

United Nations Conference on Trade and Development

TRADE AND DEVELOPMENT COMMISSION
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Item 5: Formulation of national policies in the context of existing regional trade agreements

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The views expressed are those of the author and do not necessarily reflect the views of the UNCTAD



Regional Trade Agreements and the WTO

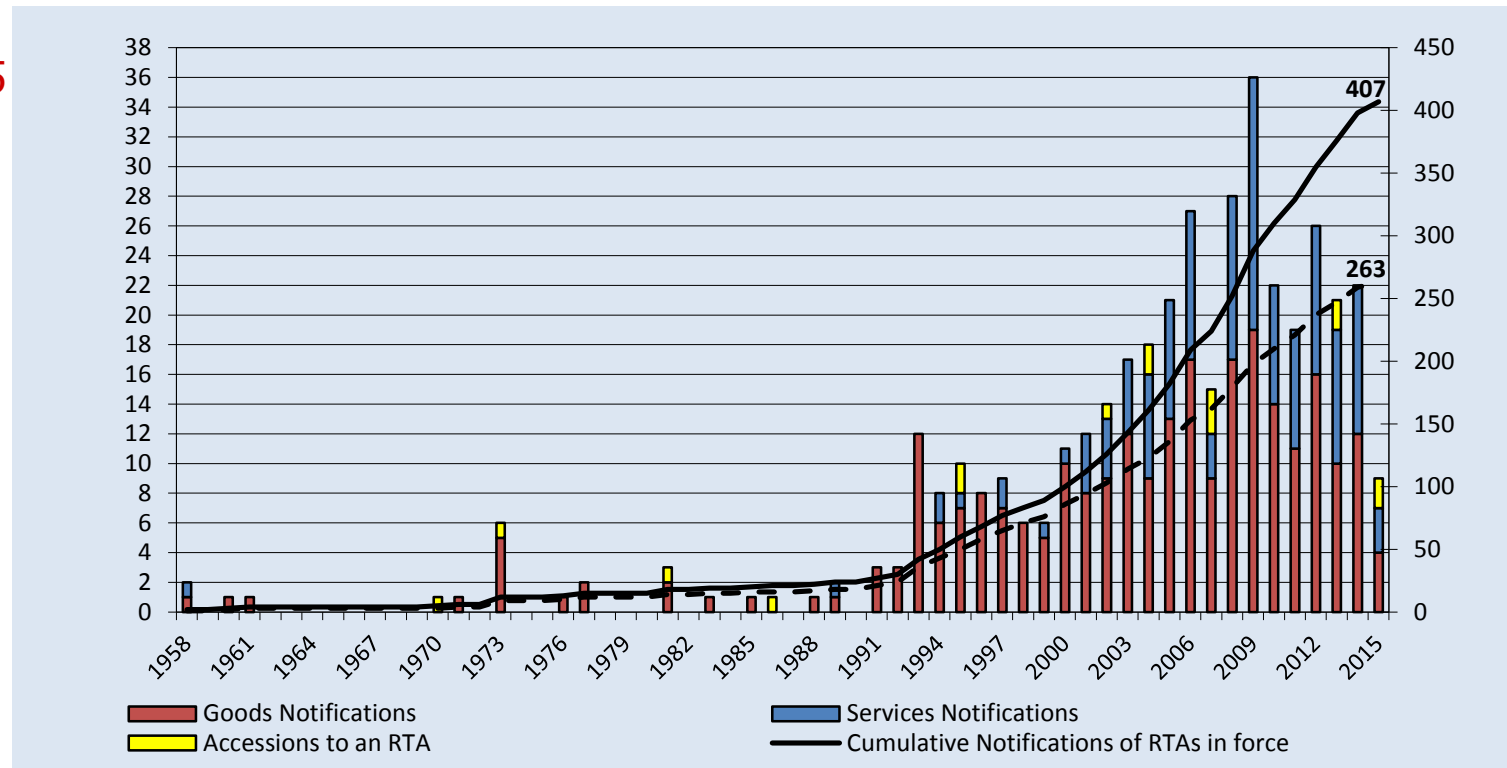
7th Session of UNCTAD's TDC
(Informal meeting, 19 May 2015)

