

AD-HOC EXPERT GROUP MEETING ON

THE DEVELOPMENT INTERFACE BETWEEN THE MULTILATERAL TRADING SYSTEM AND REGIONAL TRADE AGREEMENTS

15-16 March 2007

Room XXVI, Palais des Nations

BACKGROUND

Regional trade agreements (RTAs) have proliferated worldwide to become a prominent feature of today's international trade environment. The trend is particularly pronounced over the past decade as existing RTAs are reinvigorated and expanded, and new ones, on a bilateral, sub-regional, regional and inter-regional scale, negotiated and concluded on a North-North, North-South and South-South scale, including between regional groupings. The accelerated proliferation and the resulting web of RTAs has brought about a "spaghetti bowl" of RTAs. Consequently, the number of RTAs notified to the WTO has reached 211, and more than half of world trade in goods, and significant portion of trade in services, is estimated to occur under RTAs. Furthermore, a new dimension in recent "new regionalism" is that a number of RTAs have wider coverage and scope and involve deeper commitments that address behind-the-border policy measures.

This trend is most likely to be here to stay, thereby affecting, alongside with the multilateral trading system (MTS), developing countries' prospects for their beneficial integration into the global economy and their national development strategy anchored therein. The significance of this phenomenon has recently come to be more acutely felt against the backdrop of the slow pace of progress of the Doha Round of multilateral trade negotiations. Questions have arisen, and debate emerged, on how developing countries in particular could maximize development gains from both regional and multilateral processes and how RTAs can contribute to the MTS and negotiating processes.

Negotiating RTAs in itself presents opportunities and challenges for developing countries. Regional market opening and increased integration can stimulate regional trade, broaden market boundaries and stimulate dynamic spillover effects throughout the economies. However, there are costs associated with preferential market opening. Reaping expected beneficial effects of RTAs depends on various factors and requires right conditions and policy framework to be in place. An important challenge facing developing countries is thus designing and negotiating appropriate terms of agreements while putting in place flanking supportive measures addressing adjustment and other costs associated with regional market opening and maximizing the likelihood of gains from increased trade and production. Assessing challenges and opportunities of RTAs, and designing and negotiating appropriate terms of an RTA with trading partners, would need to factor in multilateral commitments and disciplines, and possible modifications that may be brought to them through ongoing Doha Round negotiations. In turn, RTAs may influence the global trade liberalization and rule-making efforts in various manners. Thus, the implications of such two-way interactions warrant careful assessment.

PURPOSE

Against this background, the purpose of the ad-hoc expert group meeting is to examine development implications of regional trade agreements and their interface with the MTS, and to draw practical lessons regarding policy options in approaching regional and multilateral integration processes. By bringing together a wide range of stakeholders' perspectives and experiences, the meeting is expected to generate policy-oriented discussion based on research findings and regional experiences.

PROGRAMME

Chair: H.E. Mr. Shree Baboo Chekitan Servansing, Ambassador of Mauritius

Thursday, 15 March 2007

10h00 OPENING

Opening remark by Dr. Supachai Panitchpakdi, the Secretary-General of UNCTAD
Introduction of the programme and issues

**10H15 SESSION I:
 DEVELOPMENTAL CHALLENGES OF NEW REGIONALISM - SETTING THE SCENE**

The session will review recent trends in RTAs and bilateral free trade agreements, with special reference to South-South and North-South RTAs (such as EU and US models), and examine some of their trade and developmental implications, including coherence-related issues and implications for the MTS and the current Doha Round negotiations.

Questions

- What are the impacts of RTAs in promoting development of developing countries and their beneficial integration into the global economy?
- What would be the developmental implications of the proliferation and deepening of RTAs – what are challenges and opportunities?
- What are the impacts for trade flows and the interests of the third countries?
- Should special and differential treatment be incorporated in an RTA and, if so, how? How can development and systemic imperatives be reconciled if there is any tension between the two?
- What are the implications to the Doha Round negotiations?
- What are the latest research findings and what areas require further research?

Panelists:

- Mr. Ransford Smith, Deputy Secretary-General, Commonwealth Secretariat
- Mr. Patrick Low, Director, Economic Research and Statistics Division, WTO
- Ms. Celine Charveriat, Head, Oxfam Trade Campaign
- Dr. Theresa Carpenter, Research Fellow, Graduate Institute of International Studies, Geneva, and World Trade Institute, Bern
- Mr. Yash Tandon, Executive Director, South Centre
- Mr. Soamiely Andriamananjara, Senior Trade Economist, World Bank Institute

**11H45 SESSION II:
 RTAs AND MARKET ACCESS IN GOODS AND SERVICES**

The session will examine specific negotiating issues often encountered in regional trade negotiations by developing countries in respect of both their offensive and defensive agenda. The session will examine how RTAs in respect of trade in agricultural and non-agricultural products as well as services could best be designed to cater for development needs of developing countries while ensuring that RTAs serve to facilitate trade.

