

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Frontmatter

[More information](#)

## REGIONAL RULES IN THE GLOBAL TRADING SYSTEM

The proliferation of regional trade agreements (RTAs) over the past two decades has highlighted the need to look closely at the relationships between regional and WTO rules or disciplines. A major obstacle to advancing understanding of RTAs is the absence of detailed information about their contents. This has limited the debate between those who view RTAs as discriminatory instruments hostage to protectionist interests and those who see them as conducive to multilateral trade opening.

This book provides detailed analysis of RTA rules in six key areas – market access, technical barriers to trade, contingent protection, investment, services and competition policy – across dozens of the main RTAs in the world. The analysis helps to provide new insights into the interplay between regional and multilateral trade rules, advances understanding of the economic effects of RTAs and contributes to the discussion on how to deal with the burgeoning number of RTAs.

ANTONI ESTEVADEORDAL is Manager at the Integration and Trade Sector of the Inter-American Development Bank in Washington.

KATI SUOMINEN is Trade Economist at the Integration and Trade Sector of the Inter-American Development Bank in Washington.

ROBERT TEH is Counsellor in the Economic Research and Statistics Division of the World Trade Organization.

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Estevadeordal, Kati Suominen and Robert Teh

Frontmatter

[More information](#)

# REGIONAL RULES IN THE GLOBAL TRADING SYSTEM

Edited by

ANTONI ESTEVADEORDAL,

KATI SUOMINEN AND

ROBERT TEH



**CAMBRIDGE**  
UNIVERSITY PRESS

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Frontmatter

[More information](#)

CAMBRIDGE UNIVERSITY PRESS

Cambridge, New York, Melbourne, Madrid, Cape Town, Singapore, São Paulo, Delhi

Cambridge University Press

The Edinburgh Building, Cambridge CB2 8RU, UK

Published in the United States of America by Cambridge University Press, New York

[www.cambridge.org](http://www.cambridge.org)Information on this title: [www.cambridge.org/9780521759342](http://www.cambridge.org/9780521759342)

© World Trade Organization 2009

This publication is in copyright. Subject to statutory exception and to the provisions of relevant collective licensing agreements, no reproduction of any part may take place without the written permission of Cambridge University Press.

First published 2009

Printed in the United Kingdom at the University Press, Cambridge

*A catalogue record for this publication is available from the British Library**Library of Congress Cataloguing in Publication data*

Regional rules in the global trading system / [edited by] Antoni Esteveordal, Kati Suominen, Robert Teh.

p. cm.

Includes index.

ISBN 978-0-521-76084-3 (hardback)

ISBN 978-0-521-75934-2 (paperback)

1. International trade. 2. Regionalism—Economic aspects.
3. Trade blocs. 4. Foreign trade regulation.
5. Commercial treaties. I. Esteveordal, Antoni.
- II. Suominen, Kati. III. Teh, Robert. IV. Title.

HF1379.R4394 2009

382'.91—dc22 2008053616

ISBN 978-0-521-76084-3 hardback

ISBN 978-0-521-75934-2 paperback

Cambridge University Press has no responsibility for the persistence or accuracy of URLs for external or third-party Internet Web Sites referred to in this publication, and does not guarantee that any content on such Web Sites is, or will remain, accurate or appropriate.

The views and opinions expressed in this volume are strictly those of the authors' and editors' alone and do not reflect the views of the IDB, the WTO or any of their members.

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Estevadeordal, Kati Suominen and Robert Teh

Frontmatter

[More information](#)

---

From Kati Suominen, to Gen. Fred F. Woerner, Ret.

and

From Robert Teh, to Imelda de Leon

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Frontmatter

[More information](#)

## CONTENTS

<i>List of figures</i>	page	viii
<i>List of tables</i>		x
<i>List of Contributors</i>		xii
<i>Foreword</i>		xiii
<i>Acknowledgements</i>		xvi
<i>List of abbreviations</i>		xvii
1 Introduction	1	
ANTONI ESTEVADORDAL, KATI SUOMINEN AND ROBERT TEH		
2 Big-Think Regionalism: a critical survey	17	
RICHARD BALDWIN		
3 Market access provisions in regional trade agreements	96	
ANTONI ESTEVADORDAL, MATTHEW SHEARER AND KATI SUOMINEN		
4 Trade remedy provisions in regional trade agreements	166	
ROBERT TEH, THOMAS J. PRUSA AND MICHELE BUDETTA		
5 A mapping of regional rules on technical barriers to trade	250	
ROBERTA PIERMARTINI AND MICHELE BUDETTA		
6 Services liberalization in the new generation of preferential trade agreements: how much further than the GATS?	316	
MARTIN ROY, JUAN MARCHETTI AND HOE LIM		
7 Mapping investment provisions in regional trade agreements: towards an international investment regime?	365	
BARBARA KOTSCHWAR		
8 Competition provisions in regional trade agreements	418	
ROBERT TEH		
<i>Appendix: List of RTAs included in the survey</i>	492	
<i>Index</i>	503	

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Frontmatter

[More information](#)

## FIGURES

2.1	The RTA diagram's trade pattern	<i>page 27</i>	
2.2	The RTA (preferential trade arrangement) diagram		29
2.3	Ambiguous net welfare effects	30	
2.4	The Johnson diagram (small Home and Partner nations)		31
2.5	The small PTA diagram: a simple case	34	
2.6	Net welfare effects, FTA to global free trade	43	
2.7	Stumbling-bloc FTAs	44	
2.8	Juggernaut framework	52	
2.9	Juggernaut building-bloc logic	52	
2.10	Imported MFN liberalization	62	
2.11	An economic theory of the GATT	64	
3.1	Percentage of tariff lines duty free, by selected benchmark years		112
3.2a	Reciprocity of concessions: Year 5	113	
3.2b	Reciprocity of concessions: Year 10	113	
3.3a	Duty-free lines in 5 years v. TRQ incidence	114	
3.3b	Duty-free lines in 10 years v. TRQ incidence	114	
3.4a	Agricultural duty-free lines in 5 years v. TRQ incidence	115	
3.4b	Agricultural duty-free lines in 10 years v. TRQ incidence	115	
3.5a	Evolution of duty-free treatment in selected RTAs	124	
3.5b	Evolution of duty-free treatment in selected RTAs: North–North agreements v. agreements with a Southern party	124	
3.5c	Evolution of sectoral duty-free treatment in selected RTAs	125	
3.6a	Distribution of liberalization by RTA parties in chapters, Year 5		126
3.6b	Distribution of liberalization by RTA parties in chapters, Year 10		126
3.7a	Distribution of liberalization of chapters in RTA parties' schedules, Year 5	128	
3.7b	Distribution of liberalization of chapters in RTA parties' schedules, Year 10	128	
3.8	Evolution of duty-free treatment as trade-weighted percentage of tariff lines	130	
3.9	Evolution of duty-free treatment as percentage of imports	130	
3.10a	Evolution of duty-free access in Canadian market for Costa Rican goods: a comparison using various measures	131	

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Frontmatter

[More information](#)

## LIST OF FIGURES

ix

3.10b	Evolution of duty-free access in Costa Rican market for Canadian goods: a comparison using various measures	132
3.10c	Evolution of duty-free access in Chilean market for Korean goods: a comparison using various measures	132
3.10d	Evolution of duty-free access in Korean market for Chilean goods: a comparison using various measures	133
3.10e	Evolution of duty-free access in EU market for South African goods: a comparison using various measures	133
3.10f	Evolution of duty-free access in South African market for EU goods: a comparison using various measures	134
3.10g	Evolution of duty-free access in Moroccan market for US goods: a comparison using various measures	134
3.10h	Evolution of duty-free access in US market for Moroccan goods: a comparison using various measures	135
3.11	Coverage of selected market access disciplines in fifty RTAs	139
3.12	Coverage of selected RTAs, by NTM provision	140
3.13	Coverage of selected RTAs, by other measure provision	140
3.14	Coverage of selected RTAs, by special regime provision	141
3.15	Coverage of selected RTAs, by RoO provision	142
3.16	Coverage of selected RTAs, by customs procedure provision	143
3.17	Restrictiveness of RoO in selected RTAs	151
3.18	Facilitation of regime-wide RoO in selected RTAs	151
4.1a	Frequency of anti-dumping initiations, 1980–2006	170
4.1b	Frequency of anti-dumping measures, 1995–2006	170
4.2a	Frequency of CVD initiations, 1995–2006	171
4.2b	Frequency of CVD measures, 1995–2006	171
4.3a	Frequency of safeguard initiations, 1995–2006	172
4.3b	Frequency of safeguard measures, 1996–2006	172
4.4	Number of RTAs in sample coming into force, by decade	177
4.5	RTAs by level of development of members	177
4.6	Hub-and-spoke arrangement of RTAs in sample	178
6.1	Proportion of sub-sectors with new and improved commitments under mode 3, per WTO Member (when comparing the GATS offer to the GATS schedule ('GATS') and the PTA commitments to the GATS offer ('PTA'))	332
6.2	Proportion of sub-sectors with new and improved commitments under mode 1, per WTO Member (when comparing the GATS offer to the GATS schedule ('GATS') and the PTA commitments to the GATS offer ('PTA'))	361
7.1	Coverage by country	397

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Frontmatter

[More information](#)

## TABLES

3.1	RTAs covered in the study	<i>page</i> 105	
3.2	Products subject to tariff rate quotas in CAFTA: US tariff quotas on products entering from Central America and the Dominican Republic	118	
3.3	Products subject to tariff-rate quotas in CAFTA: Central American and Dominican Republic tariff quotas on products entering from the United States	120	
3.4	Three-level matrix for mapping market-access provisions in RTAs		152
4.1	Trade remedy actions, initiations and measures, 1995–2006		169
4.2	Anti-dumping template	186	
4.3	Countervailing duties template	188	
4.4a	Bilateral safeguards template	191	
4.4b	Global safeguards template	192	
4.5	Anti-dumping mapping	195	
4.6	Countervailing duties mapping	203	
4.7a	Bilateral safeguards mapping	208	
4.7b	Global safeguards mapping	231	
4.8	Characteristics of RTAs that have disallowed trade remedies		241
4.9a	Probit estimation results	244	
4.9b	Multinomial logit estimation results	245	
5.1	The structure of the template for mapping regional rules on standards, technical regulations and conformity assessment procedures		270
5.2	An overview of TBT provisions in RTAs	272	
5.3	Characteristics of RTAs by hub	279	
5.4	The extent of regional TBT liberalization	283	
5.5	The likelihood of provisions encouraging the harmonization of technical regulation	288	
5.6	The likelihood of provisions encouraging mutual recognition of conformity assessment	288	
5.7	The likelihood of provisions encouraging notification of standards and procedures	289	
5.8	The likelihood of provisions establishing a dispute settlement body		289
6.1	Preferential trade agreements reviewed	322	

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Frontmatter

[More information](#)

## LIST OF TABLES

xi

6.2	Cross-tabulation of countries and PTAs	328	
6.3	Examples of commitments providing for the phasing-in of liberalization	346	
7.1	Agreements used in sample and date of entry into force	376	
7.2	Mapping of investment provisions: results by geographic pairing		382
7.3	Mapping of investment provisions: results by levels of development		386
7.4	Scope and coverage	401	
7.5	Non-discrimination: most favoured nation and national treatment standards	403	
7.6	Standards of treatment	406	
7.7	Performance requirements and restrictions on nationality		409
7.8	Denial of benefits, transparency and dispute settlement		412
8.1	Competition template	424	
8.2	Competition mapping	426	
8.3	Correlation of competition provisions in selected hubs		486

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Frontmatter

[More information](#)

## CONTRIBUTORS

Richard Baldwin is Professor of International Economics at the Graduate Institute of International Studies in Geneva.