Presentation by the WTO Secretariat



RTA trends & characteristics

May 2015



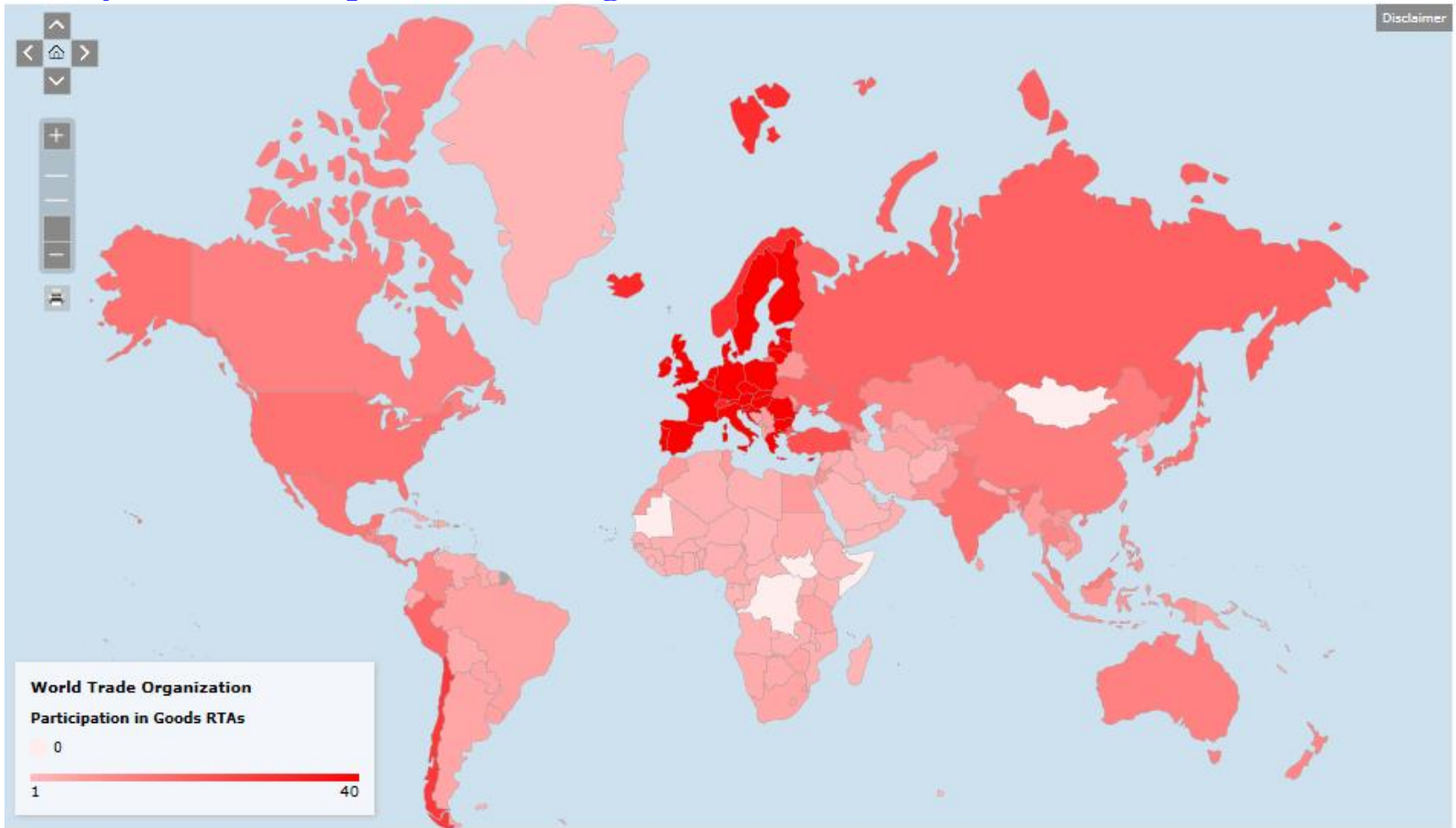
- May 2015: 407 notifications / 263 RTAs in force
- ~114 RTAs in the pipeline & ~100 RTAs in force but not yet notified



