

# RTAs: Facts and Figures

WTO/ESCAP Regional Seminar on the WTO and  
Regional Trade Agreements (RTAs)  
for Asian Economies




Bangkok, Thailand  
25-27 July 2011

# Objectives of the Seminar

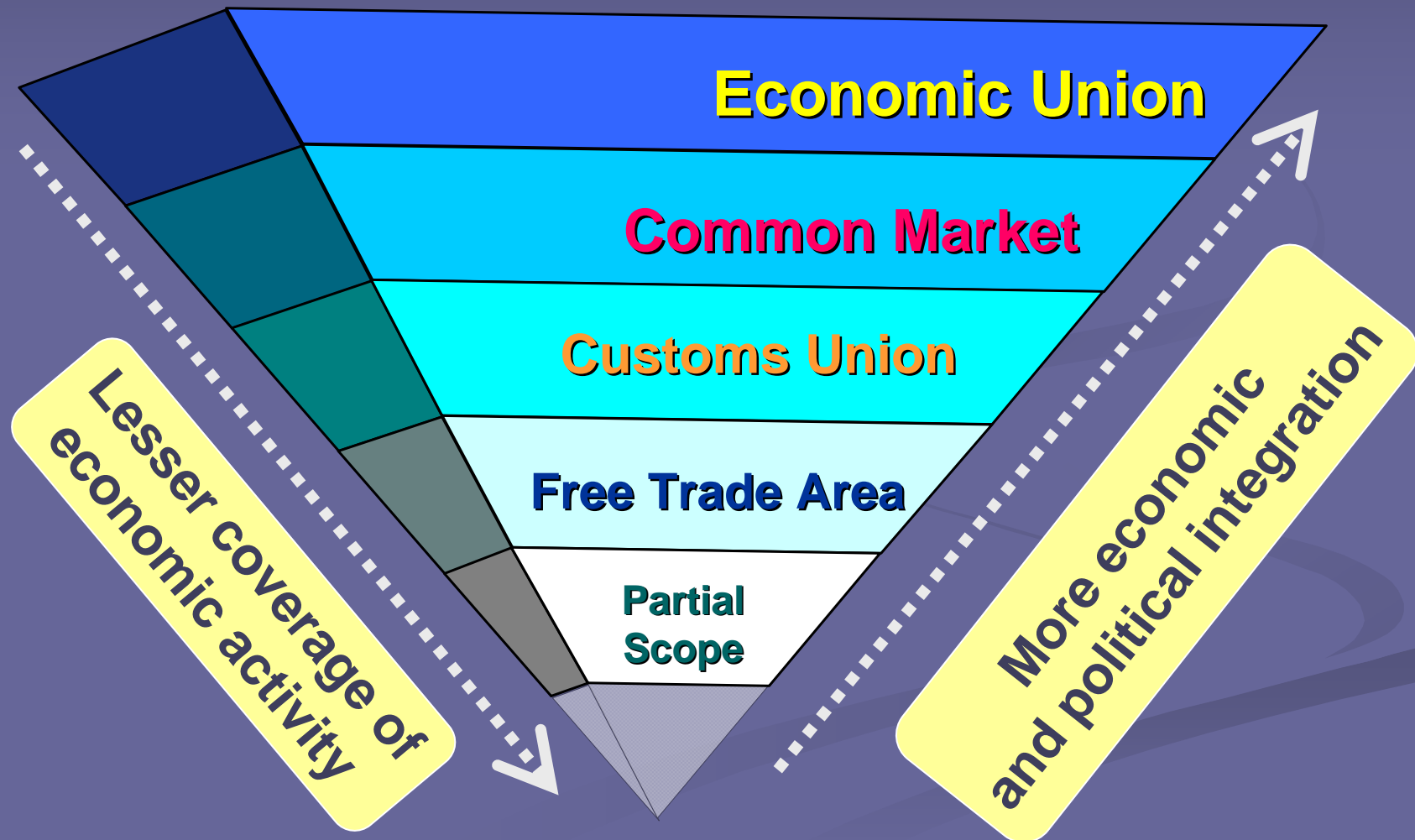
- Increase participants' awareness of RTA dynamics in the region and in global trade relations.
- Improve understanding of WTO rules and procedures on RTAs and status of the Doha Development Agenda (DDA) negotiations in this area.
- Provide a forum to explore and discuss RTA-related issues of particular relevance to the region.

# What is an RTA in the WTO?

Types of preferential trade liberalization:

Concessions	Members	Examples	RTA?
Reciprocal	Selective	EU, NAFTA, Mercosur, EPAs	
Unilateral	Selective	Cotonou, AGOA	
Unilateral	Generalized	GSP	

# Types of RTAs



# Formation of a FTA

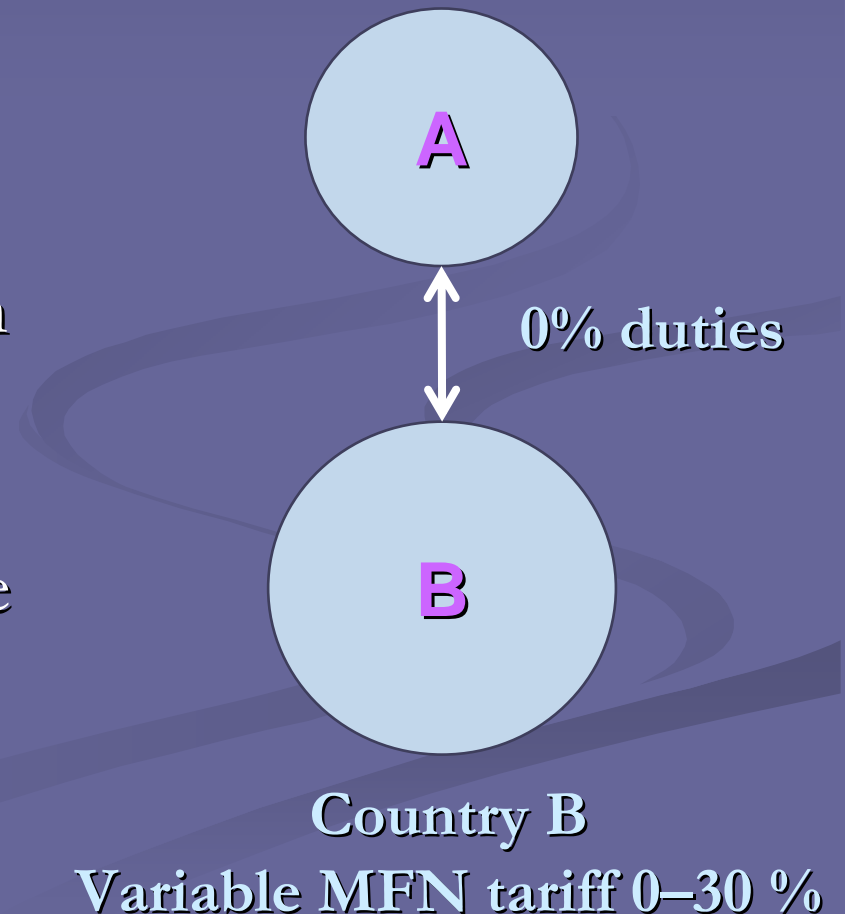
## Country A & B sign a FTA

- Tariffs are eliminated on most goods
- Each party maintains its tariff structure vis-à-vis third parties
- A rules of origin regime is put in place

