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, Strengthen 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 globalisation” needed – Dani Rodrik

• Balance required – trade protectionism and opportunities to develop

• Alternative Vision for MTS = Fair Trade; Capacity building; Balanced Rules and Good Governance