Questions

- What are development challenges facing developing countries engaged in RTA negotiations in trade in goods and services?
- How can ACP States gain from EPA negotiations?
- How can one best overcome “sensitivity” in certain sectors to facilitate trade and to address domestic stakeholders’ concerns?
- How best can an RTA be designed to address critical trade and development interests of developing countries in trade in services, including movement of temporary labour?
- How best can an RTA be designed and negotiated to meet adjustment challenges?

Panelists:

- Mr. Martin Khor, Director, Third World Network
- Mr. Peter Holmes, University of Sussex
- Mr. Carsten Fink, Senior Economist, World Bank
- Mr. Ademola Oyejide, Professor of Economics, University of Ibadan
- Mr. Junior Lodge, Technical Co-ordinator, Caribbean Regional Negotiating Machinery

13H00 LUNCH

**15H00 SESSION III
REGULATORY PROVISIONS IN RTAS**

The session will examine specific regulatory issues and provisions extending RTAs beyond goods and services, including IPR, investment, competition, government procurement and trade facilitation.

Questions

- What can RTAs do in addressing non-tariff barriers to promote trade, including rules of origin and SPS/TBT standards?
- How can RTAs address critical adjustment and fair trade concerns through safeguards and trade remedy measures?
- How can RTAs be designed to spur dynamic gains from regional liberalization and cooperation, including institution building and trade facilitation?
- What are key stakes in new rules under RTAs such as investment, intellectual property rights and competition policy, and how best can they be addressed?

Panelists:

- Mr. Philippe De Lombaerde, United Nations University – Comparative Regional Integration Study (UNU-CRIS)
- Mr. David Vivas-Eugui, ICTSD
- Ms. Trudi Hartszenberg, Executive Director, TRALAC
- Mr. Sebastien Miroudot, OECD
- Dr. François Raynald, Secretary, Canadian Section, NAFTA Secretariat
- Mr. Hassan Qaqaya and Ms. Ana Maria Alvarez, UNCTAD

16H30 **SESSION IV**
ENHANCING SOUTH-SOUTH INTEGRATION AND REGIONAL COOPERATION

The session will examine ways and means to enhance South-South trade integration and cooperation. It will address market opening and liberalization issues, implementation and possible deep integration agendas. It will also explore how regional cooperation in regulatory issues, trade facilitation and development cooperation can promote overall economic objectives and trade expansion in a regional context.

Questions

- What are the potential and actual benefits of expanding South-South trade in goods and services?
- How can the contribution of South-South RTAs be maximized?
- What lessons may be learned from the existing regional integration and cooperation mechanisms in trade, investment, and regulatory and economic cooperative schemes?

Panelists:

- Ms. Anna M. Robeniol, Director, FTA Unit, ASEAN
- Ms. Bin Zhang, Deputy Division Director, Ministry of Commerce, People's Republic of China
- Ms. Ariela Ruiz Caro, Advisor to the President of the Commission of Representatives, MERCOSUR
- Mr. Maria Clara Gutierrez Gomez, Legal Advisor, Secretariat of the Andean Community
- Dr. Nicolas Sululo, Senior Trade Expert, SADC Secretariat
- Mr. James Musonda, Senior Trade Advisor, COMESA
- Dr. Jim Gosselin, Regional Trade Policy Advisor, Pacific Islands Forum Secretariat
- Ms. Evelyn Wayne, Deputy Programme Manager, CARICOM

18H00 **END OF SESSIONS, DAY 1**

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Friday, 16 March 2007

10H00 **SESSION V**
DEVELOPMENT INTERFACE BETWEEN RTAs AND THE MULTILATERAL TRADING SYSTEM

The session will examine various manners in which RTAs and the MTS interact with each other and possible synergies and complementarities between the two processes. It will address WTO rules on RTAs, including how newly adopted Transparency Mechanism will affect RTAs participation in the MTS and the interface between RTAs and the MTS. It will also examine the broader WTO-RTA interface as it appears in markets access in goods and services, regulatory disciplines and other related issues at the frontiers of the MTS.

Questions

- How best can the coherence between RTAs and the MTS be ensured to minimize potential adverse impacts to third countries?
- What are the implications of WTO rules on regional trade negotiations – what directions and approaches for improving multilateral disciplines on RTAs while taking into account developmental dimension of RTAs?
- What SDT and “asymmetry” in favour of developing countries under RTAs while ensuring the conformity with WTO rules?
- What are the implications of the Transparency Mechanism on RTAs, and how can developing countries be assisted?
- What are the implications of RTAs for multilateral negotiations in market access in goods and services and rule-making?

Panelists:

- Ms. Rohini Acharya, Chief, Regional Trade Agreements Section, WTO
- Mr. Steve Woolcock, London School of Economics
- Mr. San Bilal, European Centre for Development Policy Management (ECDPM)
- Ms. Emily Jones, Oxfam Research Team

12H30 CONCLUSIONS - FUTURE DIRECTIONS

13H00 END OF THE MEETING

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