## Other common features

- Reciprocal concessions (possible asymmetrical implementation)
- Inclusion of other regulatory features beyond tariff concessions

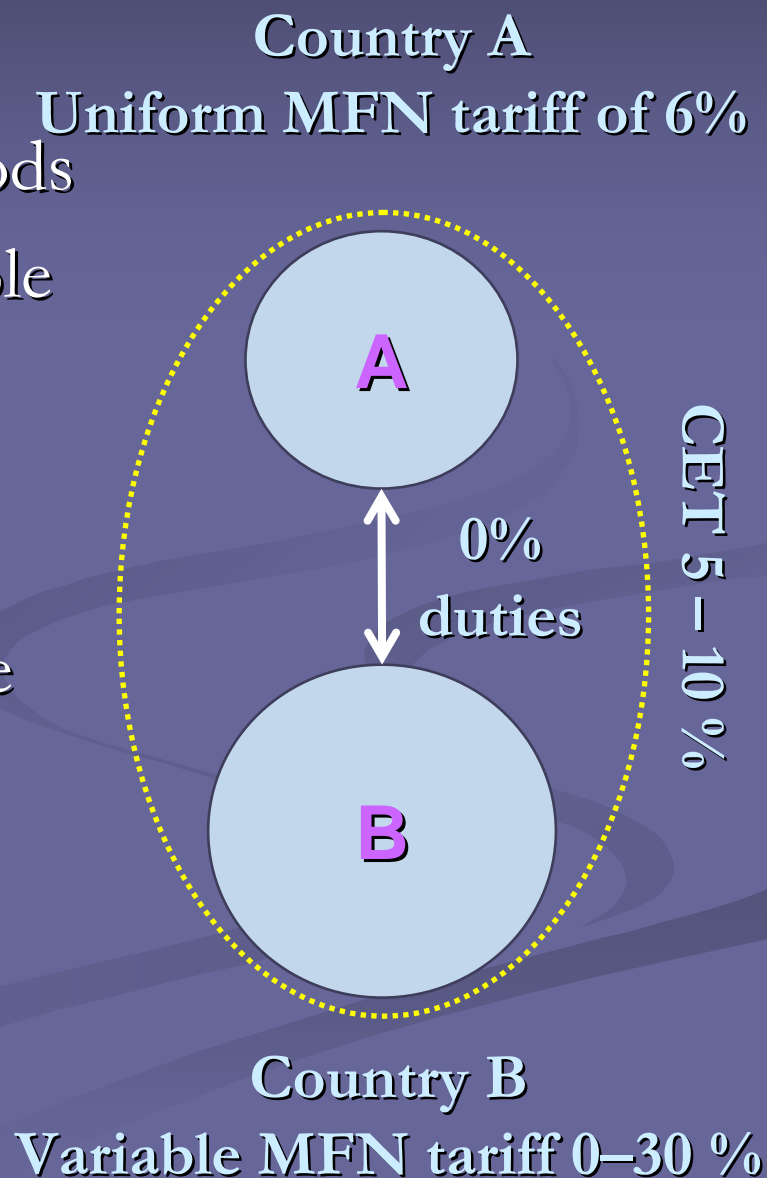
Country A  
Uniform MFN tariff of 6%



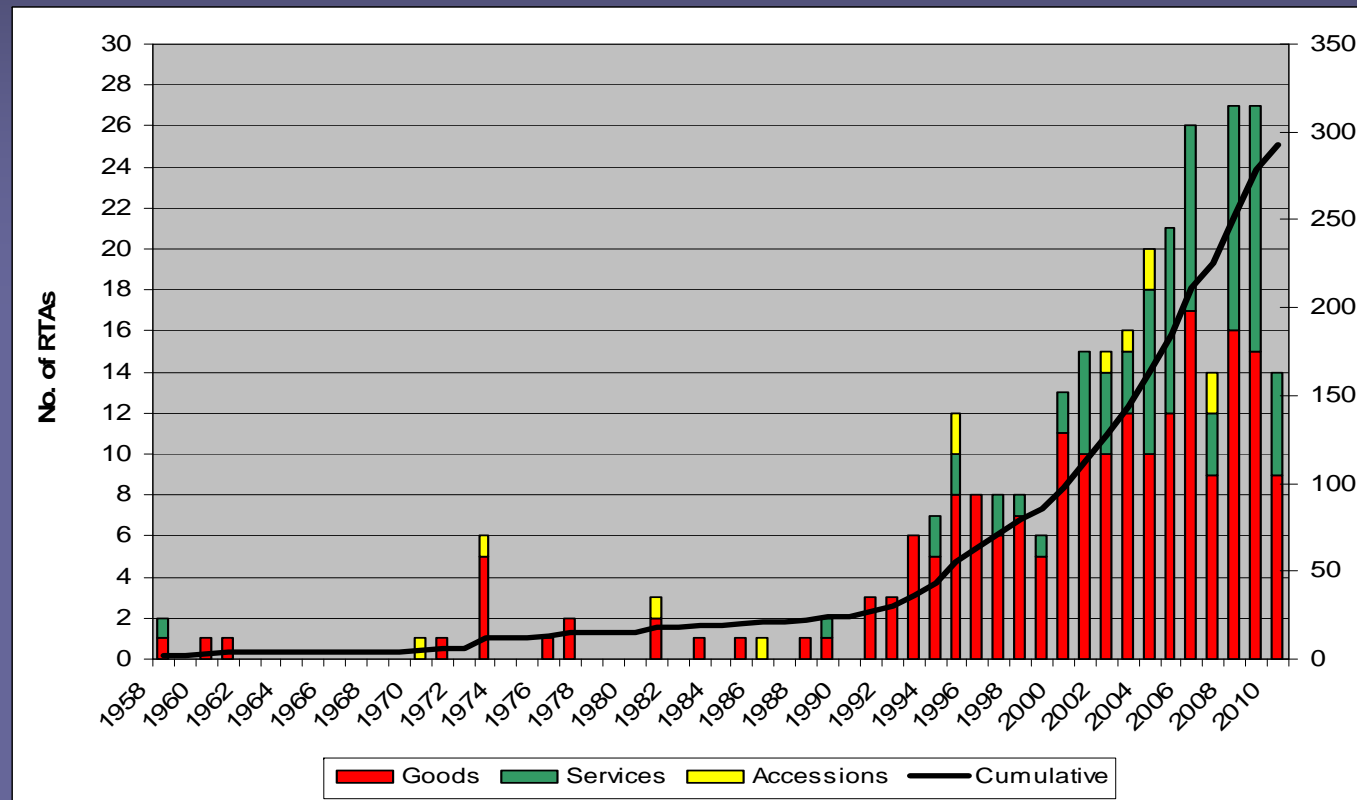
# Formation of a CU

## Country A & B sign a CU

- Tariffs are eliminated on most goods
- A common external tariff applicable to third countries is adopted
- A mechanism to share customs revenues is devised
- A temporary rules of origin regime may be put in place
