



**Multi-year Expert Meeting on Enhancing the Enabling Economic Environment  
at All Levels in Support of Inclusive and Sustainable Development (2nd session)**

*Towards an enabling multilateral trading system for inclusive and sustainable development*

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**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  $\neq$  EEC6
  - Still ‘deep integration’ (common policies, ECJ etc.)
  - And allows for ‘variable geometry’
    - Monetary union
    - Enhanced cooperation
- Is it realistic to believe that the WTO160 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