Regional Trade Agreements and the WTO

The future of trade multilateralism:
Governance of 21st Century Trade and the role of the WTO
Bruegel, Brussels 14 July 2014
As of 1 July 2014, 385 notifications of RTAs have been made to the GATT/WTO and are currently in force. These correspond to 252 RTAs (counting goods, services and accessions together).

Approximately 100 RTAs in the pipeline (signed, not yet in force/under negotiation) – Unaccounted number of RTAs in force but not yet notified.
Quantifying the proliferation of RTAs

On average:
- 3 notifications on RTAs annually during the GATT years
- 24 RTA notifications annually to the WTO.
Global & regional developments

Participation in Goods RTAs (notified and in force) as of May 2014

Global & regional developments
Participation in Services RTAs (notified and in force) as of May 2014

The global landscape of RTAs

Which Regions are most active?
The global landscape of RTAs

Which Members are most active?

[Bar chart showing the number of RTAs notified and in force as of April 2014 and forecast RTAs not notified in force, currently under negotiation / signed for various countries and regions, including Canada, United States, Mexico, Chile, Australia, ASEAN, Singapore, Rep. of Korea, India, Japan, EU, and EFTA.]
Key provisions of modern RTAs

- Market access in goods (tariffs are already very low and peaks are not significantly reduced by RTAs)
- Services: over 55% (62%) of RTAs in force notified to the WTO since 2000 (2005) include services but liberalization already exceeds commitments.
- Other issues: frequently included WTO issues such as SPS/TBT, trade remedies, intellectual property, government procurement
- But also non-WTO issues such as investment, competition policy, environment, labour etc.
Key provisions of RTAs: beyond market access in goods

Topics covered by RTAs notified since 2000

- Competition: 53%
- Environment: 25%
- Government procurement: 69%
- Intellectual property: 48%
- Labour: 18%
- Services: 67%
- Investment: 55%

Source: WTO RTA Database (http://rtais.wto.org)
New RTA dynamics and the MTS

- The Bali package
- New RTAs: “mega regionals”
  - TPP (12 partners)
  - RCEP (16 partners)
  - Pacific Alliance (4 partners)
  - Trade in services agreement (23 partners)
  - TTIP (2 or 29 partners)
  - Tripartite Agreement (26 partners)
- Will they lead to consolidation of old RTAs?
Major Traders: status of RTAs/negotiations

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- **Agreements in force**
- **Agreements under negotiation/signed but not in force**
Interaction between RTAs and the MTS

Potential synergies

- Deep regulatory integration may be non-discriminatory: eg. IPRs, competition policy etc.
- Support for further integration with non-parties
  - Enlargement to third parties (eg. TPP)
  - Non-party MFN clauses
Interaction between RTAs and the MTS

Potential systemic risks

- Certain provisions (such as trade remedies) may reinforce discrimination
- Impact of preference erosion on willingness to negotiate multilaterally
- Regulatory divergence
RTAs and the multilateral system

- From co-existence to coherence?
  - Critical mass to reduce market access barriers: move from regional to plurilateral (eg ITA, GPA, Environmental goods, TISA?)
  - Some RTA provisions are multilateralized *de facto* (eg competition policy) and others such as intellectual property rights must be multilateralized.
  - Certain issues can only be dealt with multilaterally (eg. Subsidies)
Thank you

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