Michele Budetta is a graduate student at the University *Cattolica del Sacro Cuore* in Milan

Antoni Esteveordal is Manager in the Integration and Trade Sector at the Inter-American Development Bank.

Barbara Kotschwar is Research Associate at the Peterson Institute for International Economics.

Aik Hoe Lim is Counsellor at the Trade in Services Division of the World Trade Organization.

Juan Marchetti is Counsellor at the Trade in Services Division of the World Trade Organization.

Roberta Piermartini is Counsellor at the Economic Research and Statistics Division of the World Trade Organization.

Thomas J. Prusa is Professor of Economics at Rutgers University.

Martin Roy is Counsellor at the Trade in Services Division of the World Trade Organization.

Matthew Shearer is Statistician and Economist at the Inter-American Development Bank.

Kati Suominen is International Trade Specialist in the Integration and Trade Sector at the Inter-American Development Bank.

Robert Teh is Counsellor at the Economic Research and Statistics Division of the World Trade Organization.

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Frontmatter

[More information](#)

## FOREWORD

The number of regional trade agreements (RTAs) has grown enormously over the last decade. Over 200 RTAs currently in force have been notified to the World Trade Organization, with many more being currently negotiated. More and more areas, that traditionally were not part of trade agreements, are being covered by these agreements. RTAs now typically include rules on competition policy, the environment, labour, services, investments, intellectual property, trade remedies or technical barriers to trade, in addition to the usual market access provisions in merchandise trade.

The proliferation of RTAs requires increased attention to be paid to the potential conflicts and complementarities between ‘regional’ and ‘global’ rules. The relationship between regionalism and multilateralism has sometimes been framed as one where RTAs are either a building bloc or a stumbling bloc to multilateralism. But, having closely witnessed integration arrangements in Europe, Latin America and the Caribbean, Africa, Asia and elsewhere around the globe, we believe that this is not as black and white. RTAs have delivered important trade gains for their participants. But, often, they have also been a source of trade diversion and have hampered movement towards greater multilateral liberalization, as is the case with certain rules of origin. In our view, the key research question is to identify those regional rules that promote complementarities with the multilateral trading system and those that conflict with it.

A great amount of scholarly interest has been spawned by regionalism, with both eminent economists and political scientists making many valuable theoretical contributions. But, with a few notable exceptions like NAFTA and the EU, very little research has as yet been devoted to the actual contents of these RTAs. There is not enough understanding of the diversity in regional rules, the difference between these regional rules and multilateral rules, the feasibility of converging towards some common

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Frontmatter

[More information](#)

standard and the appropriate methods for assessing the compatibility of regional rules with multilateral rules.

As part of the effort to remedy this gap in knowledge, the Inter-American Development Bank and the World Trade Organization have carried out a joint research project to enhance our understanding of regional rules and their implications for the global trading system. This research attempts to complement the already rich vein of economic theorizing by assembling a comprehensive mapping of the trade and trade-related rules that govern RTAs around the globe. It maps various provisions or rules across dozens of the most important RTAs in six key areas: market access, trade remedies, technical barriers to trade, services, investment, and competition policy. For the first time, a framework for analysing these regional rules and a mapping of these rules have been put together in a single volume.

One of the early harvests of the WTO Doha Round has been the establishment, on a provisional basis, of a new transparency mechanism for RTAs. Regional trade agreements have been the subject of some multilateral examination since the days of the GATT. This new transparency mechanism brings a higher level of examination to RTAs. It provides for early announcement of any RTA, and its notification to the WTO. It requires a factual presentation of the notified RTAs to be made to WTO Members on the basis of a report prepared by the WTO Secretariat. It mandates that any changes affecting the implementation of an RTA, or the operation of an already implemented RTA, will be notified to the WTO. Finally, at the end of the RTA's implementation period, it calls for the parties to the RTA to submit to the WTO a written report on the realization of liberalization commitments in the RTA as originally notified. We believe that the contributions in this volume can provide relevant conceptual frameworks, methods of analysis and data which could be of help in the context of the new transparency mechanism.

This volume, which addresses one of the key challenges faced by the multilateral trading system, represents another facet of the fruitful partnership between the IDB and the WTO. The IDB has a long history of research and capacity-building on trade and integration issues and, together with other regional and multilateral lending agencies, is heavily involved in supporting the WTO's Aid for Trade initiative. We look

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Estevadeordal, Kati Suominen and Robert Teh

Frontmatter

[More information](#)

FOREWORD

XV

forward to more collaborative endeavours between our two institutions that will help improve the workings of the global trading system.

Pascal Lamy  
*Director-General*  
*World Trade Organization*

Luis Alberto Moreno  
*President*  
*Inter-American Development Bank*

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Frontmatter

[More information](#)

## ACKNOWLEDGEMENTS

The research collaboration between the Inter-American Development Bank and the World Trade Organization Secretariat which gave rise to this publication has made the editors indebted to numerous colleagues rich in ideas and enormously interested in regional integration.

We would like to express our deepest thanks to all the authors of the papers in this volume for their contribution and involvement in this joint research undertaking. We are grateful for the financial support extended by the Inter-American Development Bank without which this research would not have been possible.

Along the way, several seminars and workshops were organized in Geneva and Washington, D. C. We appreciate the comments and suggestions made by seminar and workshop participants that have provided our contributors with fresh perspectives and valuable insights. Particular thanks are due to Chad Bown, Simon Evenett and Ken Vandeveld for their careful reading and thoughtful comments on several chapters of this volume.

We are beholden to staff members of the IDB and WTO Secretariats for their assistance, patience and many helpful suggestions. We would like to make specific mention of Patrick Low, Clem Boonekamp, Robert Anderson, Stefania Bernabé, Jo-Anne Crawford, Jesse Kreier, Anthony Martin, Andreas Sennekamp and Hiromi Yano of the WTO Secretariat; and Santiago Levy of the IDB, as well as Robert Devlin and Nohra Rey de Marulanda, who served at the IDB during the launch of this joint research project. Finally, we wish to thank Finola O'Sullivan of Cambridge University Press for her support in preparing this volume.

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Estevadeordal, Kati Suominen and Robert Teh

Frontmatter

[More information](#)

## ABBREVIATIONS

ACCC	Australian Competition and Consumer Commission
ACE	Acuerdo de Complementación Económica
AD	Anti-dumping
AFAS	ASEAN Framework Agreement on Services
AFTA	ASEAN Free Trade Area
ALADI	Asociación Latinoamericana de Integración
ANZCERTA	Australia New Zealand Closer Economic Relations Trade Agreement
ASEAN	Association of Southeast Asian Nations
AUSFTA	Australia–US Free Trade Agreement
BIT	bilateral investment treaty
BOP	balance of payments
CA	Central America
CACM	Central American Common Market
CAFTA	Central America Free Trade Agreement
CARICOM	Caribbean Community and Common Market
CDC	Comité de Defensa de la Competencia
CEMAC	Communaute Economique et Monetaire de l’Afrique Centrale
CEN	Committee for Standardisation
CENELEC	European Committee for Electrotechnical Standardisation
CER	Australia–New Zealand Closer Economic Relations
CET	common external tariff
CITT	Canadian International Trade Tribunal
COMESA	Common Market for Eastern and Southern Africa
COMTRADE	United Nations Commodity Trade Statistics

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Frontmatter

[More information](#)

xviii

## LIST OF ABBREVIATIONS

CRTA	WTO Committee on Regional Trade Agreements
CU	customs union
CUSFTA	Canada–US Free Trade Agreement
CVD	countervailing duty
DOC	US Department of Commerce
DR	Dominican Republic
ECJ	European Court of Justice
EEA	European Economic Area
EEC	European Economic Community
EFTA	European Free Trade Association
ETSI	European Telecommunications Standards Institute
EU	European Union
FDI	foreign direct investment
FTA	free trade agreement
FTC	Federal Trade Commission
FYROM	Former Yugoslav Republic of Macedonia
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GCC	Gulf Cooperation Council
GDP	gross domestic product
GPA	Government Procurement Agreement
HKC	Hong Kong, China
HS	Harmonized System
IADB	Inter-American Development Bank
IAF	International Accreditation Forum
ICSID	International Centre for Settlement of Investment Disputes
IEC	International Electrotechnical Commission
ILAC	International Laboratory Accreditation Cooperation
ISO	International Organization for Standardization
ITO	International Trade Organization
LAIA	Latin American Integration Association
MAI	Multilateral Agreement on Investment
MERCOSUR	Mercado Comun del Sur
MFN	most-favoured-nation
MRA	mutual recognition agreement
MTN	Multilateral Trade Negotiations
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Frontmatter

[More information](#)

## LIST OF ABBREVIATIONS

xix

NGO	non-governmental organization
NT	national treatment
NTM	non-tariff measure
NZCC	New Zealand Commerce Commission
OCT	Overseas Countries and Territories
OECD	Organization for Economic Co-operation and Development
PTA	preferential trade agreement
QM	quantitative measures
RoO	rules of origin
RoW	rest of the world
RTA	regional trade agreement
SADC	Southern African Development Community
SAPTA	South Asian Preferential Trade Arrangement
SAT	substantially all trade
SCM	subsidies and countervailing measures
SEP	(Trans-Pacific) Strategic Economic Partnership
SITC	Standard International Trade Classification
SPARTECA	South Pacific Regional Trade and Economic Cooperation Agreement
SPS	sanitary and phytosanitary
SSG	special safeguard
TBT	technical barriers to trade
TRIMs	Trade-Related Investment Measures
TRIPS	Trade-Related Intellectual Property Rights
TRQ	tariff rate quota
UEMOA	L'Union Economique et Monétaire Ouest Africaine
UN/EDIFACT	United Nations/Electronic Data Interchange for Administration, Commerce, and Transport
UNCTAD	United Nations Conference on Trade and Development
VER	Voluntary Export Restraint
WAEMU	West African Economic and Monetary Union
WCO	World Customs Organization
WTO	World Trade Organization

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Excerpt

[More information](#)

1

---

## Introduction

ANTONI ESTEVADEORDAL, KATI SUOMINEN AND  
ROBERT TEH\*

### 1 Introduction

Regional trade agreements (RTAs) have proliferated around the world in the past decade. Some 200 RTAs currently in force have been notified to the World Trade Organization (WTO) and the number will continue to rise given the many RTAs being proposed and negotiated. It is estimated that, if one takes into account RTAs which are in force but have not been notified, signed but not yet in force, currently being negotiated, and in the proposal stage, close to 400 RTAs are scheduled to be implemented by 2010 (Fiorentino, Verdeja and Toqueboeuf, 2006).

