SESSION 3:
New regional trade architecture, systemic coherence and development

WTO 2.0 OR 0.2?
PTAS AND THE ‘MISSING CONSENSUS’

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PTAs and the ‘Missing Consensus’

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The Argument
WTO & PTAs

• PTAs are signed for various reasons

• As WTO successfully ‘completes’ the tariff agenda, PTAs could become the vehicle for ‘deep integration’

• The effect on WTO depends on how the WTO will react
How Much Room is Left for Multilateral Deals?
WTO is no More the Only Game in Town

• Since 1995, the number of FTAs has increased fast
  – Over 500 in place
  – Over 350 notified
  – Mega-regionals (TTIP, TPP, RCEP) ante portas

• Rationale varies
  – Gains from trade (across the board)
  – Break with the past (Mexico, NAFTA)
  – First mover’s advantage (India, EU)
  – Etcetera
Many Reasons, and One

- Difficult to say why PTAs are formed (often private information; when not, idiosyncratic)
- But PTAs do focus on regulation nowadays
- Horn, Mavroidis & Sapir (2010)
  - WTO + / x
  - WTO x is all ‘regulatory’
  - A lot of WTO + is ‘regulatory’ as well
- How effective is the WTO when tackling ‘regulatory’ issues?
The Limits of Non-Discrimination

• Integration yes, but ‘insurance policy’ as well
  – Market access upon compliance only

• Common policies / recognition
  – Bilateral, multilateral arrangements

• Common policies are costly
  – Add to the fixed cost of production

• Recognition requires ‘trust’
  – Homogeneity is the key, empirical papers suggest
Lessons WTO Could Learn

• EU: a more integrated process
  – Although EU28 ≠ EEC6
  – Still ‘deep integration’ (common policies, ECJ etc.)
  – And allows for ‘variable geometry’
    • Monetary union
    • Enhanced cooperation

• Is it realistic to believe that the WTO can continue to operate without variable geometry?
Instead of Conclusions ... 
Think WTO 2.0
WTO Dead and Loving it, or WTO 2.0 / 0.2?

• Appetite for trade deals, but not in the WTO
• What should the DG do?
  – Rethink the role of the WTO in a multi-polar world
  – WTO: guardian of liberalization past, links to FTAs under its aegis, over-arching dispute settlement
  – Oh, ... and forget Doha