- Compensation is paid to third countries if bound MFN rates are raised

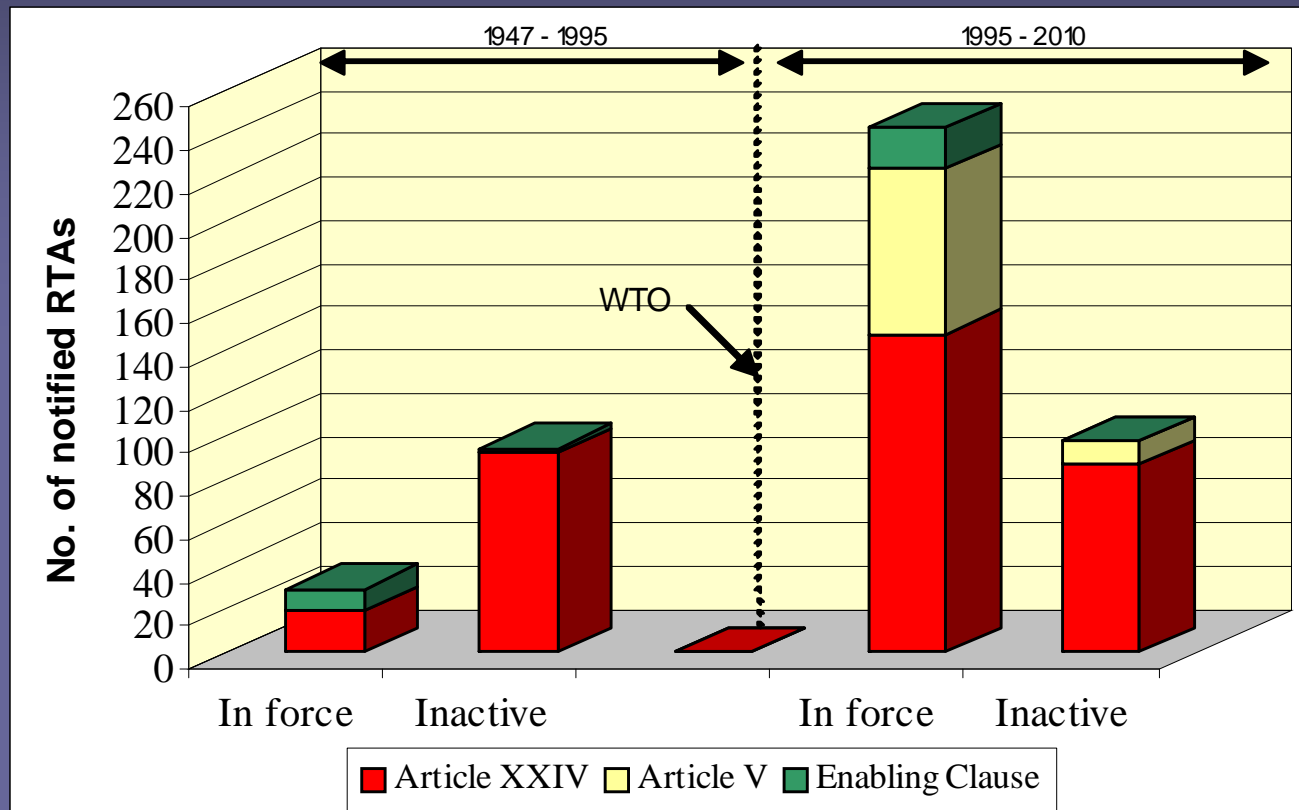


# RTA trends & characteristics



- As of June 2011, 296 notifications of RTAs have been received by the GATT/WTO and are currently in force
- 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



Total number of RTA notifications and annual averages:

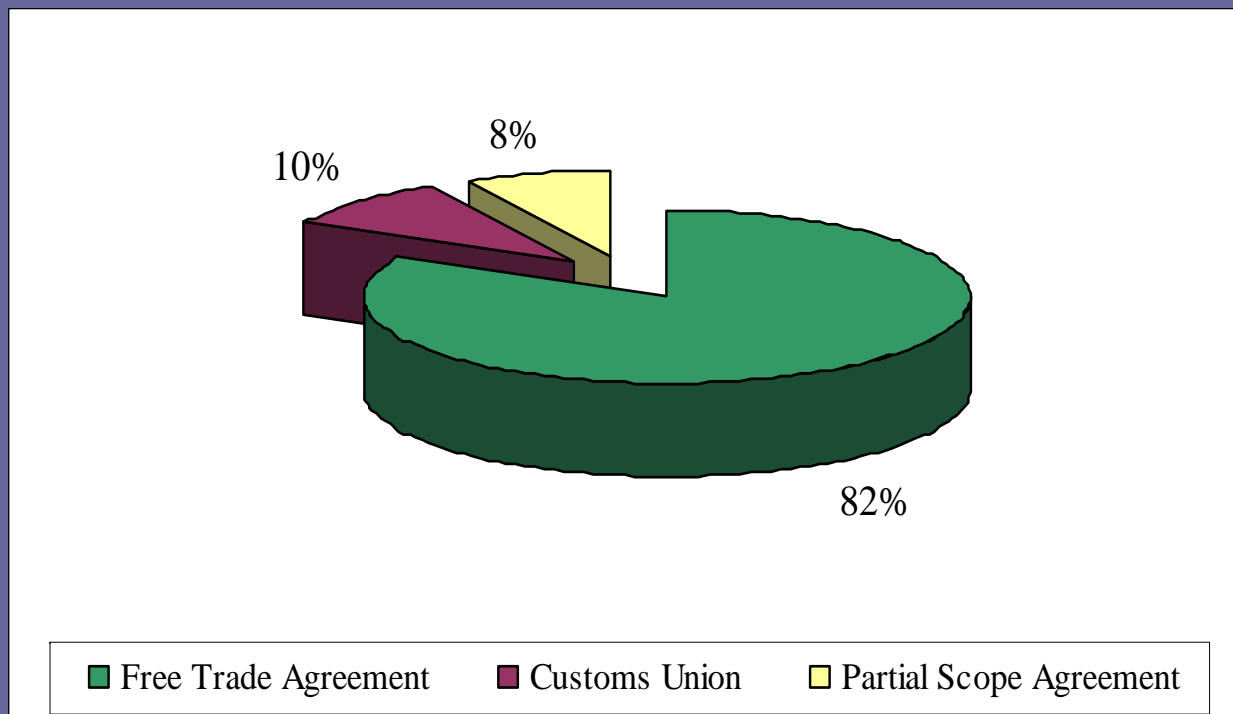
- 123 during the GATT years (29 still in force) – 3 RTAs annually
- 364 since 1995 (296 still in force) – 22 RTAs annually