Virtually all countries are member of at least one RTA, with most countries belonging to two or more RTAs at once. The geographic reach of RTAs has also changed over time, making 'regional' somewhat of a misnomer. While most RTAs are still formed among countries inhabiting the same region or continent, they increasingly involve members that are not immediate neighbours and create partnerships spanning oceans. Trans-Atlantic and trans-Pacific RTAs are gaining in number through such agreements as the European Union (EU)–Mexico Economic Partnership Agreement, the EFTA–Chile free trade agreement (FTA) and the recently signed Korea–US FTA.

The economic importance of regional trade agreements has continued to grow. More than half of global merchandise trade flows among countries connected by a common RTA. But RTAs are today increasingly important in areas other than merchandise trade. Indeed, the architecture of RTAs has become both more comprehensive and more complex. Besides trade in goods, many RTAs now regulate such subjects as trade in services, investments, standards, intellectual property

\* The views and opinions expressed in this volume are strictly those of the authors and editors alone and do not reflect the views of the IDB, the WTO or any of their Members.

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Excerpt

[More information](#)

## 2 ANTONI ESTEVADEORDAL, KATI SUOMINEN, ROBERT TEH

and competition rules, as well as a host of issues not directly related to trade, such as labour and environment. The body of rules governing international trade has been extended to matters traditionally considered to be within the realm of domestic regulations ('behind-the-border' measures).

These developments suggest that RTAs have become a major and strategic part of commercial policy for many countries. But RTAs also pose important challenges for the multilateral trading system. Indeed, the growing importance of RTAs has directed attention to the potential conflicts as well as complementarities between the rules that are adopted in RTAs ('regional' rules) and the multilateral rules established in such agreements as the General Agreement on Tariffs and Trade (GATT) of 1994, the General Agreement on Trade in Services (GATS) and other WTO Agreements ('global' rules). While the GATT had in the past conducted examinations of RTAs, scrutiny may now become more exacting. The multilateral Doha trade round launched in 2001 included a negotiating mandate aimed at clarifying and improving disciplines and procedures under the existing WTO provisions applying to RTAs – GATT Article XXIV, the Enabling Clause, and GATS Article V. These negotiations have resulted in a new transparency mechanism that was adopted by the WTO's General Council in December 2006. The transparency mechanism obliges Members to notify the WTO of any RTA that Members enter into and to provide information about the agreement. The mechanism also mandates the WTO Secretariat to prepare a report on notified RTAs. While this report on the RTA has to be 'factual' and refrain from any 'value judgment', the increased level of scrutiny can alert the rest of the WTO membership to some of the rules and practices in RTAs that adversely affect non-RTA members. This may induce countries to adopt RTA rules that complement rather than conflict with existing WTO agreements.

The growing policy attention paid to RTAs finds a parallel in the debate in the economic literature on whether RTAs are 'building blocs' or 'stumbling blocs' to multilateral trade liberalization.<sup>1</sup> These concepts refer to the nature of the dynamics or time paths that RTA formation can generate (Bhagwati and Panagariya, 1999). RTAs are building blocs if they accelerate multilateral trade negotiations or progressively enlarge their membership so that they lead to global free trade. RTAs are stumbling blocs if they hamper the attainment of global trade liberalization.

<sup>1</sup> Bhagwati (1991) first coined the terms 'building bloc' and 'stumbling bloc'.

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Excerpt

[More information](#)

The stumbling bloc camp argues that RTAs undermine countries' incentives to undertake further multilateral liberalization because members are unwilling to dilute the preferential access they have to the markets of RTA partners. Another argument is that RTAs can create incompatible regulatory structures and standards which lock in the members' policies, and increase the adjustment costs associated with multilateral liberalization, thus making it less attractive. The importance of non-economic motives or interests can make RTAs a stumbling bloc to global free trade (Limão, 2007). RTAs can be valuable to a large country because the preferential access to its market allows it to extract co-operation in non-trade matters from smaller partners. Multilateral tariff reductions reduce the value of preferential access to the large market and thus the surplus that can be extracted from potential RTA partners.

Various political-economy models have sought to show that the establishment of an RTA weakens the motivation of the members for reciprocal liberalization with non-members. In Levy (1997), if an RTA produces disproportionately large gains and relatively small losses to the median voter so that his utility is raised above what could be achieved with a multilateral deal, multilateral liberalization will no longer be viable. Krishna (1998) argues that trade-diverting RTAs generate large rents tied to the preferences granted by the agreement for producers. Multilateral trade liberalization threatens those rents. If governments are swayed more by producer interests, then multilateral liberalization will not be pursued. Moreover, the attention that governments invest in RTA negotiations draws away scarce political and human resources from multilateral negotiations.

There are strong arguments for the building bloc story as well. Baldwin (1995) has proposed a domino theory of regionalism where the establishment of an RTA increases the value for non-members of joining the agreement.<sup>2</sup> The creation of a preferential regional arrangement will reduce the profits of the firms exporting to the region but who are located in a non-member country. They will have a reason to lobby their government to join the bloc. If the regional bloc enlarges as a consequence, the value of membership for outsiders increases since they face a cost disadvantage in an even greater number of markets. This leads to a snowballing of countries which want to join so that the RTA progressively enlarges its membership until global free trade is reached. Another building-bloc

<sup>2</sup> However, the domino theory does not explain what incentives existing members have to accept new members.

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Excerpt

[More information](#)

## 4 ANTONI ESTEVADEORDAL, KATI SUOMINEN, ROBERT TEH

argument is that preferential trade liberalization will help enlarge the exporting sectors and diminish the import-competing sectors in RTA members. Thus a country which enters into an RTA will expand the economic and political strength of its pro-liberalization constituency ('juggernaut' effect), making it possible for its government to cut a multilateral deal (Baldwin, 2005). There are also those who see RTAs as a stepping stone towards a global free trade policy (Ethier, 1998). RTAs may help a government intent on carrying out economic reforms to mobilize domestic forces in support of opening up to the wider world. By initially entering into a preferential trade arrangement, the reforming country would be able to capture economic benefits, for example through FDI inflows from its RTA partners that tilt the political balance within the country in favour of economic reform and multilateral liberalization.

A more recent vein of research has argued that, as more RTAs are established, the cost to producers of overlapping rules would lead them to pressure governments to harmonize or 'multilateralize' these rules (Baldwin, 2006). As bilateral and regional trade agreements proliferate, a 'spaghetti bowl' of rules of origin will emerge. This, in turn, will run against the increasing fragmentation of production as firms find it more cost-efficient to locate the manufacturing of parts and components in different countries. The requirement to comply with different rules of origin will then raise firms' production costs. Paradoxically, RTA spaghetti bowls can become building blocs to multilateralism as offshoring becomes a force for the multilateralization of existing regional rules. Indeed, there are nascent efforts by some groups of countries in Asia as well as the Americas to examine ways to connect their common RTAs into broader trade areas so as to reduce the complexity of rules facing economic actors in the RTAs and to facilitate more trade and investment.

To be sure, the multilateralization of regional rules may for many still seem to be a long-term aspiration. But what is clear today is that, given that nearly all WTO Members are RTA members and *vice versa*, WTO Members should have an interest in reducing conflicts between regional and multilateral rules and in ensuring compatibilities between them. Yet, despite the growing academic and policy attention to regionalism, the anatomy of RTAs remains poorly understood. Virtually all of the existing mappings that have been undertaken on RTAs focus on a single RTA discipline – rules of origin.<sup>3</sup> The lack of a comparative look at

<sup>3</sup> A partial list of the literature includes Esteveordal (2000), Suominen (2004), Esteveordal and Suominen (2005) and Cadot *et al.* (2006).

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Excerpt

[More information](#)

other RTA rules severely limits our understanding of the effects of RTAs and provides little foundation for recommending measures to further compatibilities between regional and global rules. We therefore take up Richard Baldwin's recommendation in this volume to move the economic profession's discussion from high theory to one which is more empirically grounded and policy-relevant.

## 2 Objectives and analytical approach

The main objective of this volume is to begin filling the gaps in our knowledge of RTA rules and their relationship to multilateral trade rules. The ultimate goal of our endeavour is to provide a firmer basis for informed policy debate and policy-making on RTAs. We seek to accomplish these objectives by developing detailed analytical mappings of regional rules in six key areas – market access, trade remedies, technical barriers to trade, services, investment, and competition policy – across dozens of the main RTAs around the world.

The choice of rules to include in the mapping exercise has been dictated by a number of considerations. Our primary focus was regional rules for which there are corresponding global rules or for which a global rule is under negotiation in the Doha Round. However, we also allowed for the inclusion of regional rules that are applied in a substantial number of RTAs even though they have no multilateral counterpart (which is the case for competition policy). We feel that the choice of these six areas also strikes the right balance between the 'traditional' areas covered in trade agreements, such as market access and trade remedies, and the new but growing areas such as TBTs, services, investment and competition.

Beyond addressing the lacuna in our knowledge of RTAs, we seek to meet three other objectives with this book. First, we hope to inspire and inform further work on disaggregating RTAs into their component parts, a task that is absolutely crucial for understanding the implications of the rising tide of regionalism on the global economic system. Secondly, by developing methodologies for dissecting RTAs, we hope to establish a rigorous starting point for further studies, as well as to provoke debate on the best prisms to examine RTAs. Thirdly, by virtue of containing detailed data on RTAs around the world, the chapters here hope to serve as inputs for fresh empirical work on the economic effects of RTAs.

