

CIL-NUS Trade Academy

Instructor: Dr. Johanna Jacobsson

Title of the sessions: Regional Trade Agreements - The Law and the Practice

INTRODUCTION:

Regional trade agreements (RTAs) have risen in number and reach over the years, including an increase in large plurilateral agreements. Non-discrimination among trading partners is one of the core principles of the WTO; however, RTAs, which are reciprocal preferential trade agreements between two or more partners, constitute one of the derogations and are authorized under the WTO, subject to a set of rules. In practice, there is, however, little control of compliance with these rules and today regional trade agreements have become a standard way to liberalize trade between WTO members.

In the first session of 2 hours, we will review the WTO rules for RTAs. These rules cover free-trade areas and customs unions in the area of trade in goods and economic integration agreements in the area of services. We will see how these disciplines have been designed, what is their rationale and how they are enforced. We will discuss positive and negative sides to the phenomenon of preferential trade in the form of RTAs.

In the second session of 2 hours, we will continue the discussion on the rationale of RTAs, focusing on modern bilateral and regional agreements that go beyond trade and include very diverse policy areas. We will also review the possibility to grant preferential treatment to developing countries in line with the so-called Enabling Clause. Finally, the session finishes with a discussion of the future of multilateral v. regional trade considering the current geo-political environment.

READINGS:

1) The Primary Sources:

- GATT Article XXIV:4-10

- Understanding on the Interpretation of Article XXIV of the General Agreement on Tariffs and Trade 1994

- GATS Article V

2) Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (Decision of 28 November 1979 (L/4903)), also known as the Enabling Clause:

(...)

1. Notwithstanding the provisions of Article I of the General Agreement, contracting parties may accord differential and more favourable treatment to developing countries¹, without according such treatment to other contracting parties.

2. The provisions of paragraph 1 apply to the following:

(...)

(c) Regional or global arrangements entered into amongst less-developed contracting parties for the mutual reduction or elimination of tariffs and, in accordance with criteria or conditions which may be prescribed by the CONTRACTING PARTIES, for the mutual reduction or elimination of non-tariff measures, on products imported from one another; ...

3) WTO website on regional trade agreements, available at:

https://www.wto.org/english/thewto_e/whatis_e/tif_e/bey1_e.htm

For information on regional trade agreements that have been notified to the WTO, see:

http://www.wto.org/english/tratop_e/region_e/region_e.htm

4) Causes and Effects of PTAs: Is it all about preferences? World Trade Report 2011, pp. 92-121, available at:

https://www.wto.org/english/res_e/booksp_e/anrep_e/wtr11-2c_e.pdf