# Typology of RTAs

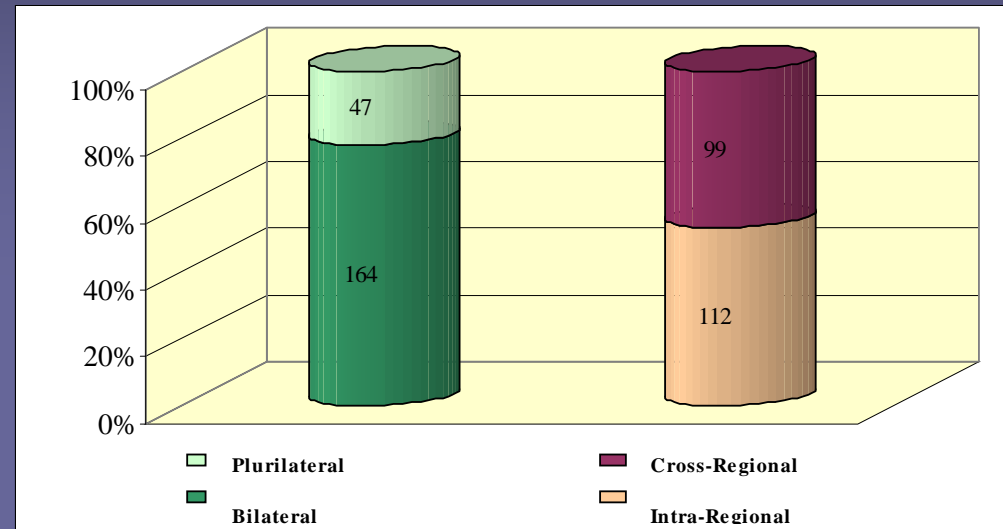
- FTAs account for the great majority of RTAs notified and in force. Why?

Notified RTAs in force as of June 2011

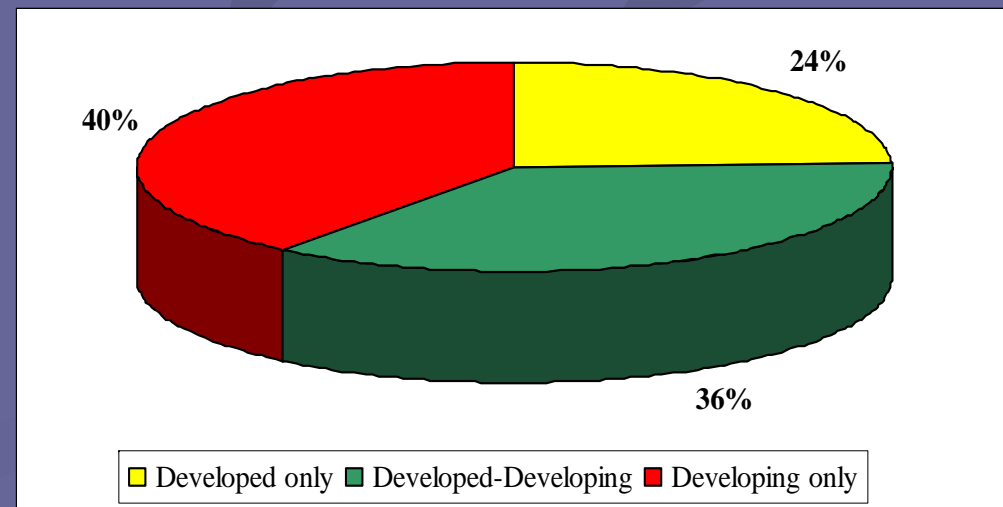


# RTA: Some Trends

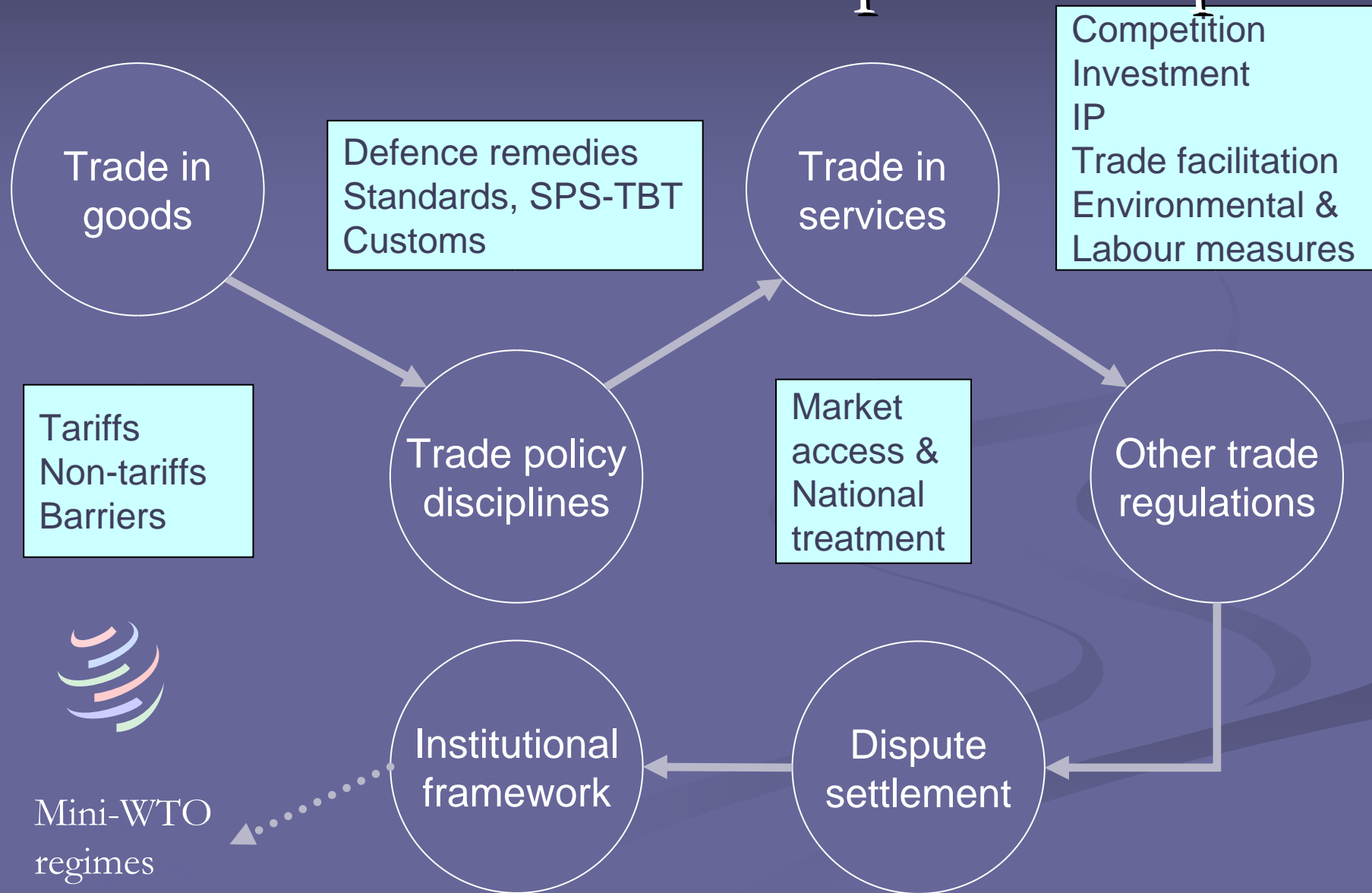
- ❖ RTAs are concluded particularly between two parties