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Excerpt

[More information](#)

6 ANTONI ESTEVADEORDAL, KATI SUOMINEN, ROBERT TEH

### 3 Organization and main findings

The second chapter of this volume, by Richard Baldwin, provides an analytic framework for examining the building bloc–stumbling bloc debate. The chapter discusses various economic mechanisms (Smith's certitude, Haberler's spillover and Viner's ambiguity) that help determine whether preferential trade arrangements help or hinder multilateral trade liberalization. Baldwin critically reviews the long line of literature on both sides of the debate and identifies four distinct types of stumbling blocs in the literature – preference-erosion, goodies-bag, cherry-picking and the bargaining-model stumbling blocs. The building-bloc effects include the juggernaut effect, the Kemp–Wan effect, and the veto-avoidance mechanism. He then details the economic arguments that underlie these various effects. Baldwin's main conclusion is that, while many of the models provide helpful theoretical frameworks for assessing the potential effects of RTAs on the global trading system, it is now time to move the literature's focus from high theory to empirically grounded research which will have more policy relevance.

The third chapter begins the mapping exercise. The focus of Antoni Esteveordal, Matthew Shearer and Kati Suominen is on market access disciplines in RTAs – both tariff liberalization and a number of other disciplines that can qualify the extent of market access in RTAs, including non-tariff measures, special regimes, rules of origin, and customs procedures and trade facilitation. The study goes to the heart of GATT Article XXIV, which sets out the conditions under which the main types of RTAs – free trade agreements (FTAs) and customs unions (CUs) – are viewed as consistent with multilateral trade rules. The Article has been a source of extensive debate and interpretations. Some of the most disputed issues centre on the Article's stipulation that RTAs are to eliminate tariffs on 'substantially all trade' (SAT) between the parties, and to do so within a 'reasonable length of time'. Another key line of debate involves the meaning of the Article's requirement that, besides tariffs, RTAs eliminate 'other restrictive regulations of commerce' on substantially all trade.

Employing both tariff-line-level and aggregate data, the authors strive to capture the extent to which RTAs meet the Article XXIV benchmarks. There are three main findings. First, most RTAs attain a common interpretation of SAT and 'reasonable length of time' – liberalization of 90 per cent of tariff lines by year 10 of the agreement. Trade-weighted measures of the depth of liberalization yield similar results.

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Excerpt

[More information](#)

However, and secondly, there are a number of outlier RTA parties (in general, developing countries) and product categories (particularly sensitive sectors – agriculture, textile and apparel, and footwear) that do not attain the benchmark. Many an RTA also contains provisions that could potentially be classified as ‘other restrictive regulations of commerce’, such as tariff rate quotas, special safeguards, and demanding rules of origin.

Thirdly, in terms of the aggregate provisions, many RTAs are also ‘WTO-plus’, in terms of incorporating a larger number and/or more specific provisions than are currently in force at the multilateral level. One key example is customs procedures and trade facilitation where US agreements in particular establish quite comprehensive and specific commitments.

Overall, the findings are encouraging as to the extent of liberalization provided in RTAs and the potential for RTAs to serve as testing grounds for new, more comprehensive trade rules than have thus far been crafted at the multilateral level. The results could also provide insights and guidance for any future efforts to define ‘substantially all trade’ and ‘reasonable length of time’ in a more precise fashion at the multilateral level – as well as for negotiators of new RTAs to meet and go beyond the liberalization attained in past agreements. To be sure, the discriminatory potential of the RTAs remains, and must be attenuated with simultaneous unilateral and multilateral liberalization.

In chapter four, Robert Teh, Thomas Prusa and Michele Budetta examine provisions on trade remedies – anti-dumping, countervailing and safeguard measures – in RTAs. Their main concern is with the possible increase in discrimination against non-members that come from regional rules on trade remedies. The elastic and selective nature of trade remedies may lead to more discrimination against non-members through greater frequency of trade remedy actions against them. The adoption of RTA-specific trade remedy rules can increase this risk of discrimination, with trade remedies against RTA members being abolished outright or being subjected to greater discipline. Given the second-best nature of preferential liberalization, any increase in intra-regional trade that this brings about may simply be substituting for cheaper sources of imports from non-members.

They find that about one-sixth of the RTAs surveyed have dispensed with at least one type of trade remedy. In addition, a number of RTAs have adopted RTA-specific rules that tightened discipline on the application of these remedies against RTA members. In the case of

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Excerpt

[More information](#)

## 8 ANTONI ESTEVADEORDAL, KATI SUOMINEN, ROBERT TEH

anti-dumping for example, some specific provisions have increased *de minimis* volume and dumping margin requirements, adopted a lesser duty rule and shortened the duration for applying anti-dumping duties. They have also pointed to the role of regional bodies with the authority to review or remand determinations made by national authorities in possibly reducing anti-dumping action against RTA partners.

In the case of safeguards, they have expressed some concern about the exclusion of RTA partners in safeguard actions triggered by GATT Article XIX and the Agreement on Safeguards. This puts RTA rules on safeguards in conflict with the non-discriminatory principle that underlies multilateral rules on safeguard action and squarely raises the problem of trade diversion. Although WTO panels have ruled against such exclusions so far, it is not clear that future panels will do so consistently given the particular ground of parallelism on which previous decisions have been made. There appears to be less of a problem with countervailing duty (CVD) provisions in RTAs: no major changes have been made to CVD rules in the RTAs included in their survey. They suspect that a major reason for this is the absence of agreements in RTAs on meaningful or significant curbs on subsidies or state aid.

Chapter five, by Roberta Piermartini and Michele Budetta, analyzes the variety of approaches that have been adopted at the regional level to remove technical barriers to trade (TBTs). The chapter attempts to answer whether RTA provisions have gone deeper than the Agreement on Technical Barriers to Trade (TBT Agreement) of the WTO in liberalizing TBTs and what factors determine the design of TBT rules at the regional level. The chapter develops a template that follows the structure of the WTO TBT Agreement to map rules on technical barriers to trade in regional trade agreements.

The authors find that provisions on standards, technical regulations and conformity assessment procedures are widespread across RTAs. Overall, regional agreements tend to favour harmonization over mutual recognition of product standards, while equivalence and mutual recognition appear to be the preferred options to deal with TBTs arising from testing and certification.

Their analysis seems to confirm theoretical predictions that similarity in the levels of development affects the likelihood of introducing provisions for mutual recognition of product standards and technical regulations, but there does not appear to be a link between the requirement to harmonize standards and the level of development. In general, regional rules on TBTs develop according to a hub-and-spoke

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Excerpt

[More information](#)

structure. In particular, the family of RTAs which involves the EU tends to promote the use of European standards. A common feature of RTAs signed by the US is the inclusion of provisions for the establishment of institutions to deal with the administration of the TBT chapter of the agreement, the resolution of disputes on TBT matters and encouragement of mutual recognition. One important question that the authors raise is whether, because of a 'cloning' tendency on the part of the hubs, standards become a barrier to trade between major regional groupings. To the extent that TBT provisions in RTAs succeed in locking in a country to 'regional' standards, RTAs act as a stumbling bloc in the process of multilateral liberalization.

Trade in services makes up a substantial proportion of world trade. In 2006, commercial services exports grew by 12 per cent in nominal terms to US\$2.76 trillion – accentuating the salience of both RTA and GATS services rules.<sup>4</sup> Chapter six, by Martin Roy, Juan Marchetti and Aik Hoe Lim, analyzes services liberalization commitments in RTAs, and compares them to prevailing GATS commitments and Doha Round offers.

Focusing on market access achieved in both bilateral and multilateral negotiations thus far, their main finding is that services commitments in RTAs tend to go significantly beyond GATS schedules and even Doha Round offers. These advances take the form of a high proportion of new bindings in sectors that had remained uncommitted in the GATS and improved bindings in sectors that were already committed in the GATS schedules/offers. The authors reach a number of further conclusions about the pattern of services liberalization in RTAs.

First, countries that have used negative-list approaches have bound at least the existing level of openness for the large majority of sectors. This instils predictability in the bilateral relationship and spurs cross-border investment and trade. The authors also highlight that a number of agreements have led to 'real' liberalization on the ground. Secondly, a number of the larger developed countries tend not to go as far beyond GATS as many of the smaller developing economies. The authors argue that this might be explained by an imbalance between negotiating partners and by the fact that at least some of the larger developed countries have less room to improve their already extensive GATS schedule and offers. Thirdly, as a result, the most protected services activities in larger developed countries remain largely unaffected by RTAs, for example audiovisual for EFTA and the EC, maritime transport

<sup>4</sup> WTO (2007).

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Excerpt

[More information](#)

10 ANTONI ESTEVADEORDAL, KATI SUOMINEN, ROBERT TEH

and certain professional services for the US, cross-border trade in a number of financial services for a variety of countries, and education services where there has been no significant improvement for the US, EC and EFTA Member States.

Preferential trade in services has its benefits and costs. On the one hand, preferential access in services may be less costly than in merchandise goods. One reason the authors provide is that barriers to trade in services are usually embedded in regulations and it may be difficult for governments to devise and enforce one set of regulations for some service suppliers and another set of regulations for a different group. But preferential access can also engender important costs: non-parties may suffer because preferences may provide lasting advantages to first movers that might be hard to reverse through subsequent extension of access to other countries; while parties to the agreement may also suffer if they are stuck with relatively less efficient suppliers. Additionally, from a political economy perspective, bilateral negotiations may have a deleterious impact on multilateral talks. For one, bilateral and regional initiatives divert important resources from multilateral negotiations. Moreover, the proliferation of RTA negotiations may well have led some WTO Members to make minimal WTO services offers in the Doha Round so as to have 'negotiating chips' to trade in RTA negotiations.

The authors suggest two ways in which multilateral initiatives can overcome these drawbacks and help harness regionalism to reinforce multilateralism. First, countries involved in RTAs could conditionally offer a level of services commitments in the WTO closer to the one they agreed to in RTAs. Those WTO Members that have not been involved so far in RTAs could use the GATS-plus commitments in RTAs as a kind of target they could aim for in the Doha Round. Secondly, the authors propose better multilateral surveillance of the implementation of the services commitments in RTAs. They envision this surveillance to be modelled along the lines of China's transitional review mechanism in the WTO, according to which China has an obligation to provide information on policies affecting trade in services (e.g. changes to laws and regulations, state of play of licensing applications), information which is subsequently reviewed by Members in the specialized WTO bodies overseeing the issues at hand. The same obligation could be imposed on WTO Members having signed RTAs including services obligations and commitments.

