



**Asia-Pacific  
Economic Cooperation**

---

**2015/SOM3/DIA2/007**  
Session 3

## **Multilateralising Regionalism in a GVC World**

Submitted by: OECD



**APEC**  
PHILIPPINES  
2 0 1 5


**Dialogue on Regional Trade Agreements and Free  
Trade Agreements  
Cebu, Philippines  
2 September 2015**



## Multilateralising regionalism in a GVC world

Sébastien Miroudot  
Trade and Agriculture Directorate, OECD

APEC SOM Dialogue on RTAs/FTAs  
Cebu, Philippines, 2 September 2015



### The rise of global value chains

- International production networks: dispersion of production stages across countries
- Networks of activities, firms (MNEs and local firms), industries and countries
- Reallocation of resources across a growing number of countries
- More specialisation and complex production relationships, profound changes in countries' competitiveness
- Global flows of goods (final and inputs), services, capital, people, technology...

Trade and Agriculture Directorate | Organisation for Economic Co-operation and Development (OECD) | [www.oecd.org/tad](http://www.oecd.org/tad) | [tad.contact@oecd.org](mailto:tad.contact@oecd.org)

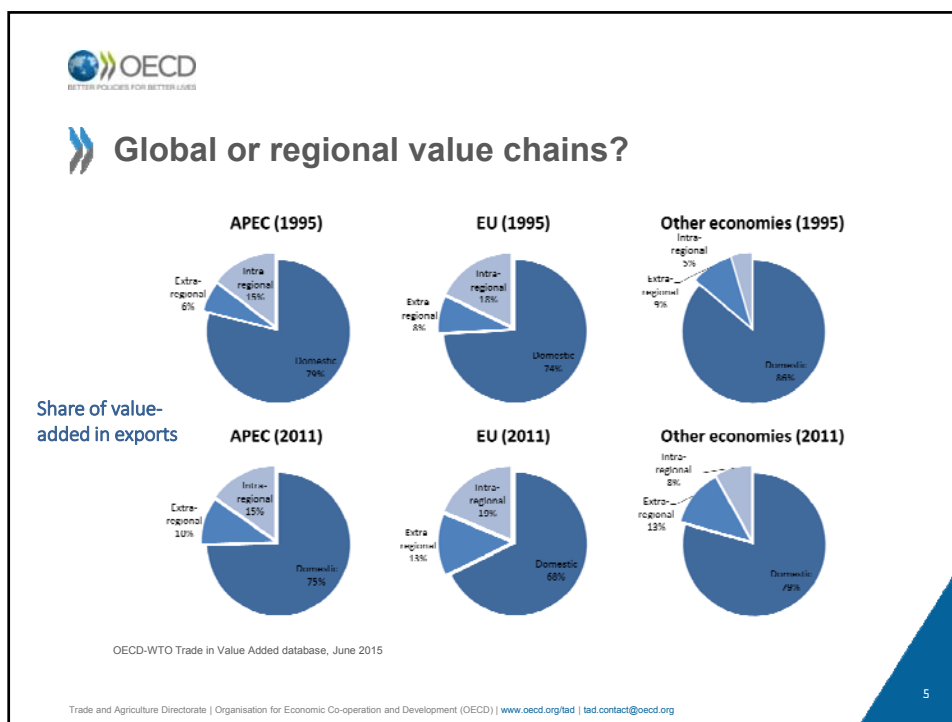
2

## » A need for different policy thinking

- The main conclusions with respect to trade policy are not radically changed
- But:
  - More emphasis on imports as the driver of export competitiveness
  - More complex relationships among producers (no longer domestic vs. foreign)
  - A more granular level for policy making (activities instead of industries, tasks instead of occupations, firms)
  - Services represent a more important share of trade and cannot be dealt with separately from goods
  - Beyond trade: FDI, the movement of people, technology...  
The need for a comprehensive approach

## » What about RTAs?

- A paradox to see regional or even bilateral agreements in a world of global value chains
- Less of a paradox if one looks at recent RTAs as “offshoring packages” (dealing with trade, investment, services, the movement of people, competition, etc.)
- Key questions:
  - Preferences or no preferences?
  - Rules of origin?
  - Consolidation of RTAs / Mega-regional agreements?
- The proliferation of RTAs requires more transparency and knowledge-sharing
  - ... and starting to think seriously about their multilateralisation




 **BETTER POLICIES FOR BETTER LIVES**



## Multilateralising regionalism: background of the OECD project

- **Questions:** Can some deep commitments and disciplines in RTAs be multilateralised; if yes, how? What are some good practices in RTA design and content?
- **Coverage:** A dozen policy areas, focusing on deep measures (i.e., not traditional border measures). Main focus on RTAs signed by OECD countries but some studies have a broader coverage.
- **Methodology:** All studies look at legal obligations; in a limited set of policy areas, additional analyses have investigated implementation, quantitative impact and political economy.
- **Caveats:** Questions addressed from a technical feasibility perspective, and not from a political feasibility point of view. Important questions of political will outside the scope of studies.