Trade under RTAs: Goods

8 May 2015

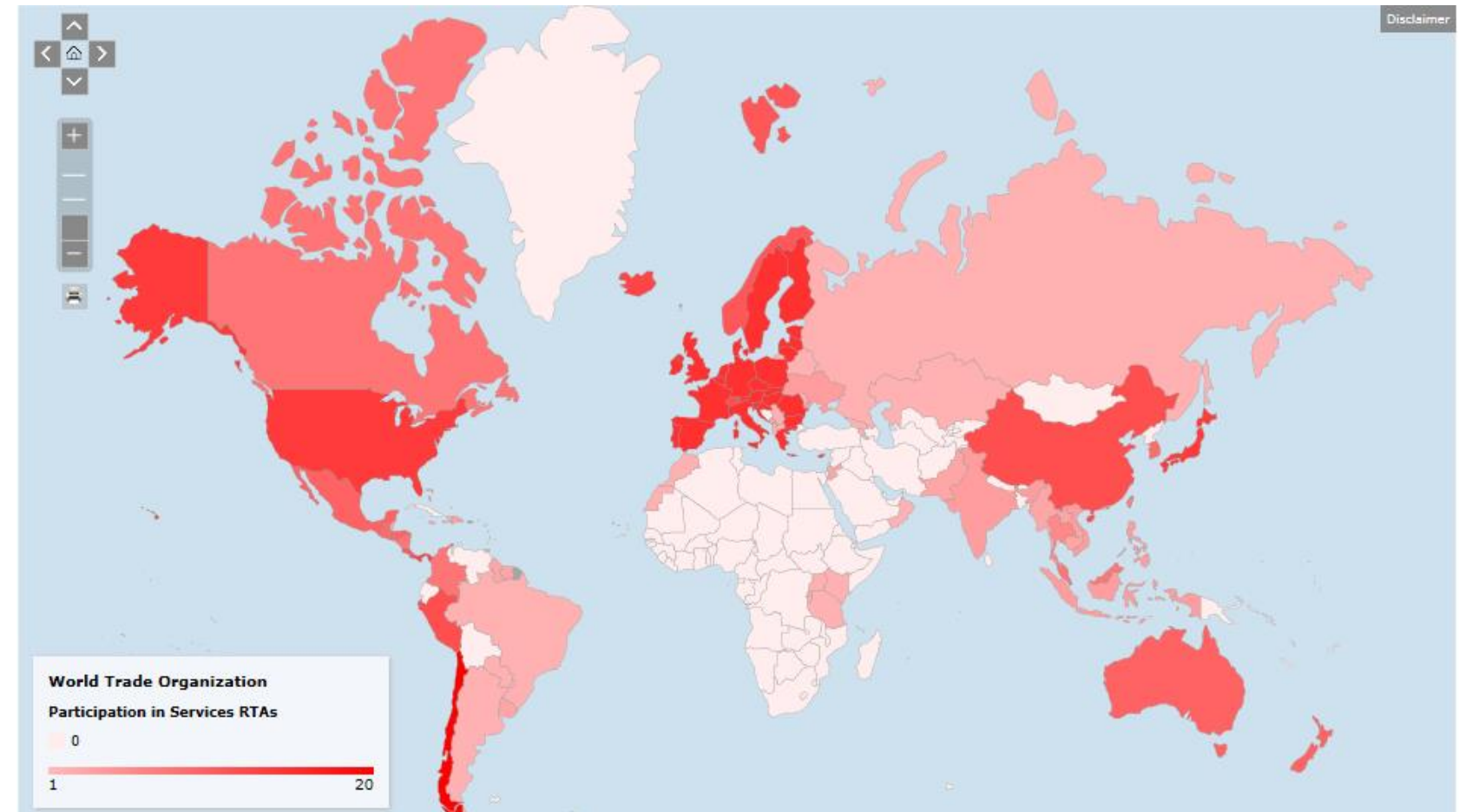
<http://rtais.wto.org/>





Trade under RTAs: Services

8 May 2015



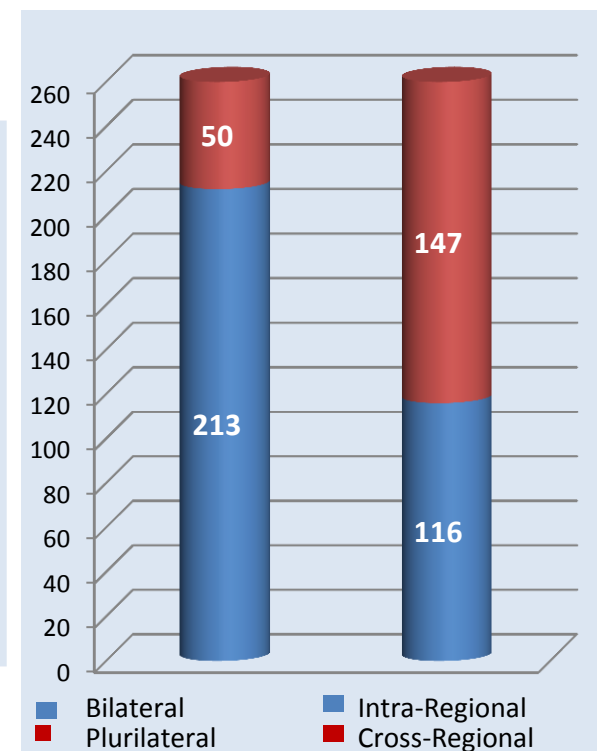