- ❖ And especially between developing countries...

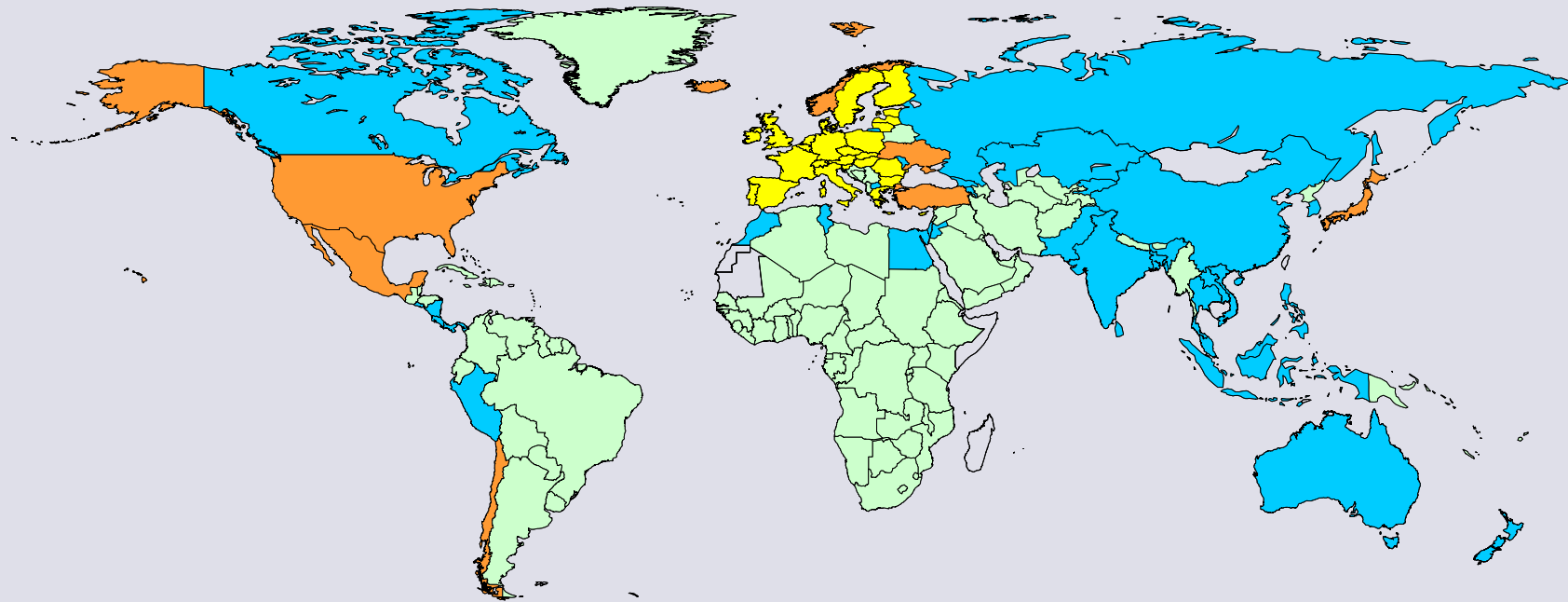


# Evolution of RTAs: scope and depth



# Global & regional developments

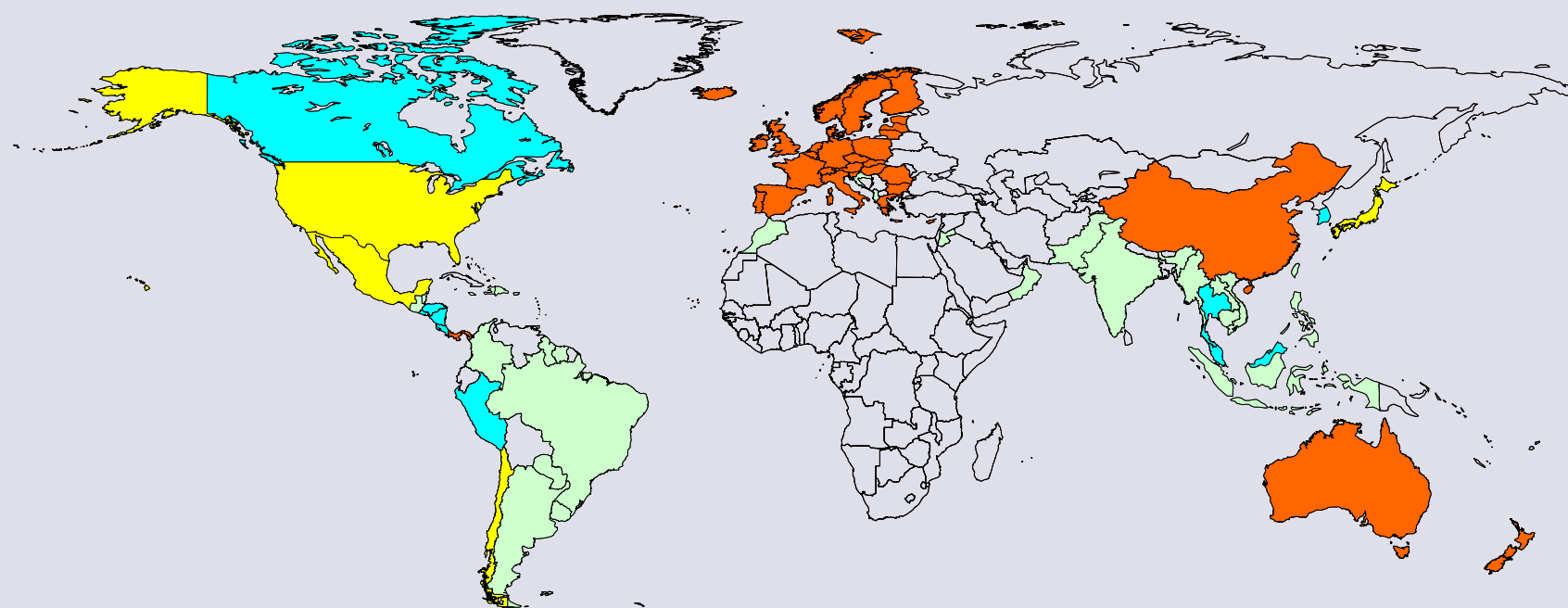
Participation in Goods RTAs (notified and in force) as of May 2011