A substantial body of academic literature agrees that trade policy and investment tend to influence each other: high tariff walls may encourage

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Index

[More information](#)

## INDEX

- abuse of a dominant position
  - enforcement of rules 480, 481
  - provisions relating to 12, 473, 474, 489
  - carve out of 482
- acquisitions and mergers, provisions on 474, 476
- Agreement on Subsidies and Countervailing Measures (SCM Agreement) 11, 187, 188, 202
- investment measures 369
- purpose 370
- agricultural tariffs *see under* tariffs
- air transport services 321, 336, 359
- anti-competitive behaviour *see under* competition
- anti-dumping measures
  - abolition by RTAs
  - adoption of common competition policy as factor in 239–40
  - level of integration as factor in 239
- application of 7–8
- China-specific measures 186
- de minimis* requirements 8, 184
- increase in 246
- differences in rules of WTO and RTAs 184
- disallowance by RTAs 194
- duties
  - duration of final 184
  - increased thresholds in RTAs 200
  - shortening of duration of 8
  - WTO and RTAs rules for terminating 185
- frequency of use and countries using 168–70, 240
- impact on non-RTA members 172–3
- increasing margins 182–3
- investigations under WTO rules 184–5
- lack of provisions in RTAs 194
- lesser duty rule 8, 184
- preferred to other trade remedies 168
- requirement for pre-action dispute resolution in RTAs 194, 200
- role of regional bodies 200–1
- specific rules for RTA partners 194
- survey
  - analysis 194–202
  - template 183–6, 201–2
- trade remedy, as 7
- variation in RTAs' practice 182
- Argentina
  - anti-dumping, use of 169
  - exclusion of RTA partners from safeguard action 189, 236
  - GATS commitments 337
  - meat grading system 251
  - services, commitments on 334
  - services, negotiations on 318
  - WTO dispute cases, in 236
- audiovisual services
  - commitments 335, 337, 340, 341, 343, 344, 352, 353
  - effect of RTAs 9
- Australia
  - co-operation agreements 477
  - investment provisions 399
  - services, commitments on 335–6, 340

- Australia-US FTA  
 example of mutual recognition of TBTs 267  
 mutual assistance provisions 479  
 value-added services provisions 469
- bargaining-model stumbling bloc 6, 18, 40, 63–8
- basket approach to tariff liberalization 108
- ‘behind the border’ measures 2, 13–14
- bilateral emergency actions (BEAs) 101
- bilateral investment treaties (BITs)  
*see under* investment
- bilateral safeguards *see under* safeguard measures
- bilateral trade agreements  
 investment rules compared with RTAs 11  
 liberalization of services, role in 354
- Brander-Krugman model 44–5
- building bloc – stumbling bloc debate  
 current debate on regionalism 36–40  
 history of 35–6  
 summary of research 6  
 usefulness of theoretical models 6
- ‘building blocs’ theory 2, 3–4, 48–58  
*see also* ‘stumbling blocs’ theory
- juggernaut effect *see* juggernaut effect building bloc
- Kemp-Wan effect 6, 23–4, 54
- types of blocs 6
- veto-avoidance mechanism 6, 54–8
- Calvo Clause 367, 374
- Canada *see also* North American Free Trade Agreement (NAFTA)  
 abolition of trade remedies 243–4  
 Auto Pact with USA 62–3  
 bilateral safeguards 230  
 competition provisions compared with USA 484–5  
 CVD actions by 169–70  
 dispute with USA over Foreign Investment Review Act 368  
 duty-free access to markets 131–2  
 global safeguards 236  
 joins NAFTA 35
- MFN tariffs 60  
 rules of origin 62–3  
 safeguard action on bicycles 192  
 TBTs  
 disputes 265  
 provisions 271
- Canada-US Free Trade Agreement (CUSFTA)  
 investment chapter 365  
 review of trade remedy actions 179–81
- categories of RTAs 381
- Central American Free Trade Area (CAFTA)  
 TRQs with USA 116–17  
 statistics on 118–23
- cheating, costs and benefits of 64–8
- cherry-picking stumbling bloc 6, 47–8, 54
- Chile  
 agreements 1, 109, 138, 141, 143, 144, 146, 179  
 anti-dumping restrictions 194, 243–4  
 competition provisions 421, 464, 468, 471, 481–2, 483, 484, 485  
 duty free access 132–3  
 exclusion of partners 236  
 investment provisions 388, 389, 390, 391, 392, 393, 395, 398, 399  
 safeguard actions 171, 207, 230  
 services, commitments on 318, 319, 334, 336–7, 338, 341, 342, 343, 360  
 tariff elimination 111, 131  
 TBTs 251, 271, 274, 280, 281
- China  
 anti-dumping measures specific to 186  
 ‘one country, two systems’ framework 242  
 services, commitments on 337, 340, 343, 345, 353, 355  
 safeguard measures specific to 193  
 transitional review mechanism for WTO membership 10, 183, 358
- commercial presence  
 GATS definition 370

- investment chapters, coverage in 320
- requirement for, Australia removes 335
- review of commitments 317, 330
- Committee on TBTs 254
- competition
  - anti-competitive behaviour
    - abuse of dominant position *see*
    - abuse of a dominant position
  - acquisitions and mergers 474, 476
  - competition policy chapter
    - provisions 12, 472, 473, 489
  - concerted actions 12, 480, 480–1, 489
  - encouraging regulation of 474
  - monopoly 12, 158, 343, 422, 423, 467, 474, 475, 478, 487, 489, 490
  - OECD taxonomy 422
  - regulated behaviour 12, 474, 480
  - state aid *see* state aid
  - state enterprises *see* state enterprises
  - undertakings with special or exclusive rights *see*
  - undertakings with special or exclusive rights
- co-operation between national
  - authorities 12, 476–7
  - consultations 12, 478
  - exchange of information 477
  - mutual assistance 478–9
  - notification 477–8
  - regional competition authority 479–81
- differences in provisions by
  - ‘families’ of RTAs 483–5
- dispute settlement provisions 481–2
- horizontal principles 423, 464–5, 487
  - non-discrimination 466
  - procedural fairness 465–6
  - transparency 465
- government procurement,
  - provisions on 470–1
- intellectual property, provisions on 471
- investments, provisions on 466–7
- location of provisions in RTAs
  - investment chapter, in 466–7
  - services chapter, in 467–9
- monopolies, principles as to 422
- OECD study of RTAs’ provisions 418–19
  - differences amongst ‘families’ of RTAs 483
  - taxonomy 422
- principles in RTAs’ chapters relating to monopolies and state aid 444
- promotion of competition, aim of 464
- provisions in competition chapter
  - incidence of chapter 472
  - non-discrimination aspects 487
  - objectives of chapter 472
  - references to provisions in other agreements 472–3
- research study
  - conclusions 488
  - mapping of RTAs 418, 419
  - methodological approach 422
  - RTAs included in study 420
    - economic characteristics 420
    - other characteristics 421–2
  - summary 488
  - template 418, 423–5
- RTAs’ rules
  - extent to which non-discriminatory 12–13, 13
  - surveys of 11–13
  - state aid, principles as to 422
- ‘competitive liberalization’ 40, 58, 69, 359
- concerted actions 12, 480, 480–1, 489
- conformity assessment procedures
  - commitment to MRAs under TBT 253–4
- likelihood of RTA provisions
  - for mutual recognition 288
  - for transparency 289–90
- mutual recognition 253–4, 261
- preference for equivalence and mutual recognition by RTAs 273
- purpose 250
- survey of 8

- consultation by national competition authorities 12, 478
- contingent protection *see* trade remedies in RTAs
- copying of RTA models 146
- countervailing duties (CVD) measures
  - abolition by RTAs 202
  - frequency of use and countries using 168, 169–71
  - provisions in RTAs 202
  - role of regional bodies 247
  - survey of 7, 8
    - analysis 202–7
    - template 187–8
  - WTO and RTAs rules compared 187, 202, 207
- Cournot oligopoly 44–5
- created trade 26
- customs duties, waiver of 138, 141, 158
- customs procedures
  - adding value through RTAs 147–8
  - comparative survey 136, 138–44
  - definition 160–1
  - Kyoto Convention 147–8
  - RTAs as ‘WTO+’ as to 147–8
  - SEP, in 144
  - survey of 6
- customs unions (CUs) 6, 28, 57, 71, 72, 97, 118, 173, 179, 201, 379, 389, 421, 479
- ‘customs union’ theory 30–5, 246, 486
- Viner’s ambiguity and 20–3
- de minimis* requirements
  - anti-dumping 7–8, 184
  - CVD rules on 202
  - dumping margins 200, 201, 246
  - ‘Facil’ index 150
  - market access 143
  - RoO 141, 150, 159
  - volume requirements 200, 201, 246
- deep integration *see* integration
- developed countries
  - agreements surveyed 265–6, 375, 379
  - dispute settlement provisions, likelihood of 290, 291
  - ‘GATS+’ as 9, 339, 345
  - investment provisions 393, 399–400
  - mutual recognition of conformity assessment 288
  - removal of TBTs 282, 284–5
  - services agreements 319
  - services regulations, survey of 9
  - support for MAI 373
- developing countries
  - agreements surveyed 265–6, 375, 379
  - attainment of GATT Article XXIV benchmark 7
  - categorisation of 149
  - ‘enhanced support’ for investment in 372
  - ‘GATS+’ as 9, 339
  - investment provisions 399–400
  - opposition to MAI 373
  - removal of TBTs 282, 284–5
  - services agreements 319
    - perceived gains from negotiations 353
  - services regulations, survey of 9
  - treatment of, survey of 190
  - use of trade remedies 240
- discrimination in RTAs *see also* non-discrimination in RTAs
  - against non-members 7
  - trade remedies 13
- dispute settlement
  - bilateral safeguard, as 190
  - carve-out of competition policy from 12, 484–5, 489, 490
  - competition provisions, as to 481–2
  - consultation instead of 478
  - enforcement of RTA provisions through 148
  - investment 367, 371, 372, 373, 380, 394–5, 398
  - safeguard measures, rulings on 238
  - services, relating to 320
  - TBT matters 254, 265, 267, 269, 277, 285, 287, 291
  - US rules on TBTs 9
- Dispute Settlement Body 254
- distribution services, commitments as to 338, 343
- diversion of trade resulting from safeguard actions 8

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Index

[More information](#)