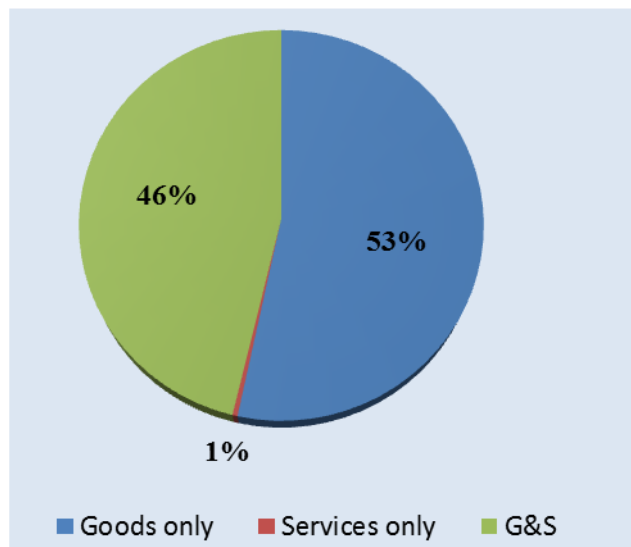
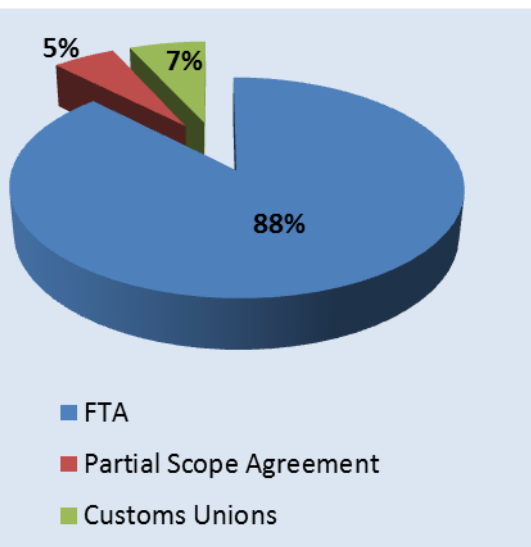
WTO Secretariat



Typology and Coverage of RTAs

- Trends: FTAs / Goods and services / Bilateral / Cross-regional
- Why?