1 to 4 5 to 9 10 to 19 20 to 30 No data

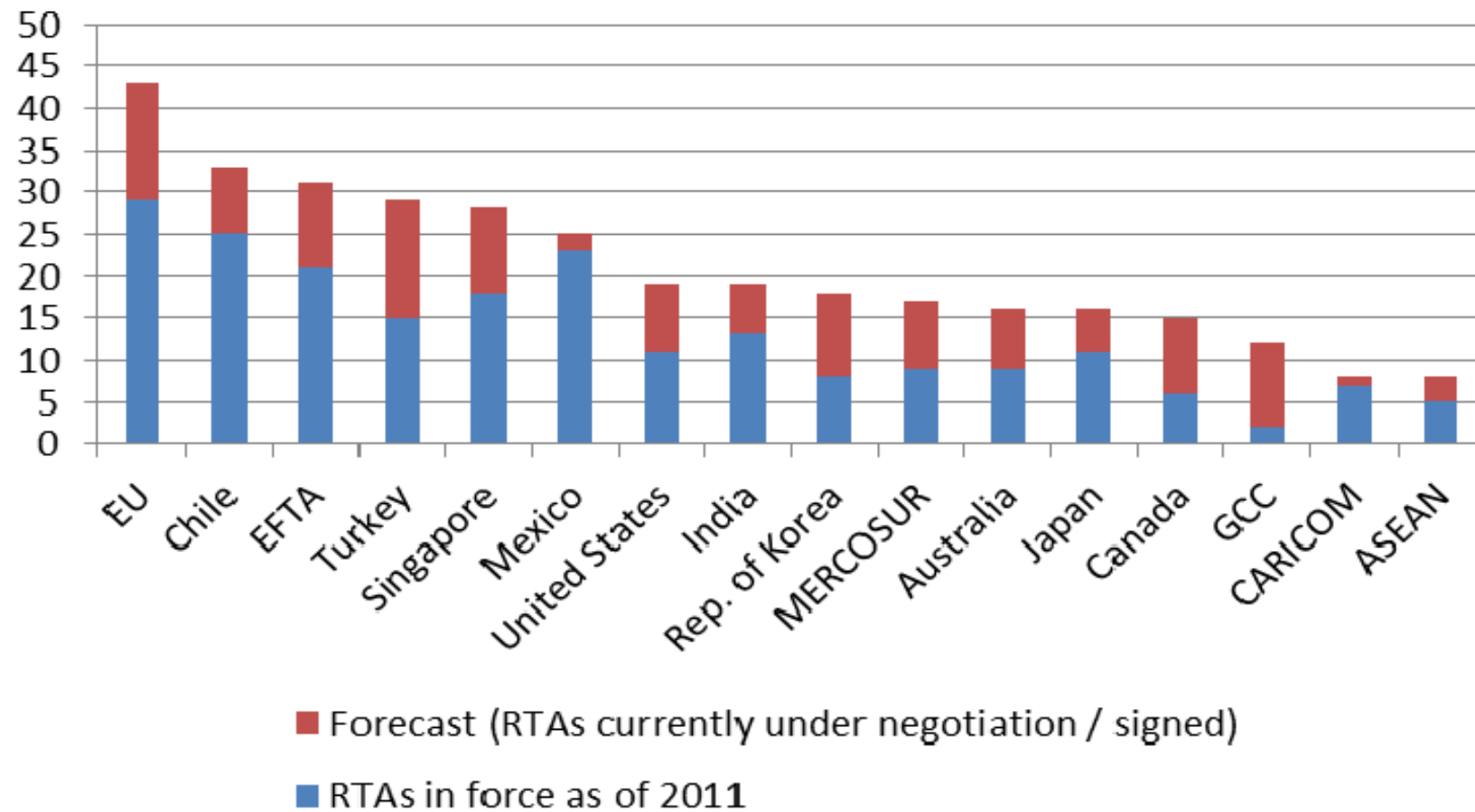
# Global and regional developments

Participation in Services RTAs (notified and in force) as of May 2011



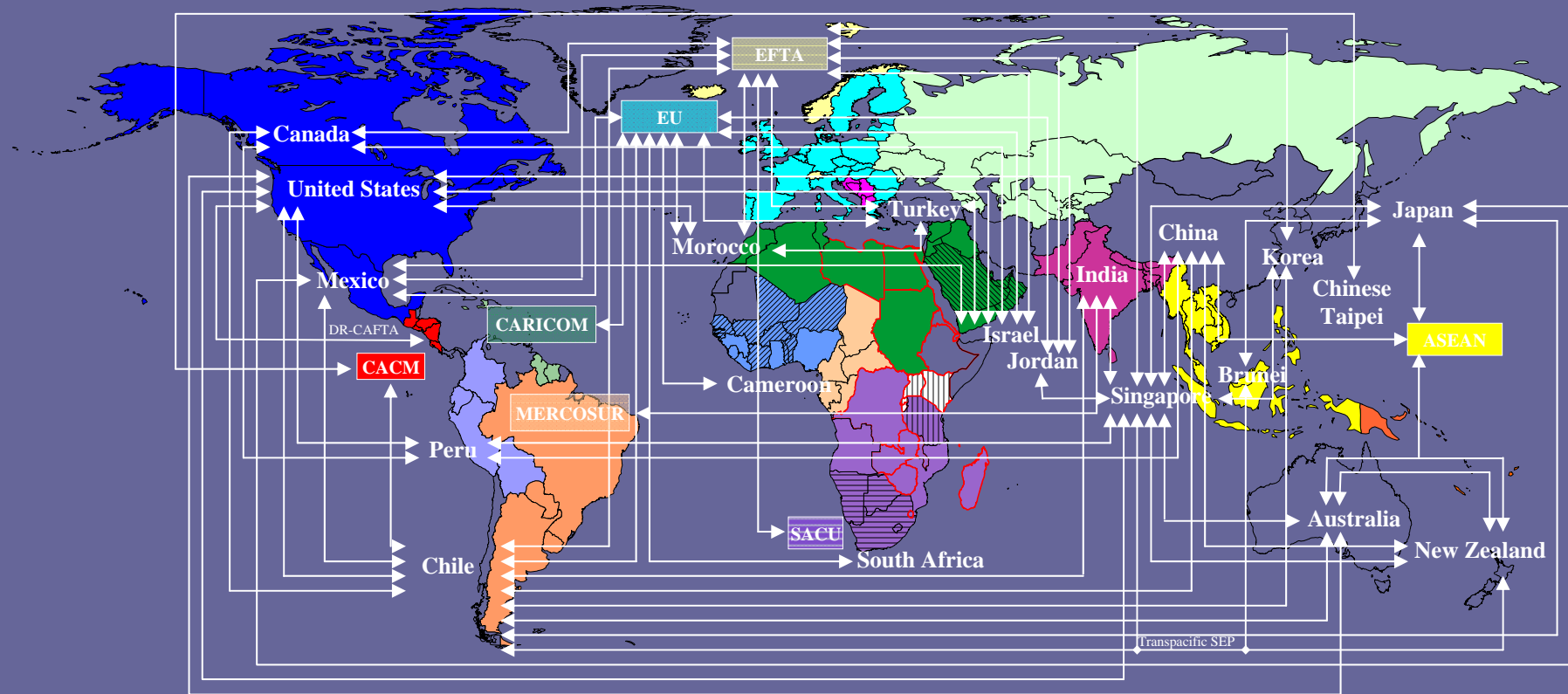
1 to 2 3 to 4 5 to 9 10 to 15 No data

## RTAs in force and under negotiation, by selected country groupings



# Global & regional developments

The spaghetti bowl effect...



NAFTA	EUROPEAN UNION	EFTA	PAFTA	ECOWAS	EAC	SAFTA
CACM	CARICOM	CEFTA	GCC	CEMAC	SADC	ASEAN
CAN	MERCOSUR	CIS	WAEMU	COMESA	SACU	PICTA

# To sum up...

## The RTA phenomenon

- The number of RTAs continues to grow
- Expanding trade policy scope and reach of RTAs
- Shift from regional to cross-regional RTAs. Main indicators:
  - Significant increase of number of cross-regional RTAs
  - Predominance of bilateral RTAs
  - Preference of FTAs over customs unions and partial scope agreements
- Consolidation of RTA networks into regional blocks

## The MTS landscape

- Multiple layers of preferential trading regimes
- Trade discrimination, complexity, lack of transparency
