developing countries only. Probably the best known interregional RTA is the Asia Pacific Economic Cooperation (APEC), which links countries with Pacific coastlines in the Americas with selected countries in Asia and the Pacific. While there have been talks on establishing a Trans-Atlantic Free Trade Area (TAFTA) between the United States and the EU, progress is slow. Furthermore, there are no RTAs that include both the United States and the EU. However, both have extensive trade and investment relations with each other and with countries outside their respective regions all over the world.

24. While there is a framework for regular Asia-Europe Meetings (ASEM), no formal trade agreement has resulted from this process. However, there is an agreement to work towards the establishment of a regional framework that would significantly contribute to the new dynamism in the ASEAN-EU trade and investment relationship: the “Trans Regional EU-ASEAN Trade Initiative” (TREATI), which would foster closer cooperation in trade (including trade facilitation), investment and other regulatory issues with the ultimate goal of establishing a PTA between the two parties. In addition, there are the numerous Europe Agreements between the EU and countries acceding to the EU, the Partnership and Cooperation Agreements with the CIS countries (except Tajikistan), bilateral steel agreements with the Russian Federation, Kazakhstan and the Ukraine, and Stabilization and Association Agreements (SAAs) with selected South-East European countries. The conclusion of a series of Euro-Mediterranean Partnership Agreements between the EU and non-European Mediterranean countries in the Middle East and North Africa are meant to lead to the establishment of the Euro-Mediterranean FTA by 2010. EU trade relations with South America are confined to BTAs with Chile and Mexico while an interregional association with MERCOSUR is under discussion. In Africa, apart from the Cotonou Agreement between the EU and ACP countries, the EU has a BTA with South Africa which gives it access to other SACU markets as well. All LDCs enjoy duty- and quota-free access to the EU under the latter’s “Everything but Arms” (EBA) initiative, though some

sensitive products, i.e., rice, sugar and fresh bananas, have not yet been included and it has been argued that restrictive rules of origin prevent the active utilization of the scheme.

25. In addition to interregional FTAs involving the EU, there are other European interregional trade initiatives, such as the BTAs entered into by EFTA (i.e. with Chile, Hungary and Mexico); the Eurasian Economic Community (EEC), a customs union consisting of selected Central Asian countries, Belarus and the Russian Federation; and the Black Sea Economic Cooperation Organization (BSEC) linking South-East European countries with countries in West Asia and the Caucasus but with no intentions of establishing an RTA as yet. The CIS binds countries of the former Soviet Union in both Asia and Europe.

26. The United States has become among the most proactive country in establishing FTAs around the world. In Latin America, the United States is part of NAFTA, CAFTA and a BTA with Chile and is beginning to negotiate an agreement with the Andean countries. In addition, the United States is the principal mover behind the FTAA. With Asia, the United States-Singapore BTA serves as a model for similar FTAs with other countries in the region. Negotiations are currently ongoing with Thailand. An important BTA with Viet Nam has existed since 2001. The United States has an Enterprise for ASEAN (EAI) initiative which offers the prospect for FTAs between the United States and outward-looking open ASEAN countries. Various Trade and Investment Framework Agreements (TIFAs) also exist between the United States and selected Asian countries, Brunei Darussalam, Malaysia, Pakistan and Thailand. Recently, the United States and Australia signed a BTA which excludes sugar, an important export sector for Australia. In Africa, the United States signed the first BTA in the region with SACU in 2003. It also applies the “Africa Growth and Opportunity Act” (AGOA) as a special duty-free scheme for sub-Saharan African countries. In North Africa and the Middle East, the United States has BTAs with Morocco, Israel and Jordan. Negotiations on a FTA with Bahrain have recently started. The United States intends to work towards the establishment of a United States-Middle East Free Trade Area (US-MEFTA) by 2013 through a combination of FTAs, TIFAs and bilateral investment treaties.