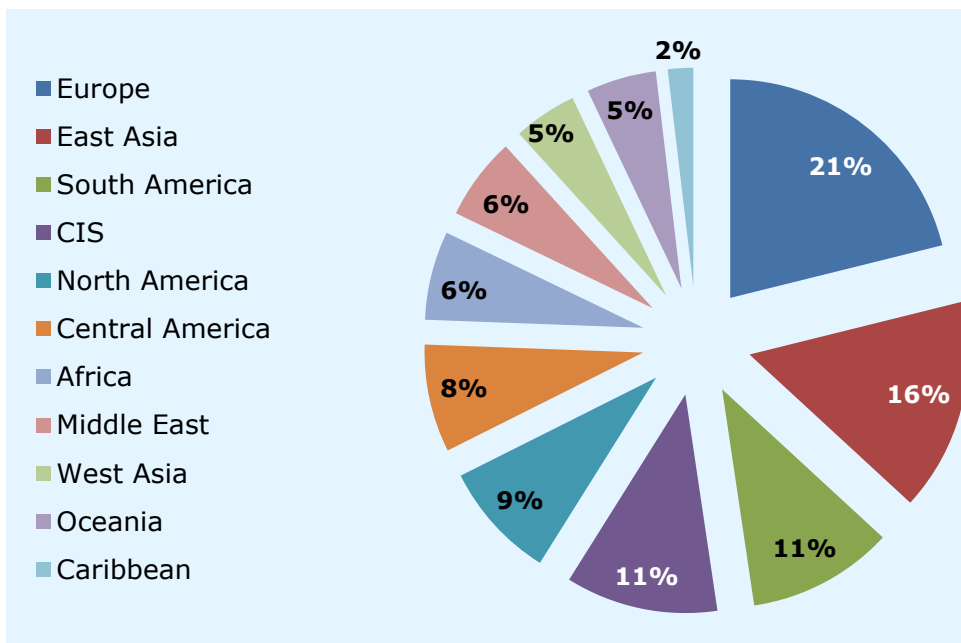
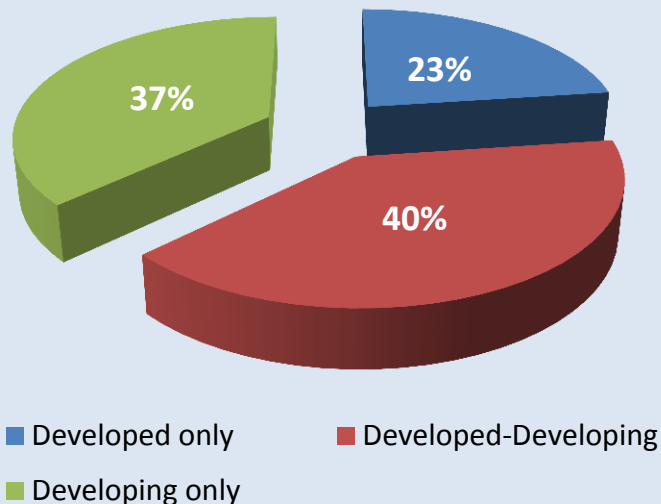
Notified RTAs in force as of Early February 2015





Membership of RTAs

- Increasingly, RTAs are between developed and developing countries
- Europe and East Asia are the largest “users” of RTAs