- Systemic implications for the MTS/WTO



# RTAs in Asia-Pacific

## ■ Asia-Pacific RTA proliferation:

- Over half of RTAs currently under negotiation involve one or more countries from the Asia-Pacific region

## ■ RTA configuration and partners:

- Some existing plurilateral agreements (ASEAN, SAFTA, APTA) but most of the new RTAs are bilateral; consolidation into wider regional groupings is however on the agenda (TPP, ASEAN+3, 6)
- Many of the RTAs under negotiation include extra-regional partners

## ■ Trade policy scope and market access provisions:

- The coverage of RTAs varies significantly from partial scope agreements to very comprehensive RTAs
- Many RTAs include liberalization of services trade and WTO+ provisions
- The principle of S&D is factored into some RTAs

# RTAs in Asia-Pacific

## *Some facts and figures:*

### ➤ **Total number of RTAs:**

- 65 notified to the WTO
- 23 announced to the WTO as under negotiation

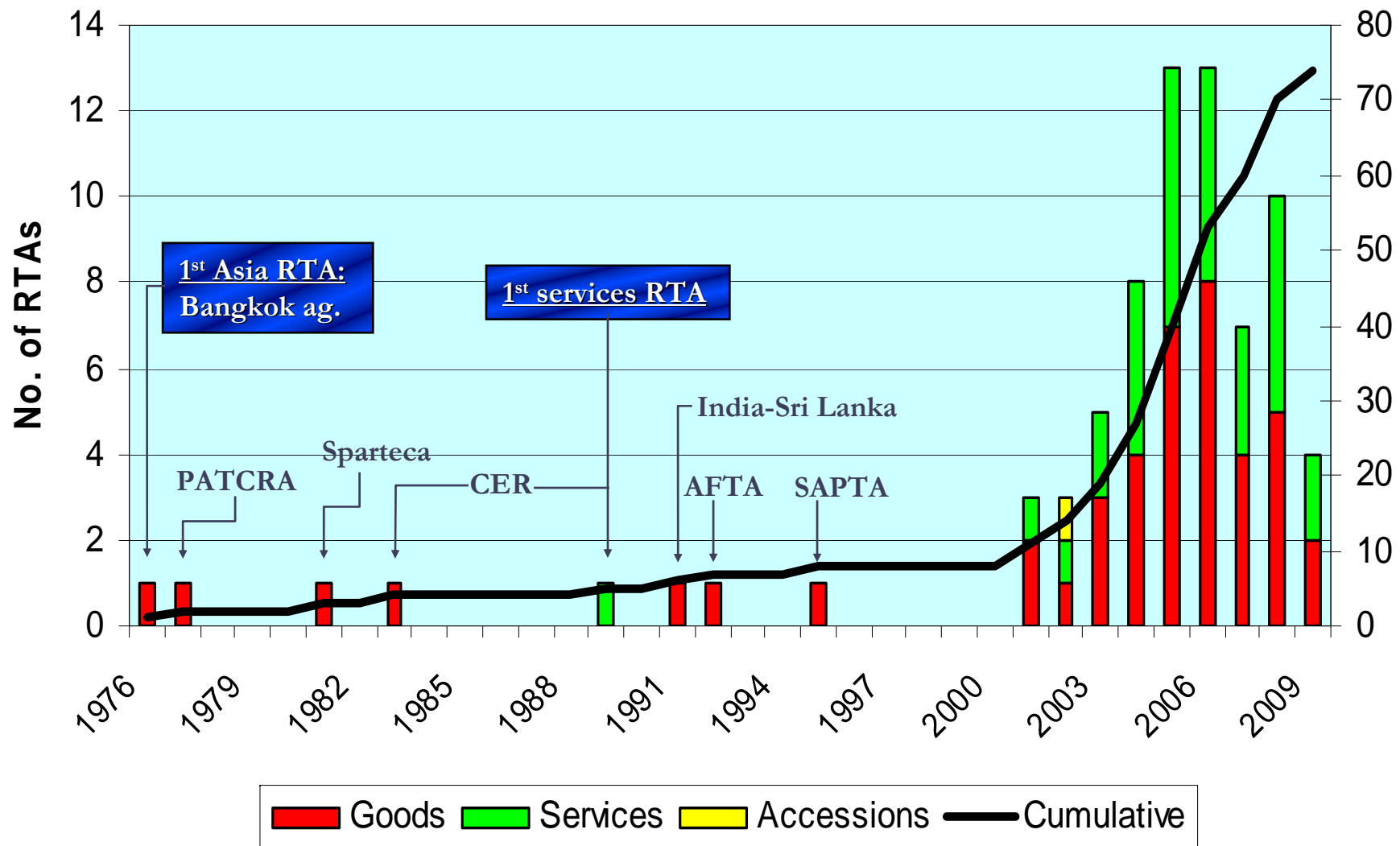
### **Of the total number of notified RTAs (65):**