Trade and Agriculture Directorate | Organisation for Economic Co-operation and Development (OECD) | [www.oecd.org/tad](http://www.oecd.org/tad) | [tad.contact@oecd.org](mailto:tad.contact@oecd.org)

6

 **Policy options for multilateralising deep RTA commitments: two approaches**


**“Bottom up”: RTAs-driven**

- Clauses (e.g., third-party MFN)
- Extension of existing agreements
- Coordination and convergence
- Mega-regionals

**“Top down”: WTO-driven**

- Committees
- Disciplines
- Negotiations
- Dispute Settlement

Trade and Agriculture Directorate | Organisation for Economic Co-operation and Development (OECD) | [www.oecd.org/tad](http://www.oecd.org/tad) | [tad.contact@oecd.org](mailto:tad.contact@oecd.org)

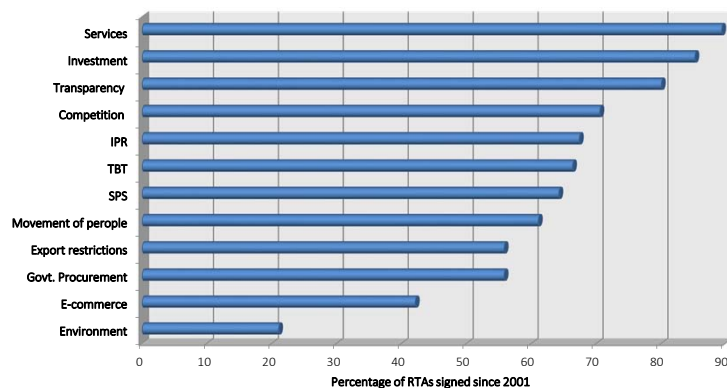
 **Checklist for potential multilateralisation of WTO-plus commitments**

Conditions	Questions for potential multilateralisation
1. Critical mass	Are WTO-plus commitments endorsed by a critical mass of RTAs and by a representative sample of WTO Members, including developing economies?
2. Homogeneity	Is there a high degree of similarity among WTO-plus measures in RTAs, within and across different trading partners?
3. Level of discrimination	Do the WTO-plus measures create discriminatory effects, between RTA parties and non-parties, and between domestic and foreign providers?
4. Enforceability & transparency	Do WTO-plus measures create mandatory obligations that are enforceable via dispute settlement procedures? Do they generate greater transparency?
5. Economic gains and political economy	Do WTO-plus measures yield high economic returns? What are the factors and political economy conditions that influence the likelihood of multilateralisation?

Lejárraga, I. (2014). "Deep Provisions in Regional Trade Agreements: How Multilateral-friendly?", *OECD Trade Policy Papers* No. 168, OECD Publishing.

Trade and Agriculture Directorate | Organisation for Economic Co-operation and Development (OECD) | [www.oecd.org/tad](http://www.oecd.org/tad) | [tad.contact@oecd.org](mailto:tad.contact@oecd.org)

## Critical mass: percentage of RTAs with WTO-plus provisions, by policy area



Lejárraga, I. (2014). "Deep Provisions in Regional Trade Agreements: How Multilateral-friendly?". *OECD Trade Policy Papers* No. 168, OECD Publishing.

Trade and Agriculture Directorate | Organisation for Economic Co-operation and Development (OECD) | [www.oecd.org/tad](http://www.oecd.org/tad) | [tad.contact@oecd.org](mailto:tad.contact@oecd.org)

9

## Homogeneity: Similarity in provisions

- In **services**, 60% of WTO-plus commitments of OECD countries are similar; 49% similarity in overall sample.
- In **investment**, most commitments and lists of non-conforming measures are found to be highly similar.
- In **transparency**, 45% of RTAs signed since 2001 contain a horizontal transparency chapter with common obligations.
- In **e-commerce**, countries have reached similar, albeit not identical conclusions to unresolved issues in WTO.
- In **government procurement**, there is high similarity in WTO-plus measures regarding central government, and less so in measures related to local (sub-national) governments.