Some Current Negotiations

- TTIP (EU-US)
- TPP (12 WTO Members: Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, US and Vietnam)
- RCEP (16 WTO Members)
ASEAN (Brunei Darussalam, Cambodia, Indonesia, Lao, Malaysia, Myanmar, Philippines, Singapore, Thailand, Viet Nam); Australia, China, India, Japan, Korea and New Zealand.
- Tripartite Agreement
EAC, COMESA, SADC
- TiSA (23 WTO Members)
Australia, Canada, Chile, Colombia, Costa Rica, EU, Hong Kong China, Iceland, Israel, Japan, Korea, Liechtenstein, Mexico, New Zealand, Norway, Pakistan, Panama, Paraguay, Peru, Switzerland, Chinese Taipei, Turkey and US
- AND
 - EAEU and its enlargements
 - The EU is already a “mega-regional”



RTAs and the Doha Round

- December 2006: GC Decision on **Transparency Mechanism for RTAs**
 - DDA “early harvest”
 - Main aim: increase the transparency of RTAs. How?
 - Harmonization of procedures for considering RTAs under GATT XXIV, Enabling Clause and GATS V
 - Bodies considering the RTAs:
 - CRTA: RTAs under GATT XXIV and GATS V
 - CTD: RTAs under the Enabling Clause
 - Clarify obligations and improve Members’ adherence to notification
 - Major novelties:
 - voluntary early announcement
 - Factual Presentation by the WTO Secretariat
 - Establishment of an RTA Database: <http://rtais.wto.org/>

 BUT the Mechanism is PROVISIONAL!



RTAs and the Doha Round

- The Transparency Mechanism 8 years after ...
 - Mechanism is working
 - 119 RTAs considered / 199 notifications (counting G and S separately) (i.e. ~ half of RTAs IF)
 - ... but few problems
 - ... to become permanent: need a factual/legal review
 - ... DDA / Bali package / Work programme ?

- Systemic issues were discussed, but no results. In particular:
 - definition of "substantially all the trade"
 - length of the transition period
 - criteria to measure the incidence of "other regulations of commerce" on third parties
 - flexibility for developing countries



Evolution of RTAs: scope and depth

- RTAs notified since 2000
 - > 55% contain provisions on both G & S
 - ~ 45% of these are between developing Members only
 - vast majority of these involve at least one developing partner
 - ~ half contain provisions on investment
 - also included trade defence measures, SPS and TBT, IPRs and dispute settlement
 - but also issues for which there are no WTO provisions such as competition policy, government procurement, electronic commerce, environment and labour

- ➔ RTAs current tackle border and behind the border measures but, does not necessarily mean they are moving significantly beyond the multilateral rules on all provisions !



Evolution of RTAs: scope and depth

- Ongoing research by the WTO Secretariat and others, including the OECD:
 - while on certain issues RTAs are breaking new ground
 - for others, they tend to simply reaffirm the WTO commitments of the parties