### ➤ **Coverage:** 43 (Goods & Services) – 22 goods only

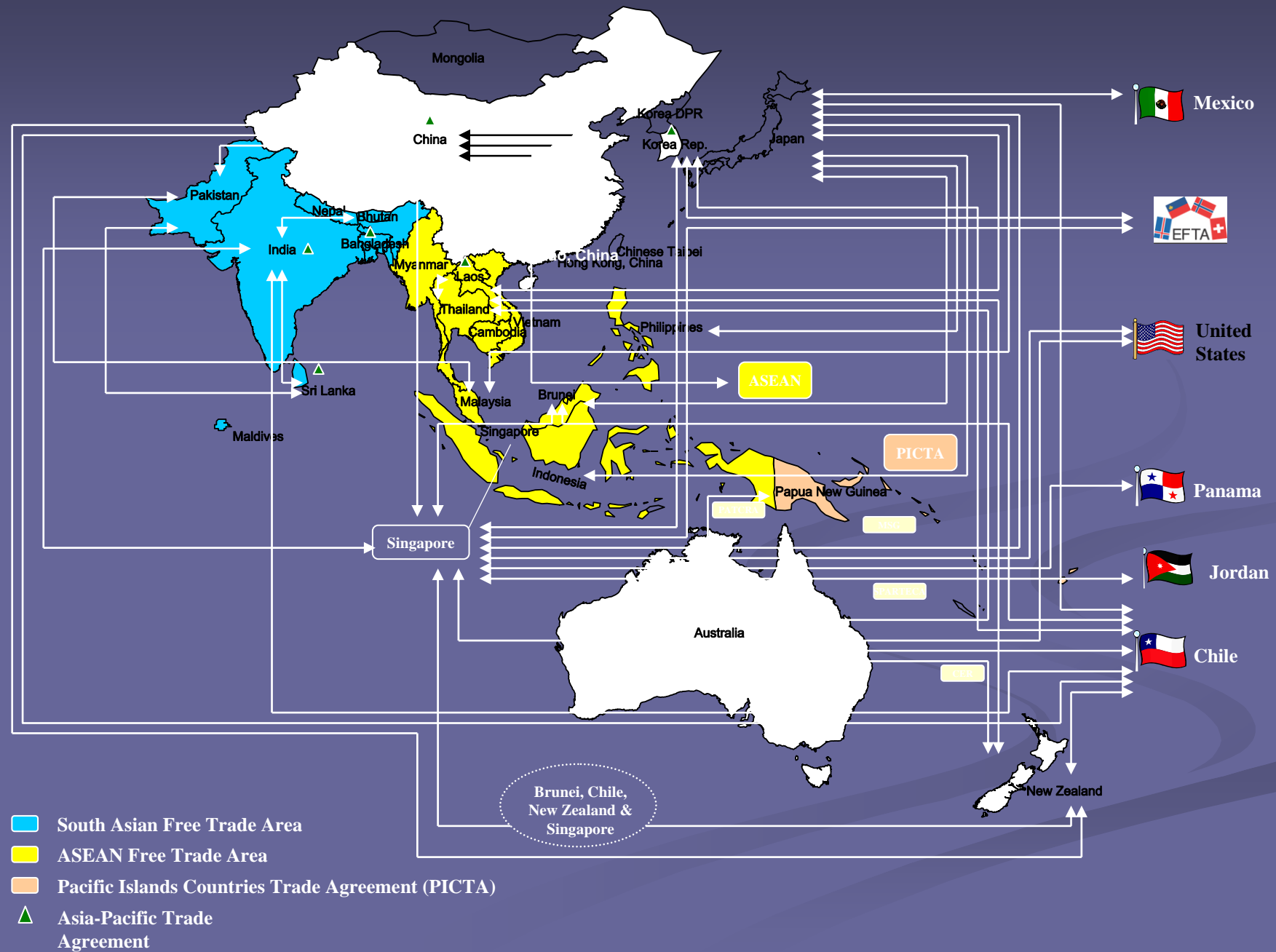
### ➤ **WTO legal provision:**

- 19 under the Enabling Clause
- 2 under the Enabling Clause & GATS V
- 3 under Art. XXIV
- 39 under Art. XXIV and GATS V
- 2 dual notified under Enabling Clause/Art. XXIV and GATS V

# RTA proliferation in the Asia-Pacific



# Asia Pacific Intra and Cross-Regional RTA network (notified and in force)



# What should the WTO be doing about RTAs...?

*The political view...*



## Foreword to the 2011 World Trade Report

- Need to connect the multilateral and bilateral “brains” of trade policy drivers and actors in order to attain greater coherence between the WTO and PTAs through successful multilateral negotiations.
- Continue the quest for greater legal clarity in WTO rules. The TM may pave the way for non-litigious deliberations that could build confidence and understanding about the motives, contents and policy approaches underpinning regional initiatives, leading to a shared vision and reinforced legal provisions.
- WTO can play a greater role in promoting greater coherence among non-competing but divergent regulatory regimes that in practice cause geographical fragmentation or raise trade costs— i.e. multilateralizing regionalism.