## INDEX

507

- diverted trade 26
- Dixit-Stiglitz monopolistic competition 81
- Doha Round
  - commitment to multilateral framework for investment 371–2
  - effect of RTAs on talks on services 10
  - government procurement, talks on 372
  - rules on RTAs compared to RTAs 9
  - talks on RTAs 2, 147(n31)
  - tariff-cutting negotiations 39
- domestic politics and economic policies 2, 13–14
- Dominican Republic, commitments on services 335
- domino theory of regionalism 3, 73–6
- duties
  - additional 101, 230
  - anti-dumping *see under* anti-dumping measures
  - countervailing *see* countervailing duties (CVD) measures
  - customs, waiver of 138, 141, 158
  - deferred payment for express shipments 161
  - elimination of 61, 116, 173
  - export 158
  - import 48, 158
  - ‘nominal’ 22
- duty-free treatment in RTAs 116–17, 124, 124–6
- economic theories of RTAs *see* theories
- education services
  - commitments on 344–5
  - effect of RTAs 10
- emergency actions
  - bilateral emergency actions (BEAs) 101
  - clearing house for information on 190
  - imports, on 173, 189
  - trade remedy, as 166
  - ‘WTO+’, as 146
- Enabling Clause, Doha talks on 2
- endogenous bloc formation 73–4
- environment-related rules 2, 96, 252, 253, 259
- equivalence *see also* mutual recognition standards, of 257–8
  - TBTs, of 8, 267, 274, 291
  - technical regulations, of 257–8
- European Community (EC)
  - abolition of trade remedies 238–9
  - audiovisual services, effect of RTAs 9
  - deeper integration 242
  - education services, effect of RTAs 10
  - trade in services
    - commitments on 338
    - use of GATS model 320
- European Economic Area (EEA)
  - CVDs, abolition of 202
  - deeper integration 242
  - dispute resolution for TBTs 276
  - TBTs
    - dispute resolution 265, 276
    - provisions 274–5
    - trade remedies, abolition of 244
- European Economic Community (EEC)
  - agricultural tariffs as stumbling bloc 53(n33)
  - UK’s first application to join 33
- European Free Trade Association (EFTA)
  - anti-dumping policy 194
  - audiovisual services, effect of RTAs 9
  - competition provisions compared with US RTAs 483–4, 485–6
  - CVDs, abolition of 202
  - deeper integration 242
  - education services, effect of RTAs 10
  - TBT provisions 274–5, 281–2
  - trade remedies, abolition of 243–4
  - use of GATS model for trade in services 320
  - use of sector approach to tariff liberalization 109
- European Union (EU)
  - abolition of CVDs 202
  - anti-dumping policy 194
  - bilateral safeguards 207, 230
  - competition provisions compared with US RTAs 483–4, 485–6

- European Union (EU) (*cont.*)  
 CVD actions 169–70  
 dispute resolution for TBTs 275–6  
 global safeguards 236  
 ‘goodies bag’ approach to former colonies 46  
 promotion of European technical standards 9  
 services, agreements on 338  
 TBTs  
 harmonization of technical regulations 287–8  
 provisions 281  
 use of sector approach to tariff liberalization 109
- exchange of information  
 competition authorities, amongst 12  
 competition policy, as to 477, 478, 489  
 market access, as to 160, 161  
 TBTs, as to 274, 281
- exclusion  
 partners in safeguard actions, of 8, 189, 236, 237, 238, 246  
 products, of 100, 129, 136, 343  
 sectors, of 57, 99, 100
- express shipments, deferred payment of duties for 161
- ‘facil’ index 150
- financial services  
 commitments on 335, 336, 338, 339, 340, 341, 342, 351  
 competition provisions 12, 423, 466, 467, 468, 488  
 effect of agreements 10, 353, 355  
 GATS Annex on 359  
 provisions on 327
- free trade agreements (FTAs) 6  
 economic effects of transition to (model) 28–30  
 unsustainability proposition 35, 61(n37)
- game theory  
 applied to Kemp-Wan 54  
 bargaining-model stumbling/building bloc logics 63
- General Agreement on Tariffs and Trade (GATT) *see under entries for specific trade measures*
- General Agreement on Trade in Services (GATS) *see under investment; see under services, trade in*
- global free trade *see under liberalization of trade*
- global safeguards *see under safeguard measures*
- ‘global’ trade rules *see multilateral trade rules*
- goodies-bag stumbling bloc 6, 40, 46–7
- government procurement  
 agreements on 14, 78  
 commitments on 327  
 competition provisions 12, 419, 422, 423, 464, 466, 470–1, 482, 484, 488, 490  
 Doha Round negotiations on 372  
 GPA Agreement, investment provisions in 369(n8)  
 RoO on 159  
 WTO initiatives on 77
- growth of RTAs 176–7  
 domino theory 3  
 increasing number 1, 96
- Haberler’s spillover theory 6, 20, 28  
 in Brander-Krugman model 44  
 as to Johnson diagram 32  
 in multilateralism versus regionalism debate 39  
 as to preference rent 29–30
- harmonization of trade rules  
 product standards 8  
 RTAs’ role in 4  
 TBTs 13
- hub-and-spoke RTAs  
 ‘cloning’ tendency as stumbling bloc 9  
 negotiating competition provisions 421–2  
 TBTs 8–9  
 in trade remedies survey 177–9  
 veto-avoidance mechanism building bloc as to 55–7

- India, commitments on services 338–9
- Inter-American Development Bank (IADB), surveys 102, 375
- integration
  - deep integration
    - statistics on RTAs achieving 126–9
    - as topic for research 78–9
  - level of, as factor in abolishing trade remedies 240, 242–5, 246
  - shallow integration
    - statistics on RTAs achieving 126–9
    - as topic for research 78–9
- intellectual property (IP)
  - agreements on 14, 78
  - competition rules 12, 419, 422, 423, 464, 466, 471, 482, 488, 489
  - regulation of 1, 96
    - regional bodies, by 201
  - TRIPS investment rules 11, 368–9, 370
  - WTO initiatives on 77
- investment
  - Agreement on Subsidies and Countervailing Measures (SCM), measures in 369, 370
  - bilateral treaties (BITs) 11, 373–5
    - compared to RTAs' investment provisions 374
    - replacement by investment provisions in RTAs 366
  - Calvo Clause 367, 374
  - compensation provisions 392–3
  - competition rules in RTAs' chapters on 12
  - current state of international talks 373
  - definition used by RTAs and BITs 381
  - denial of benefits, provisions as to 394–5
  - directors and managers, provisions as to 394
  - dispute settlement 395–6
  - Doha Round commitment to multilateral framework for 371–2
  - effect of RTAs 11
  - effect of tariffs 10–11
  - effect of trade liberalization 11
  - expropriation provisions 392–3
  - GATS, investment provisions in 369–70
    - 'positive list' approach 370, 379
  - GPA Agreement, investment provisions in 369(n8)
  - in international trade agreements 365–6
  - level of specific provisions in RTAs 388–9
  - location of investment provisions within agreements 380–1, 388
  - managers and directors, provisions as to 394
  - multilateral initiatives 367–73
  - multilateral provisions 368–70
  - multilayered nature of regulation 11, 366
  - NAFTA 'negative list' approach 379
  - non-discrimination in RTAs 390–2
  - OECD agreement on 372–3
  - performance requirements 393
  - research study
    - conclusions 398
    - list of surveyed RTAs 376–7
    - mapping of RTAs 375–9
    - overview of results 380–95
  - RTAs and bilateral rules compared 11, 374–5
  - RTAs and multilateral rules compared 11
  - Singapore Round discussions on 371
  - standards of treatment in RTAs 392
  - survey of provisions 375–81
  - trade policy's effect on 10–11
  - transfer of profits, provisions on 393
  - transparency requirements of RTAs 395
  - TRIMS 368, 369
    - rules compared with RTAs 11
  - TRIPS, investment measures in 368–9, 370
  - variations in agreements
    - geography, by 398

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Index

[More information](#)

510

INDEX

- investment (*cont.*)  
 levels of development, by 398–9  
 survey of  
 conclusions 399–400  
 coverage 396–8  
 ‘Is bilateralism bad?’ debate 19, 37,  
 70–3
- Japan  
 agreements 46  
 competition provisions 464, 467,  
 482  
 investment provisions 390, 395, 398,  
 399  
 mutual assistance 478, 479  
 services, agreements on 318, 319,  
 321, 336, 337, 338, 353  
 tariffs 66, 67  
 unfair trade orders, ratio of 180  
 Johnson-Cooper-Massell (JCM)  
 proposition 32  
 Johnson diagram 30–3  
 juggernaut effect building bloc 4, 6,  
 48–53, 83–5  
 definition of juggernaut 49(n30)
- Kemp-Wan effect building bloc 6,  
 23–4, 54
- Kennedy Round 39
- Kyoto Convention 147–8
- labour  
 labour-poor and labour-rich nations  
 72  
 rules relating to 2, 242  
 Walrasian model, in 42  
 welfare-organizing framework, in  
 80–2
- large nation – small nation RTAs,  
 goodies-bag stumbling bloc  
 applied to 46
- Latin America, regionalism in 36
- lesser duty rule, anti-dumping 8
- liberalization of trade *see also*  
 reciprocal liberalization of  
 trade; *see also* specific activities  
*e.g.* services, trade in  
 ‘competitive liberalization’ 69
- contribution by RTAs 7  
 debate on RTAs’ role 2–5  
 effect on investment 11  
 imported MFN liberalization 60–2  
 MFN treatment, GATT Article I  
 rules 116(n15)  
 preferential trade liberalization,  
 economic effects 19–35  
 RTAs’ effect on national support for  
 13–14  
 theories of RTAs’ role 3–4  
 use of RTAs to further 4, 13
- Line Pipe* case (safeguard action)  
 236–8
- maritime transport services  
 competition rules as to 12, 473  
 effect of RTAs 9–10
- market access measures in RTAs 6  
*see also* ‘reasonable length of  
 time’; ‘substantially all trade’  
 (SAT); *see also* specific measures  
*e.g.* rules of origin (RoO)  
 alignment with GATT and WTO  
 146  
 analysis by  
 aggregate provisions in RTAs  
 136–44  
 trade-weighted liberalization  
 129–36  
 definitions of measures 156–61  
 future research agenda 148–50  
 GATT Article XXIV as to 98–102  
 IADB survey of American RTAs  
 commitments 102  
 literature on 102–4  
 main findings of survey 145–8  
 matrix for mapping 152–6  
 models for analyzing 108–10  
 preferential market access as  
 characteristic of RTAs 98  
 statistics on 110–29  
 Meade’s primary, secondary and  
 tertiary effects 26, 28  
 members of RTAs *see under* entries for  
*specific aspects*  
 membership of RTAs 1, 96–7, 176–7,  
 443

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Index

[More information](#)