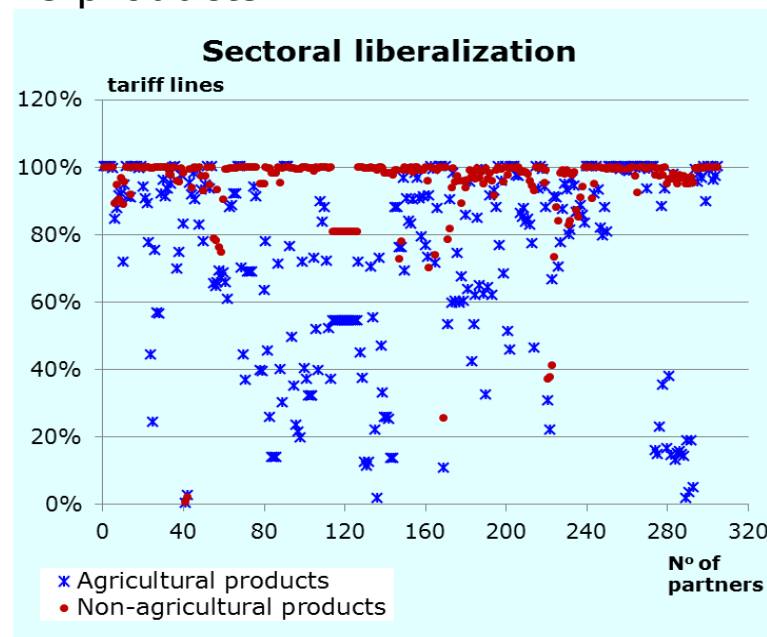
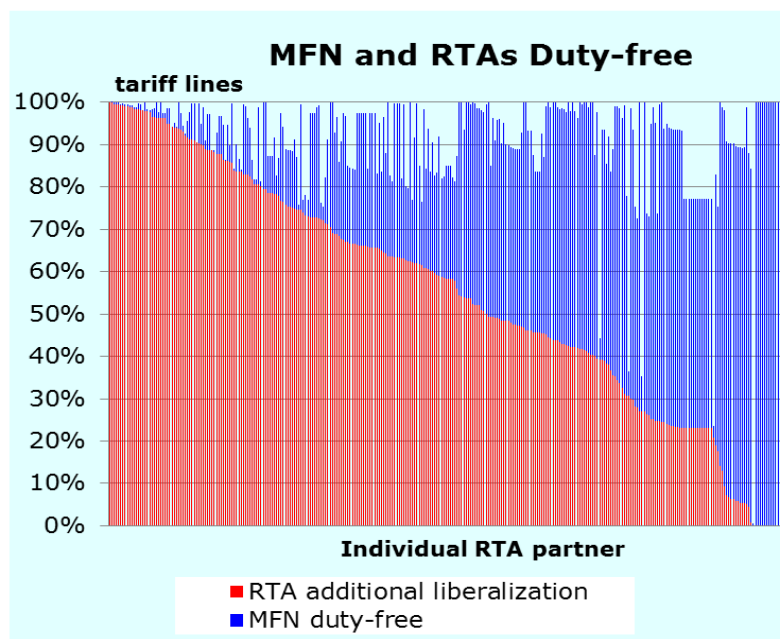
- In September 2014, a Seminar on cross-cutting issues on RTAs was organized in the WTO:
 - basis: a series of WTO Staff Working Papers on the basis in particular of information gathered through the TM
 - All documentation can be found in