Trade and Agriculture Directorate | Organisation for Economic Co-operation and Development (OECD) | [www.oecd.org/tad](http://www.oecd.org/tad) | [tad.contact@oecd.org](mailto:tad.contact@oecd.org)

10

## Potential for multilateralisation, by policy area

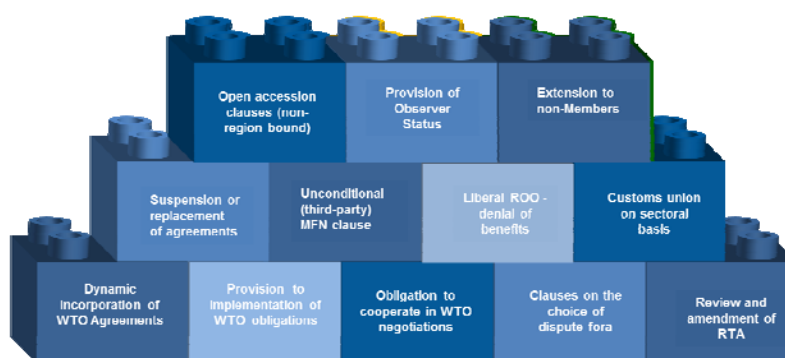
	Agriculture	SPS	TBTs	Export Restrict.	Trade Facilitation	Services	Labour Mobility	E-commerce	Investment	Competition	Intellectual Prop. Rights	Government Procurement	Transparency	Anti-corruption	Environment
Critical Mass	●	●	●	○	○	●	○	○	●	●	●	○	●	○	○
Coherence with WTO agreements	○	●	●	○	●	○	○	○	○	○	●	●	●	○	○
International standards	●	●	●	NA	○	○	○	○	●	○	●	--	○	●	●
High degree of homogeneity	○	●	●	○	●	●	○	○	●	○	--	○	●	●	○
Non-discriminatory (non-excludable)	○	●	●	--	●	○	○	●	○	●	○	○	●	●	●
Liberal ROO or lack of ROO	○	●	●	NA	--	●	○	●	●	●	○	○	●	●	●
Third-party MFN or extension benefits	--	--	--	--	NA	○	○	○	●	NA	NA	○	NA	NA	NA
Mandatory (not best-endavour)	○	○	○	○	●	●	●	●	●	●	○	○	●	●	○
Enforceable via dispute settlement	●	○	○	○	●	●	○	○	●	○	○	○	●	●	○
Co-operation on implementation	--	●	●	--	●	--	○	--	--	--	--	--	●	●	●
Economic impact	●	--	--	--	--	--	●	--	●	--	--	--	●	--	●
Political economy	--	--	--	--	--	●	--	--	--	--	--	--	●	--	○

Note: ● High, ○ good and ○ limited potential for multilateralisation. "NA" Not Applicable, "--" not assessed in OECD work.

Trade and Agriculture Directorate | Organisation for Economic Co-operation and Development (OECD) | [www.oecd.org/tad](http://www.oecd.org/tad) | [tad.contact@oecd.org](mailto:tad.contact@oecd.org)

11

## Good practices in RTAs to promote 'building-block' effects



Trade and Agriculture Directorate | Organisation for Economic Co-operation and Development (OECD) | [www.oecd.org/tad](http://www.oecd.org/tad) | [tad.contact@oecd.org](mailto:tad.contact@oecd.org)

12

## » Concluding remarks

- In a GVC world, RTAs have to be deep and multilateral-friendly
- The multilateralisation of RTAs is economically desirable, with or without multilateralism
- Transparency and information-sharing increase the potential for multilateralisation
- There is a need for more information on RTAs
  - And for more transparency in the negotiation of RTAs
  - Particularly to make sure that RTAs are in the interest of (all) businesses, workers and consumers

## » Contact us

We look forward to hearing from you!



Access all of the information from the Trade & Agriculture Directorate at:

[www.oecd.org/tad](http://www.oecd.org/tad)



You can reach us via e-mail by sending your message to the following address:

[tad.contact@oecd.org](mailto:tad.contact@oecd.org)



We invite you to connect with us on Twitter by following:

[@OECDtrade](https://twitter.com/OECDtrade)