## INDEX

511

- MERCOSUR (Mercado Comun del Sur) 36, 189  
 anti-dumping regulation 200  
 competition provisions 421, 479, 480  
 customs union, as 179  
 exclusion of partners from  
   safeguard action by Argentina 189, 236  
 harmonization of technical regulations 273–4  
 investment provisions 379, 388, 389, 390, 392, 393, 396, 398, 399  
 negotiation of 36  
 safeguard measures, disallowance of 207, 244  
 services  
   commitments on 337, 343  
   negotiations on 318  
   working group on TBTs 273  
 mergers *see* acquisitions and mergers, provisions on
- Mexico  
 example of imported MFN liberalization 60–2  
 joins NAFTA 35–6  
 TBT provisions in RTAs signed by 282  
 trade remedy actions against 181  
 monopolies, regulation of 12, 158, 343, 422, 423, 467, 474, 475, 478, 487, 489, 490
- Morocco, commitments on services 335
- most favoured nation (MFN)  
 liberalization *see under* liberalization of trade
- most favoured nation (MFN) tariffs *see under* tariffs
- multilateral trade negotiations 39  
*see also specific talks e.g.* Doha Round
- multilateral trade organizations *see also specific organizations e.g.* World Trade Organization (WTO)  
 surveillance of RTAs' services rules 10
- multilateral trade rules *see also under entries for specific rules and sectors e.g.* investment  
 effect of regional talks on negotiations 10  
 extent to which RTAs go further than 7, 97  
 investment provisions 366  
 RTAs' relationship to 2  
   under GATT Article XXIV 6  
   main findings of survey 145–8
- multilateralism, pursued together with regionalism 13
- multilateralism versus regionalism  
 debate 37–40, 69–73, 97 *see also* building bloc – stumbling bloc debate
- mutual recognition  
 conformity assessment 255, 259  
 product standards 8, 255, 257–8, 259  
 TBTs  
   arising from testing and certification 8  
   US rules 9  
   technical standards 8, 252–3, 255, 257–8, 259
- mutual recognition agreements (MRAs) *see under* conformity assessment procedures
- national politics and economic policies, effects of RTAs 2, 13–14
- national regulatory authorities, co-operation on competition measures 12
- negative-list approach 9, 110, 316, 319, 320, 321, 336, 340, 352, 359, 360, 380, 391, 392, 396, 398
- non-discrimination in RTAs *see also* discrimination in RTAs  
 competition rules 12–13, 13
- non-members of RTAs *see under entries for specific aspects*
- non-tariff measures (NTMs) by RTAs 6  
 comparative survey 136, 138–44  
 definition 156–7

- North American Free Trade Agreement (NAFTA)  
 approach to liberalization of trade in services compared to GATS 319–27  
 bilateral safeguards 230  
 dispute resolution for TBTs 265  
 example of imported MFN liberalization 60–2  
 global safeguards 236  
 investment provisions 366, 374  
 ‘negative list’ approach 379  
 negotiation of 35–6  
 review of  
   CVDs 202  
   trade remedy actions 179–81  
 rules of origin and imported MFN liberalization 62–3  
 survey of coverage of RTA provisions, in 137
- North-North RTAs, tariff liberalization in 125–6
- North-South RTAs  
 example of imported MFN liberalization 60–2  
 tariff liberalization in 125–6  
 notification by national competition authorities 12, 477–8  
 number of RTAs 1, 176, 443
- Olsen’s Asymmetry 68  
 openness of markets, juggernaut effect  
   building bloc as to 50
- Organization for Economic Co-operation and Development (OECD)  
 investment measures 372(n15)  
 Multilateral Agreement on Investment (MAI) 372–3  
 study of RTAs’ competition provisions 440–1  
   differences by ‘families’ of RTAs 483–5  
   taxonomy 444  
 ‘other measures’ by RTAs  
   comparative survey 136, 138–44  
   definition 157–8  
   ‘other restrictive regulations of commerce’ *see also* tariffs  
   removal 6, 97, 101–2  
   types 7
- Pakistan  
 agreements on services 318  
 ‘goodies bag’ approach by USA 46(n27)  
 policy on trade, effect on investment 10–11  
 political integration 242  
 positive list approach 109, 316, 319, 336, 340, 352, 360, 380, 391, 392  
 preference-erosion/exploitation  
   stumbling bloc 6, 40–5  
 preference rent 28–30  
 preferential rules of origin *see* rules of origin (RoO)  
 preferential tariff approach to tariff liberalization 109–10  
 preferential trade  
   liberalization *see under* liberalization of trade  
   literature on 20–6  
   RTAs’ reluctance to reduce 3  
   in services, benefits and costs of 10  
   tariffs *see under* tariffs  
 product standards 8  
   effects of harmonization and mutual recognition compared 262–4  
   harmonization 8  
   effect of 13  
   likelihood of RTA provisions for transparency 289–90  
   mutual recognition 8  
   purpose 250  
   RTAs’ preference for harmonization over mutual recognition 271, 273  
 production standards, purpose of 250  
 professional services 10, 336, 340, 341, 345, 353  
 ‘reasonable length of time’  
   common interpretation by RTAs 6–7

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Index

[More information](#)

## INDEX

513

- defining 7
- removal of tariffs within 6, 97, 100–1
- reciprocal liberalization of trade
  - juggernaut effect building bloc as to 49–50
  - between RTAs and non-members, members' reluctance for 3
- regional trade agreements (RTAs) *see specific aspects e.g. growth of RTAs*
- types *see* customs unions (CUs); free trade agreements (FTAs)
- regionalism *see also* multilateralism
  - versus regionalism debate
  - big-think regionalism
    - lines of enquiry 17–19
    - literature on 17–85
  - domino theory 3, 73–6
  - endogenous bloc formation 73–4
  - growth post-1960 35–6
  - pursued together with multilateralism 13
  - question whether raises or lowers world welfare 80–5
  - small-think regionalism, literature on 17
  - transition from small-think to big-think approach 36–8
- regulation of trade, growing
  - importance of RTAs in 1–2
- reporting on RTAs, WTO transparency mechanism 2
- research on RTAs *see also under entries for specific aspects e.g. market access provisions in RTAs*
  - focus of previous research on rules of origin 4
  - future research topics 76–9
  - need for more 4–5, 14–15
  - in this volume
    - content and main findings 6–13
    - objectives and approach 5–6
    - summary of main findings 13–15
  - 'restaurant bill' problem 68
- rules of origin (RoO)
  - comparative survey 136, 138–44
  - definition 159–60
  - facilitation by RTAs 151
  - focus of previous research on RTAs on 4
  - imported MFN liberalization, and 62–3
  - 'other restrictive regulations of commerce', as 7, 101–2
  - restrictiveness of 150, 151
  - RTAs as 'WTO+' as to 146
  - Shibata's small-FTA analysis as to 34
  - survey of 6
  - Uruguay Round agreement on 101(n2), 146–7(n30)
  - WTO survey 102
- safeguard measures
  - Agreement on Safeguards, actions under 8, 236–7
  - bilateral and global safeguards distinguished 188–9
  - bilateral safeguards
    - differential thresholds for certain sectors 230
    - European-based and other RTAs contrasted 207, 230
    - provisions in RTAs 207
    - role of regional bodies 190
    - special safeguards (SSGs) 190
  - Canadian bicycles safeguard action 192
  - China-specific measures 193
  - effect contrasted with anti-dumping and countervailing duties 189
  - frequency of use and countries using 168, 171–2, 240
  - global safeguards 190–2
    - exclusion of RTA partners from 8, 189, 230, 236, 246
  - potential for increased discrimination in 247
  - survey of 7
    - analysis
      - bilateral safeguards 207–30
      - global safeguards 230–8
    - template 188–93
      - bilateral safeguards 190, 191
      - global safeguards 190–2

- safeguard measures (*cont.*)  
 as 'WTO+' 146  
 WTO ruling on actions 8, 236–8
- SCM *see* Agreement on Subsidies and  
 Countervailing Measures  
 (SCM)
- sector approach to tariff liberalization  
 109
- sensitive economic sectors  
 additional duties 230  
 attainment of GATT Article XXIV  
 benchmark 7
- SEP *see* Trans-Pacific Strategic  
 Economic Partnership  
 Agreement (SEP)
- services, trade in *see also specific services*  
*e.g.* financial services  
 benefits and costs of preferential  
 trade 10  
 commitments in RTAs 331–40  
 analysis by sector 340, 341–5  
 competition provisions on 467–9  
 differing approaches to rules by  
 RTAs 319–27  
 Doha talks on GATS Article V 2  
 GATS *see also under* investment  
 approach to liberalization  
 compared with NAFTA 319–27  
 definition of 'commercial  
 presence' 370  
 modes of supply 370(n10)  
 combined GATS/NAFTA  
 approach 320–1  
 differences with NAFTA-type  
 agreements 320  
 RTAs with new or improved  
 commitments under 331–40  
 rules compared with RTAs 9  
 growth 9  
 improved offers on services at  
 multilateral level 357–8  
 liberalization by RTAs  
 across sectors 345–51  
 costs 354–7  
 differences between GATS-type  
 and NAFTA-type approach  
 319–27  
 multilateral rules, effect on 353–7  
 revenue, effect on 353–4  
 multilateral rules on, RTAs' effect on  
 353–7  
 multilateral surveillance of RTA  
 rules 10  
 negative-list approach 9, 319  
 new or improved RTA  
 commitments under 340, 352  
 non-discrimination in RTAs 13  
 positive-list approach 319–20  
 new or improved RTA  
 commitments under 340, 352  
 protected services, effect of RTAs  
 9–10  
 research study  
 methodology 327, 330–1, 359–62  
 objectives 316–17  
 presentation of results 331–40  
 RTAs surveyed 322–6, 328–9  
 services RTAs  
 growth in numbers and extent  
 318–19  
 membership 319  
 transparency in RTAs' provisions  
 319, 341  
 'WTO+', extent to which RTAs'  
 provisions are 321, 327, 334–5,  
 351–3  
 shallow integration *see* integration  
 Singapore, commitments on services  
 335, 336  
 Singapore Round, discussions on  
 investment 371  
 small-FTA diagram (Shibata) 33–4  
 small-think regionalism *see under*  
 regionalism  
 Smith's certitude theory 6, 20, 28  
 in Brander-Krugman model 44  
 as to goodies-bag stumbling  
 bloc 46  
 as to Johnson diagram 32  
 in multilateralism versus  
 regionalism debate 39  
 South-South RTAs  
 tariff liberalization in 125–6  
 special regimes 6  
 comparative survey 136, 138–44  
 definition 158–9

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Index

[More information](#)