27. The number of interregional RTAs involving only developing countries is increasing. In the Middle East, in a first step towards the envisaged creation of a Euro-Mediterranean Free Trade Area in 2010, the agreement on a Mediterranean Arab Free Trade Area between Egypt, Jordan, Morocco and Tunisia, known as the “Agadir Agreement”, was signed on 25 February 2004. In 1993, the members of the Organization of the Islamic Conference (OIC) signed the Framework Agreement on a Trade Preferential System among OIC Member States. The OIC’s members include countries in South-East, South and Central Asia, the Middle East, Africa and even Europe (Albania) and South America (Suriname). In Asia, India and Singapore have been particularly active in pursuing interregional RTAs. India has already signed a PTA with MERCOSUR in South America. Most recently, India, South Africa (representing SACU) and Brazil (representing MERCOSUR) agreed to negotiate individual FTAs between the three regions: SACU-MERCOSUR, India-SACU and India-MERCOSUR. Keeping in mind the recent launch of SAFTA, these deals could easily be extended, leading to SACU-SAFTA and SAFTA-MERCOSUR FTAs as well. In addition, various BTAs among developing economies in different regions have emerged with varying levels of commitments, e.g., Chile-Republic of Korea, Pakistan-Kenya, Thailand-Bahrain, while many more are being proposed or are already under negotiation, e.g., Thailand-Peru, Sri Lanka-Egypt, Singapore-Mexico, Singapore-Egypt, Singapore-Jordan, etc.

B. Issues and implications of RTAs

28. The preceding analysis indicates that an intricate web or the so-called "spaghetti bowl" of RTAs and BTAs spanning the globe has emerged. At the regional level, regional integration seems to have made the most progress in Europe, followed by the Americas, where the FTAA offers the possibility of a pan-American FTA. While Africa has quite a few customs unions, which in theory call for rather deep integration commitments, many are lacking effective implementation and consolidation. In the Middle East, RTAs have gained increased attention, and BTAs among countries of the region abound. In Asia and the Pacific, the recent proliferation of RTAs has been the most marked, evolving from preferential access, positive list approaches to deeper negative list, free trade agreements, while existing RTAs are linking up or expanding their geographic coverage.

29. This leads to the next question: Are RTAs and BTAs trade-creating or trade-diverting? As a result of tariff liberalization, trade among countries under such agreements would obviously increase, but this could come at the expense of trade from a more efficient country outside the agreement, thus diverting trade away from the more efficient producer to the less efficient partner country. The net trade effect of many RTAs and BTAs is often difficult to assess, as evidenced by the extensive literature on the subject. Nevertheless, there is evidence to suggest that the overall results are generally positive for members of the group in the long run subject to various conditions, including, inter alia, the level and depth of commitments, the level of protection with respect to the rest of the world, the intensity of trade among parties in the RTA, supply-side capacity of countries party to RTAs to enable them to effectively utilize the gains in market access, and their flexibility to adjust rapidly to changing comparative and competitive advantages as well. As these conditions are not always met, the net impact has often been rather limited (see table). Again, the reasons for this are many and may not be directly related to the existence of the RTA itself but to external factors.

Table. Intra-trade of selected RTAs as a percentage of total exports of each trade grouping

Trade group (RTA)	1980	1990	2001
Europe			
EFTA	1.1	0.8	0.7
EU	60.8	65.9	61.2
Euro Zone	51.4	55.1	50.1
EU and accession countries	61.8	67.9	67.8
Americas			
ANCOM	3.8	4.2	11.6
CACM	24.4	16.0	27.9
CARICOM	5.3	12.1	16.6
MERCOSUR	11.6	8.9	17.4
NAFTA	33.6	41.0	56.2
Africa			
COMESAa	5.7	6.3	5.2
CEMAC	1.6	2.3	1.3
ECOWAS	9.6	8.0	9.8
SADC b	0.4	3.1	10.9
UEMOA	9.9	12.1	13.5
Asia Pacific/Middle East			
ASEAN/AFTA	17.4	19.0	22.4
Bangkok Agreement	1.7	1.6	8.7
ECOc	6.3	3.2	5.4
GCC	3.0	8.0	5.1
MSG	0.8	0.4	0.8
SAARC/SAPTA	4.8	3.2	4.9