https://www.wto.org/english/res_e/reser_e/wkshop_sept14_e/wkshop_sept14_e.htm



Evolution of RTAs: some findings

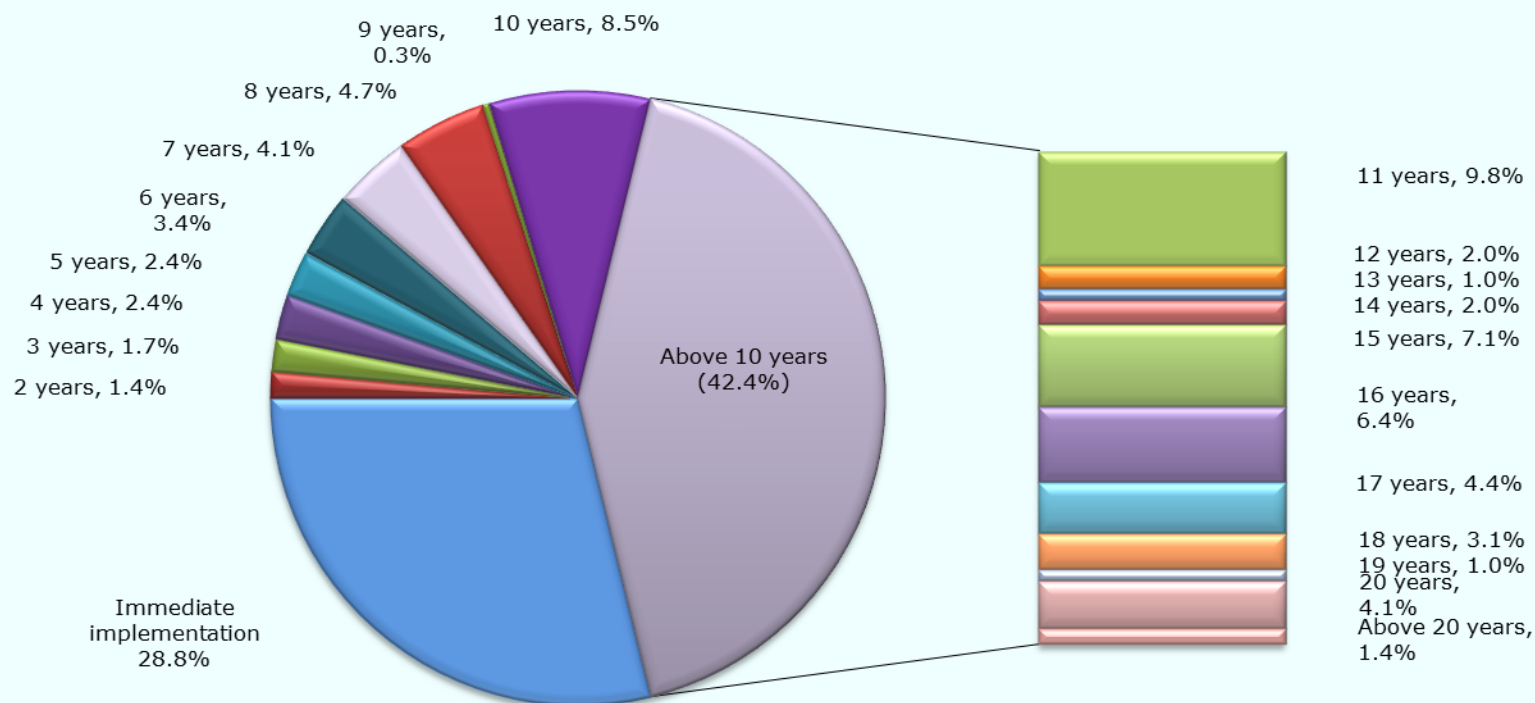
- Almost all RTAs tend to increase preferences for the parties, whether in G or S; by definition, this is what they are supposed to do!
- A large number of RTAs liberalize between 80-90% of intra-RTA trade at EOI
 - but tariff peaks remain in sensitive products ...





Evolution of RTAs: some findings

Transition Period in RTAs



Note: excludes Agreements under the Enabling Clause and Customs Union. Updated up to the 74th CRTA session.
Source: WTO RTA database.



Evolution of RTAs: some findings

- Preferential rules of origin
 - may be a problem ...
 - multiple
 - complicated
 - compliance costs & MOP
 - lack of information on utilisation rates !
 - but some flexibilities are being integrated in modern PROs...
 - providing preferences through PROs ?
 - Cumulation provisions
 - Dual thresholds (e.g. “soft” PROs subject to a QR)
 - Integrating third-Parties into PROs ?
 - Outward-processing
 - Integration of Production
- ?? Towards the **consolidation** of various RTAs ?? ... e.g. Pacific Alliance !



Evolution of RTAs: some findings

- In services
 - in some cases, the additional market access provided especially vis-à-vis GATS commitments is limited
 - Even if significant improvements are made in RTAs compared to those in the GATS, in many cases, the applied regime is much more liberal, thus no additional market access gains are made
 - Nevertheless, there is a commitment to bind at a more liberal level than in the GATS

- And some other conclusions ...
 - the use of templates and the creation of families of RTAs
 - a preference for WTO rules for some issues (e.g. AD)
 - but also for new issues for which there are no WTO rules
 - information on implementation remains a significant gap !

Regional Trade Agreements and the WTO



THANK YOU !

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