## INDEX

515

- special safeguards (SSGs) 101
  - as 'other restrictive regulations of commerce' 7
- spoke-spoke FTAs, veto-avoidance mechanism building bloc as to 57–8
- standards *see* product standards
- state aid
  - agreements on 8, 202, 207, 247, 486
  - anti-competitive behaviour, as 12, 489
  - competition provisions as to 422, 423, 464, 472, 473, 474, 476
  - regulation of 12, 187, 480–1, 487, 490
- state enterprises
  - anti-competitive behaviour, as 12, 489
  - competition provisions as to 472
  - regulation of 474, 475
- 'stumbling blocs' theory 2–3, 40–8
  - see also* building bloc – stumbling bloc debate;
  - 'building blocs' theory
- bargaining-model 6, 18, 40, 63–8
- cherry-picking 6, 47–8, 54
- 'cloning' hub-and-spoke RTAs as 9
- EEC agricultural tariffs as example 53(n33)
- goodies bag 6, 40, 46–7
- preference-erosion/exploitation 6, 40–5
- regionalization of standards caused by TBT rules 9
- types 6
- 'substantially all trade' (SAT) 97, 99–100
  - common interpretation by RTAs 6
  - defining 7
  - removal of tariffs on 6
    - approaches for measuring by aggregate provisions in RTAs 136–44
    - trade-weighted liberalization 129–36
- supply side and domino theory 75–6
- tariff rate quotas (TRQs) 101
  - as 'other restrictive regulations of commerce' 7
  - statistics on 110–29
    - between USA and CAFTA 116–17
    - statistics on 118–23
  - USA's approach 108
- tariffs *see also* 'other restrictive regulations of commerce'
  - agricultural tariffs
    - statistics on extent of liberalization 126–7
    - as stumbling bloc 110–29
    - EEC tariffs 53(n33)
  - cheating, RTAs impact on costs and benefits of 64–8
  - duty-free treatment, evolution in RTAs 116–17, 124, 124–6
  - effect on investment 10–11
  - GATT
    - alignment of RTAs with (survey findings) 146
    - complementarity of RTAs' customs and trade facilitation measures 148
  - GATT Article I, rules on MFN treatment 116(n15)
  - GATT Article XXIV 6, 98
  - attainment by RTAs 6–7
  - at Doha Round 2
  - policy focus on 97
  - removal of tariffs under within 'reasonable length of time' 6 *see* 'reasonable length of time'
  - on 'substantially all trade' (SAT) *see* 'substantially all trade' (SAT)
  - research on 6
  - safeguard actions, as to 8
- historical development 48–9
- liberalization
  - models of 108–10
  - statistics on 110–29
  - trade-weighted 129–36
- MFN tariffs
  - link with RTAs 58–63, 68–9
  - as measure of market access by RTAs 98

- tariffs (*cont.*)
- multilateral talks on reductions 39
  - preferential and MFN tariffs as complements or substitutes 59–60
  - scrutiny of RTAs by GATT 2
  - tariff-line level survey of RTAs 104–36
- TBT Agreement *see under* technical barriers to trade (TBTs)
- technical barriers to trade (TBTs)
- see also* conformity assessment procedures; product standards; production standards; technical regulations
  - arising from testing and certification, equivalence and mutual recognition 8
  - challenges for bilateral agreements on 252–3
  - Committee on TBTs 254
  - common provisions in RTAs 271–8
    - by families of RTAs 278–82
  - compared to TBT Agreement 8
  - definitions 250
  - similarity between RTAs and WTO 266
  - designed to be discriminatory 251
  - difference between content of provisions and application by RTAs 264–5
  - difference to other trade barriers 251–2
  - different impacts of country-specific and harmonized standards 261–2
  - dispute resolution 267, 274–6
    - Dispute Settlement Body 254
    - in EEA 276
    - in EU 275–6
    - likelihood of provisions in RTAs 289–90
  - effects of harmonization 13
  - equivalence 257–8, 267–8
  - harmonization 258–60, 267–8
    - commitment in RTA provisions 273
    - previous research on effect of 261–4
  - harmonization commitments in TBT 253
  - hub-and-spoke development 8–9
  - liberalization by RTAs 255–6
  - metrology, RTAs' provisions on 277
  - mutual recognition 257–8, 267–8
    - Australia-US FTA as example 267
    - previous research on effect of 261–4
  - potential for discrimination 251
  - potential for hindering trade 257
  - removal
    - EU's approach 258–9
    - non-trade objectives for 277
    - options for 256–64
  - research study
    - factors for inclusion of specific provisions in RTAs 284–90
    - list of surveyed RTAs 292–3
    - mapping of rules by RTA 294–314
    - overview of results 271–84
    - summary of main findings 290–2
    - template
      - methodology for building 264–71
      - RTAs studied 265–6
      - structure 266–71
  - RTAs' administrative structure for 269, 274
  - TBT Agreement 253–5
    - reference to, in RTAs 266–7, 271
    - survey of 8
  - technical assistance commitment under TBT Agreement 254, 269, 271, 277
  - transparency 260, 267, 267–8, 273–4
  - types 250
  - US rules 9
  - whether RTA rules are 'WTO+' 254–5, 271, 282, 284
- technical regulations
- EU's promotion of own standards 9
  - likelihood of RTA provisions for harmonisation 287–8
  - purpose 250

- RTAs' preference for harmonization  
     over mutual recognition 271,  
     273  
 survey of 8  
 transparency commitment under  
     TBT 254  
 telecommunications  
     commitments on 342–3  
     competition rules as to 12  
     'WTO+', extent to which RTAs'  
     provisions are 327  
 testing, equivalence of TBTs arising  
     from 8  
 theoretical models of effect of  
     RTAs 6  
 theories  
     Brander-Krugman model 44–5  
     'building blocs' *see* 'building blocs'  
     theory  
     'customs union' theory 30–5  
     Dixit-Stiglitz monopolistic  
     competition 81  
     domino 3, 73–6  
     game theory *see* game theory  
     Haberler *see* Haberler's spillover  
     theory  
     Johnson-Cooper-Massell  
     proposition 32  
     Johnson Diagram 30–3  
     Kemp-Wan 6, 23–4, 54  
     'second best' theory 21  
     Smith's certitude *see* Smith's  
     certitude theory  
     'stumbling blocs' *see* 'stumbling  
     blocs' theory  
     Viner *see* Viner's ambiguity theory  
     Walrasian *see* Walrasian economic  
     theory  
     Wei & Frankel momentum 53  
     'theory of the second best' 21  
 Tokyo Round 39  
     initiation and acceptance 69  
 trade *see specific aspects e.g.* regulation  
     of trade  
 trade creation in Viner's ambiguity  
     theory 21–3  
 trade diversion in Viner's ambiguity  
     theory 21–3  
 trade facilitation  
     adding value through RTAs 147–8  
     definition 160–1  
     RTAs as 'WTO+', effect of 147–8  
     survey of 6  
 trade policy, effect on investment  
     10–11  
 Trade-Related Investment Measures  
     (TRIMS) *see under* investment  
 Trade-Related Property Rights  
     (TRIPS) *see under* intellectual  
     property (IP)  
 trade remedies *see also* anti-dumping  
     measures; countervailing duties  
     (CVD) measures; safeguard  
     measures  
     abolition by RTAs 238–45, 246  
     application of 7–8  
     discrimination against non-  
     members of RTAs 13, 174–5,  
     246  
     dispensing of 7  
     frequency of use 168–73  
     GATT rules as to 173  
     level of integration as factor in  
     abolition of 240, 242–5, 246  
     previous research 179–81  
     purpose 166  
     reasons for 167–8  
     reasons for retaining 173–4  
     reduction in actions by RTAs  
     179–81  
     similarity of rules contrasted with  
     variation in practice across  
     RTAs 181–2  
     survey 7–8  
     economic characteristics of RTAs  
     in 176  
     effectiveness of mapping 181–3  
     extent 175  
     usefulness of 245–6  
 trade-weighted tariff liberalization  
     *see under* tariffs  
 Trans-Pacific Strategic Economic  
     Partnership Agreement (SEP),  
     customs procedures 144  
 trans-regional nature of RTAs,  
     growth of 1

- transitional review mechanism,  
China's WTO 10
- transparency  
investment, measures relating to  
394–5  
mechanism for reporting on RTAs,  
WTO adopts 2
- TRIMS *see under* investment
- undertakings with special or exclusive  
rights  
anti-competitive behaviour, as 12,  
489  
competition provisions relating to  
475  
regulation of 474
- Uruguay Round 39  
agreement on rules of origin  
101(n2), 146–147(n30)  
failure of 37(n24)  
initiation and acceptance 69  
trade-related investment measures  
365, 368  
USA's approach 47
- USA *see also* Canada-US Free Trade  
Agreement (CUSFTA); North  
American Free Trade  
Agreement (NAFTA)  
anti-dumping provisions 194  
review of 200–1  
approach to RTAs with small  
nations 46  
approach to TRQs 108  
audiovisual services, effect of RTAs  
9–10
- Auto Pact with Canada 62–3  
dispute over Canadian Foreign  
Investment Review Act 368  
education services, effect of  
RTAs 10  
exclusion from Canadian bicycles  
safeguard action 192  
exclusion of RTA partners from  
safeguard action 236–8  
FTA with Australia as example of  
mutual recognition of TBTs  
267
- global safeguards 236  
'goodies bag' approach to Pakistan  
46(n27)  
investment rules in RTAs 11  
joins NAFTA 35–6  
*Line Pipe* case (safeguard action)  
236–8  
market access disciplines, coverage  
in RTAs 138–43  
professional services, effect of  
RTAs 10  
services, commitments on 339, 352  
audiovisual services 343–4  
financial services 342  
tariff 'cheating' 66–7  
TBTs  
disputes 265, 267  
likelihood of provisions to  
harmonize 287–8  
provisions 9, 251, 273, 278, 280  
provisions in RTAs signed by 278,  
280  
TRQs with CAFTA 116–17  
statistics on 118–23  
Uruguay Round, and 47  
use of basket approach to tariff  
liberalization 108
- veto-avoidance mechanism building  
bloc 6, 54–8
- Viner's ambiguity theory 6, 20–3,  
24–6  
in Brander-Krugman model 44  
as to Johnson diagram 31  
as to preference rent 29  
as small-think regionalism issue 39
- Walrasian economic theory  
hub-and-spoke FTAs 56–7  
net welfare effects of tariff  
liberalization 24–6  
preference-erosion/exploitation  
stumbling bloc 41–5  
three-nation trade model 27–8  
Wei and Frankel momentum 53  
Wei and Frankel momentum 53  
welfare

Cambridge University Press

978-0-521-76084-3 - Regional Rules in the Global Trading System

Edited by Antoni Esteveordal, Kati Suominen and Robert Teh

Index

[More information](#)

## INDEX

519

- derivation of framework for
  - organizing 80–5
- question whether regionalism raises
  - or lowers 18
- World Customs Organization (WCO),
  - Kyoto Convention 147–8
- World Trade Organization (WTO)
  - alignment of RTAs with 146
  - effect of RTAs on services rules 10
  - investment provisions 366
  - rules on anti-dumping
    - investigations 184–5
    - termination of duties 185
  - rules on countervailing duties 187
  - rules on RTAs
    - adoption of transparency
      - mechanism for reporting on RTAs 2
      - Doha talks on 2
    - safeguard actions
      - exclusion of RTA partners from 189
      - ruling on 8, 236–8, 246
    - survey of RTAs' rules of origin 102
    - survey of RTAs' tariff liberalization 102
    - transitional review mechanism for Chinese membership 10
    - 'WTO+', extent to which RTAs are 7, 97, 146