Source: UNCTAD Handbook of Statistics 2002; Economic Commission for Latin America and the Caribbean (ECLAC).
[a] Prior to 2000, data unavailable for Namibia and Swaziland.
[b] Prior to 2000, data unavailable for Botswana, Lesotho and Swaziland.
[c] Prior to 1995, data unavailable for Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

30. Trade appears to have increased in the case of ANZCERTA, MERCOSUR, the EU and, to some extent, ASEAN but has remained relatively limited in the case of SAPTA and various African RTAs and Middle Eastern RTAs. For instance, the ratio of intra-Arab trade to total foreign Arab trade during the period 1998-2002, e.g., the five years since the establishment of GAFTA, averaged only 8.4 per cent.[13] Nevertheless, it should be noted that since oil constitutes a major portion of Arab exports (70 per cent) destined to world markets, fluctuations in oil prices raise the total of Arab exports and hide the steady growth in intra-Arab trade. Between the establishment of GAFTA in 1998 and 2003, intra-Arab trade, which is mainly in non-oil products, grew by about 50 per cent. Despite the deep integration commitments of NAFTA, Mexico is currently suffering stiff competition from Asian countries, in particular China, despite its significantly increased trade with the United States. Furthermore, one could argue that RTAs are not necessary to foster intraregional trade. The Republic of Korea, for instance, conducts most of its trade with other East Asian countries but is not a member of any RTA except for the Bangkok Agreement, which has limited commitments. In fact, there is evidence of an inverse correlation between intraregional trade shares and the number of RTAs. For instance, developing Asia, with relatively few functioning RTAs, has the largest share of intraregional trade (about 80 per cent of developing Asia's South-South trade is intraregional trade) while Africa,

[13] ESCWA, Annual Review of Developments in Globalization and Regional Integration in the Countries of the ESCWA Region, 2003.

with the largest number of RTAs (with quite a few of the rather "deep" integration customs union type), has the smallest share of intraregional trade.[14] While there are various reasons for this, as pointed out above, the lack of trade complementarity among countries in the region is one of the main reasons.

31. However, where trade creation has taken place, the level of trade diversion is not always known. In addition, in cases where not all products are covered under the RTAs, some sectors stand to win and others to lose. On the positive side, the effects are not merely related to trade from a static point of view. Other gains come from economies of scale, learning to export and even creating incentives for domestic restructuring and developing national competitiveness. For instance, ASEAN countries recently agreed to speed up their integration and develop an ASEAN brand image in order to be ready for the ASEAN-China FTA, which is expected to be a reality by 2010 and would be among the largest RTAs in the world. There is evidence that the formation of RTAs and BTAs has led to a surge in FDI to the developing country partner, e.g. Mexico under NAFTA and Viet Nam under the United States-Viet Nam BTA. As a result, the long-term net welfare effects on society as a whole have to be evaluated to assess the impact of any given RTA.

32. The level of trade diversion can be reduced through expansion of existing RTAs. For instance, ASEAN + China, or even ASEAN+3 (China, Japan and the Republic of Korea) would greatly enhance the net trade creation effects and limit trade diversion resulting from AFTA alone. Various countries are motivated to engage in BTAs with their most active trading partners (i.e. EU and the United States) alongside existing RTAs to which they are party in order to diversify export markets and minimize residual trade diversion. This explains the BTAs pursued by countries such as Singapore, Chile and Mexico. At the same time, initiatives such as the EU-SACU and EU-MERCOSUR FTAs would lead to a reduction in intra-SACU and intra-MERCOSUR trade in various products where the EU has a comparative advantage but would also reduce trade diversion. Obviously, trade diversion remains an issue of concern; the more restrictive the rules of origin and the higher the tariffs on non-members remain, the greater will be the impact on non-members. Thus, a key policy issue is for tariffs on non-members to be lowered in tandem with preferential tariffs in a virtuous circle of mutually reinforcing liberalization. This underscores the importance of getting the Doha negotiations back on track. The sustainability of RTAs and BTAs as a building block of multilateralism is crucially dependent on this.

33. A further concern relates to the proliferation of RTAs and BTAs. The sheer and growing number of such agreements leads to overlapping and conflicting commitments for many countries, in particular with regard to rules of origin. This is particularly so in Africa and Central Asia, where resource-poor countries tend to be party to multiple RTAs. In Asia, for example, there are many LDCs that are WTO members and members in various RTAs. Inevitably, this would lead to increasing administrative procedures and transaction costs for businesses which, as the real agents for trade and investment, would have to incur substantial costs to make sense of all the trade agreements to which their country is party to and to identify the benefits that could be gained, in particular in view of the complex web of different rules of origin. Some businesses, in particular small and medium-sized enterprises (SMEs), have argued that those costs may not justify the benefits, in particular for agreements where tariff reductions are small and no trade facilitation measures complement tariff liberalization. There is therefore a case for consolidation of multiple regional RTAs. In Asia, the Bangkok Agreement may have the potential to evolve into a pan-Asian RTA as well as an expanding ASEAN+China to ASEAN+3 or 4, including India. In the Americas, FTAA holds this potential,

[14] WTO, *World Trade Report*, 2003.

although the compromises that might be required to move negotiations forward may eventually undermine its effectiveness.

34. From the preceding analysis, it appears that, generally, the track record of RTAs in the world, despite their proliferation, is uneven. Some RTAs in Latin America appear to have been relatively successful. While the lack of deep integration commitments and effective implementation of such agreements are certainly convincing arguments in many cases, it is also argued that developing country members of RTAs tend to have similar economic and industrial structures and hence lack trade complementarity. Significant intraregional trade in manufactures in Asia and Latin America might be an exception to this rule. However, where countries are more developed, e.g. in Europe, and have deep integration commitments (e.g. EU), the share of intra-bloc trade in the overall trade of the bloc is very high despite the fact that European countries also tend to have similar economic and industrial structures (in conformity with the typical structure of a "developed" economy). However, trade among those countries often takes place on the basis of brands rather than products. For instance, virtually all European countries produce and export cars, but they are of different types and brands, catering to specific market segments, and are marketed accordingly.

35. Finally, there is the issue of the WTO-compatibility of RTAs. Per definition, RTAs derogate to the WTO principle of non-discrimination as embodied in MFN status. While Article XXIV of GATT and Article V of GATS allow for RTAs, certain conditions have to be met. [15] However, the conditions stipulated in those articles are not always clear, thus leaving scope for interpretation. In the case of preferential trade agreements among developing countries, the "Enabling Clause" provides more flexibility insofar as members are not required to remove internal barriers on substantially all trade. Most of the RTAs between developing countries are notified to WTO under this clause. In the ongoing Doha negotiations, the need to strengthen the disciplines and rules governing RTAs has been recognized, in the face of their proliferation, but not much tangible progress has been made to date.

36. In short, the challenge is to design RTAs and BTAs which will bring about a deepening of regional integration and cooperation beyond mere tariff reductions, so that such efforts complement and strengthen the non-discriminatory, multilateralist approach to trade liberalization. In this context, much future work remains to be done on bringing about greater cohesiveness, rationalization and amalgamation of these individual initiatives. There is thus a need to develop common formats for RTAs and BTAs, which would identify common principles, guidelines, practices and procedures, so that such agreements indeed evolve as "building blocks" of the multilateral trading system rather than "stumbling blocks". In fact, efforts should be made to expand RTAs to include as many members as possible, particularly countries that are major trading partners of one or more members of existing agreements. A common framework agreement would lay the groundwork for the formation of region-wide FTAs, such as those in force in Europe (EU) and proposed in the Americas (FTAA), which could be multilateralized and eventually provide a fast track towards an integrated multilateral system of rules for world trade. Likewise, from a WTO systemic perspective, the overriding challenge is how to recognize the existence of RTAs while disciplining their impact.

[15] For instance, article XXIV of GATT in short stipulates that RTAs are allowed if trade barriers after integration are not on the whole higher or more restrictive after the formation of the RTA or customs union than they were before; all tariffs and other regulations of commerce are removed on substantially all intraregional exchanges of goods within a reasonable length of time, namely 10 years; and they are notified to the Committee on Regional Trade Agreements. GATS Article V has similar provisions.

III. Role of the International Community in Achieving Sustainable Multilateralism

37. Given the multi-track approach followed by most countries towards trade liberalization, the prime concern of the international community is to advance the multilateral trading system while simultaneously promoting the consolidation of regional and bilateral trade agreements and other forms of economic partnerships in a WTO-consistent manner. The United Nations regional commissions, in particular, are in a prime position to undertake activities for this purpose. In particular, they should undertake a stock-taking and then an in-depth assessment of the impact of RTAs and BTAs for growth and development. Other issues that need further study are the structural adjustments that are necessary for countries to take full advantage of such agreements, and the identification of best and good practices of national consensus-building (i.e., interaction between the government and the private sector, civil society, parliamentarians, academia and the media) in the negotiation and implementation processes. As today's fast-changing competitive global environment requires awareness and knowledge of these issues, Governments and non-government stakeholders need to prepare and adjust as soon as possible so as to minimize the costs and optimize the benefits. In so doing, emphasis should be given to the several dimensions of "deep integration" in a context of open regionalism and to coordination of macroeconomic policies to sustain regional integration processes. In addition, technical assistance should be directed towards designing policies that build supply-side capacities, e.g. building an internationally competitive export sector, in member countries so as to ensure that they can make effective use of market access gains. This would include areas such as infrastructure development, private sector development (in particular SMEs), trade and transport facilitation, investment promotion and facilitation, development of ICT capacities, integration into global supply chains, export diversification, quality control and certification, development of standards and technology transfer. A special focus is required on education and human resources development across the board. In all their technical assistance activities, the regional commissions should adopt a multidisciplinary and long-term programmatic approach so as to ensure full impact and sustainability.

38. The regional commissions have been undertaking such activities for a long time. They have provided forums for discussion and exchange of experiences among countries and for dialogue between public sector and private sector representatives. This is important as, while the government negotiates and makes commitments, it is the private sector that undertakes actual trade and investment transactions. Any commitment made by a Government would therefore require the full understanding and support of the private sector at large in any given country. In cooperation with their global partners, in particular UNCTAD, WTO and regional partners, including the regional development banks and subregional organizations, the regional commissions have provided consistent training in topics related to WTO, DDA, RTAs and other areas related to trade and investment policy as well as in supply-side capacity-building. In some cases, they have argued that countries generally must hold on to some flexibility within the WTO agreements and RTAs to stimulate productive development. They also play an important role in conducting research on issues related to trade and investment, particularly on the implications of WTO and regional and bilateral agreements, with focus on sectoral issues, but also on best practices in trade and investment policy and related areas.

39. The regional commissions could play a role in developing common formats for WTO-consistent RTAs so as to facilitate the development of new agreements and consolidate existing and emerging RTAs into region-wide RTAs which would conform to WTO principles and obligations. This would open avenues for collaboration among the commissions as well as with other international agencies, such as UNCTAD, the only global United Nations agency in the area of trade and investment, the Bretton Woods institutions and WTO. After all, countries often have conflicting

commitments under various RTAs, but also under their IMF or World Bank structural adjustment programmes and obligations as WTO members. There is therefore a need for all concerned agencies to cooperate to ensure that such obligations are mutually consistent and reinforcing, while they should continue to accord priority to the multilateral trading system and the current DDA. This is precisely one of the WTO topics regarding the relationship between trade, debt and finance. The World Bank has provided technical and financial assistance for this purpose while the IMF, for example, has recently launched a Trade Integration Mechanism (TIM) for the most vulnerable countries experiencing balance of payments problems owing to changes in trade policies in other countries. It is important that such programmes be well coordinated to ensure policy coherence.

40. At a trade focal point meeting of the regional commissions in November 2003 at Bangkok, the regional commissions decided, inter alia, to pay more attention to the development of interregional projects involving two or more commissions and UNCTAD in areas of prime concern to developing countries, such as productivity and market access increases for agricultural products and industrial products in which developing countries tend to have a competitive advantage, for example, textiles and clothing, and to document best or good practices in trade and investment development. Since the service sector is emerging as an area in which developing countries throughout the world have promising competitive advantages, the globalized nature of some of these services would make it a key area of common interest, and the commissions would do well to develop a common programme. Existing inter-commission programmes, such as the ESCAP-ECE Special Programme for the Economies of Central Asia (SPECA), could strengthen its trade and investment component. Such joint programmes could be jointly implemented with and funded by the Bretton Woods institutions and regional development banks, while UNCTAD and other global development organizations, such as the specialized agencies of the United Nations, could also be active partners in selected programmes and projects. Such coordination and cooperation among agencies are essential to ensure synergies, efficient utilization of dwindling donor resources and effectively address the issues related to globalization, in particular WTO- and DDA-related issues and those related to the rapid proliferation of RTAs. In this context, there have been calls by the international community to strengthen the delivery of technical assistance to LDCs through better utilization of the Integrated Framework process. In particular, cooperation among the commissions and other agencies will be essential in ensuring that RTAs of all kinds the world over will converge and be ultimately multilateralized.

IV. Conclusions

41. Developed and developing countries alike share the view that a universal, open, transparent, predictable, non-discriminatory, rule-based multilateral trading system provides the best way to achieve development objectives through trade liberalization. Trade liberalization through the multilateral system has done much to foster global economic integration, and the strengthened rules and disciplines of the WTO system now provide Governments and the private sector with a clear international framework within which to make the most of their opportunities and take up their responsibilities. However, there are many outstanding issues in the multilateral trade agenda which require satisfactory resolution. The world economy has much to lose from a total collapse of DDA; it is therefore essential to bring the multilateral trade agenda back on track with due consideration to the development needs of WTO member countries. WTO rules and processes may have to be reformed, particularly those for accession, to make them more flexible, transparent and development-friendly. In this regard, it is important to stress the particular responsibility of developed countries. The domestic policies of these countries, in an era of rapid global integration, often have spillover effects with potentially negative impacts on the fragile economies of developing countries. OECD agricultural

subsidies are a case in point. It is also worthwhile at this point to recall the world debt crisis of the 1980s, which came to a head when developed countries raised interest rates, after having for many years pursued easy monetary policies. It is important, therefore, that trade-distorting domestic policies of developed countries be disciplined and brought fully under the rule-based system of WTO. However, until this goal becomes reality and in order to make globalization a win-win proposition, it is important for developed countries to take these spillover effects into consideration while formulating domestic policies.

42. In the meantime, the proliferation of RTAs is a reality that cannot be ignored. On the positive side, there seems to be a trend towards expanding membership and deepening commitments in various RTAs, which would enhance their overall impact and reduce the possibility for trade diversion. In order to avoid the high costs involved in conforming to multiple rules and processes under multiple RTAs, there is a need for consolidation and strengthening RTAs in order to ensure their compatibility with WTO rules and principles and develop them into building blocks of the multilateral trading system. Therefore, while BTAs and RTAs can offer a welcome alternative to the slow-moving multilateral level negotiations, there should be a strong complementary and mutually reinforcing process between the regional, bilateral and multilateral routes of trade liberalization and regulation.

43. In this context, the international community, in particular the United Nations regional commissions and their partners, both at the regional and global levels, play an essential role in assisting developing countries in effectively negotiating and implementing multilateral, regional and bilateral trade and other economic partnership agreements. There is scope to develop interregional programmes and projects involving two or more commissions and UNCTAD and, where appropriate, the Bretton Woods institutions, regional development banks and other global and regional or subregional partners. The commissions could identify trade negotiation issues with important development implications for all regions and assist developing countries to forge common interregional positions on these issues. Similarly, the commissions could work on developing common formats for RTAs or BTAs which would be WTO-consistent and would help in consolidating and multilateralizing such agreements in the long run. In addition, the regional commissions would continue and strengthen, were necessary, their technical assistance to the most vulnerable countries in building their supply-side capacities and international export competitiveness which would allow them to effectively utilize increased market access. Such activities need to be carefully coordinated to avoid undue duplication, with UNCTAD assuming an overall leading role at the global level and the regional commissions articulating and analysing regional perspectives and implementing operational activities in their respective regions.