

行政院所屬各機關因公出國人員出國報告書
(出國類別：實習)

WTO 第二屆「貿易協定談判：由理論至實務」
特別課程

出國人	服務機關	國際貿易局
	職稱	稽核
	姓名	房文英
出國地區	瑞士	日內瓦
出國期間	九十二年六月十六日至六月廿七日	
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公務出國報告提要

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參加 WTO 第二屆「貿易協定談判：由理論至實務」特別課程(WTO 支應來回機票、醫藥保險費、住宿費及日支生活費)

主辦機關:

經濟部國際貿易局

聯絡人/電話:

出國人員:

房文英 經濟部國際貿易局 多邊貿易組 稽核

出國類別: 實習

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內容摘要: WTO 秘書處為協助 WTO 會員瞭解多邊貿易規範及其談判實務,精心設計多項訓練課程,由淺入深地傳授 WTO 會員貿易談判官員。「貿易協定談判:由理論至實務」即係針對 WTO 會員之資深官員設計的談判訓練課程,為期二周,課程內容包括理論及模擬演練,本次為第二屆訓練課程。我國並未派員參加第一屆訓練課程,本(第二)屆派國際貿易局房稽核文英參加。WTO 秘書處設計本訓練課程雖名為「由理論至實務演練」,但實際模擬演練中,由於受限於模擬天數,無法充分應用博奕論,這是參與受訓人員的普遍反應。(三) 模擬演練的背景資料十分充足,且僅有四個國家參與談判,產品項目僅有三十六項,模擬情境十分簡化,並且有很明確的內閣命令。雖然簡化,但實際模擬中,初始仍是十分緊張複雜,最後漸入狀況時則顯得有趣,特別是關稅減讓談判,有時像是市場喊價,必要時甚且以哀兵之姿爭取對方同情。

本文電子檔已上傳至出國報告資訊網

參加WTO第二屆「貿易協定談判：由理論至實務」

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特別課程報告

壹、背景

WTO秘書處為協助WTO會員瞭解多邊貿易規範及其談判實務，精心設計多項訓練課程，由淺入深地傳授WTO會員貿易談判官員。「貿易協定談判：由理論至實務」即係針對WTO會員之資深官員設計的談判訓練課程，為期二周，課程內容包括理論及模擬演練，本次為第二屆訓練課程。我國並未派員參加第一屆訓練課程，本（第二）屆派國際貿易局房稽核文英參加。

貳、貿易理論

一、貿易自由化的類型

（一）多邊貿易原則

WTO多邊貿易體系之基本理念在於創造一個自由、公平之國際貿易環境，使資源依照永續發展之原則，作最佳之利用以提升生活水準，確保充分就業，並擴大生產與貿易開放、平等、互惠與互利，期能透過貿易提升開發中與低度開發國家之經濟發展。其基本理念與規範準則有不歧視原則、漸進式開放市場、互惠、促進公平競爭及鼓勵發展與經濟轉型等五項：

1、無歧視之貿易

所謂無歧視之貿易係指：在對外關係上須對來自所有會員之貨品給予同等最優惠待遇之「最惠國待遇」

（Most-Favored-Nation Treatment）；在對內關係上則須對自會員進口之貨品給予與本國貨品同等待遇之「國民待遇」

（National Treatment）。（GATT1994 第一條及第三條）

2、自由化原則

GATT/WTO 的另一項原則係透過談判逐步達成市場開放之自由化目標。GATT 於 1948 年締訂以來，迄至烏拉圭回合談判為止，歷經多次談判後，關稅已大幅調降，某些產品甚至降至零關稅，同時關稅約束之範圍也大為擴大。烏拉圭回合談判之範圍除關稅議題外，亦擴至非關稅障礙，並納入服務貿易及智慧財產議題。

3、互惠原則

GATT1994 序言明訂互惠互利原則，以大幅削減關稅暨其他貿易障礙，並摒棄歧視待遇，達成協定之目標。在互惠原則之下，WTO 會員須給予其他 WTO 會員最惠國待遇與國民待遇，在無歧視下進行貿易交流。

4、促進公平競爭

WTO 係在規劃一個公開、公平與不扭曲之競爭體系，以確保公平的貿易條件。例如，WTO 農業協定旨在提升較公平之農業貿易；與貿易有關之智慧財產權協定則對涉及概念與創意部分改進其競爭條件；而服務貿易總協定在服務貿易部分亦有公平競爭之相關規範；至於其他協定如：防衛協定、執行關稅估價協定、原產地規則協定等，均係為推動公平競爭與不造成扭曲貿易效果而設計。惟在自由貿易之外，WTO 允許在少數情況下採取限制競爭之措施以維持公平貿易，例如：反傾銷措施與平衡稅措施等。

5、鼓勵發展與經濟轉型

WTO 有四分之三以上之會員為開發中國家，或過去屬於非市場經濟體系而正進行轉型至市場經濟之國家。在烏拉圭回合長達七年之談判中，有超過六十個開發中國家為了談判之需要，自動自發的執行貿易自由化方案。同時，開發中

國家與經濟轉型國家在烏拉圭回合談判中所扮演之角色，較歷次回合談判更為活躍亦更見影響力。WTO 貿易與發展委員會亦提供技術協助給開發中國家及正進行轉型至市場經濟之國家。

(二) 貿易自由化類型優劣勢分析

貿易自由化計有多邊自由化、片面自由化、區域自由化、跨區域自由化、部門別自由化及雙邊自由化，其優劣勢分析表如下：

類型	優勢	劣勢
多邊自由化	多邊議題所涵蓋的範圍可促進國內與跨國性更廣泛的結盟。防範在談判期間引入新式障礙。引起政治及公眾的高度注意。	談判成本高。會員多易造成談判的複雜性。影響層面廣，易引起相關社會與經濟方面的爭論。
片面自由化	直接達成較自由化的貿易。避免政府間談判隱藏的恣意政策。擴大貿易所得。	搭便車問題。難以克服國內的政治障礙。可能構成政治衝突。
區域自由化	成員少，較易達成共識。背景相當，有助於加速協議。	易構成歧視性貿易壁壘。衍生的利益衝突、不互容的貿易規範以及貿易轉移可能損及全球自由化。可能增加貧困鄰國市場進入的困難。
跨區域自由化	連結區域自由化中的分散群組。增加市場規模及提升效率。有助於 WTO 更廣泛的貿易自由化。	跨區域群組間的競爭可能引發衝突。資源轉移專注跨區域自由化可能傷害全球自由化。可能完全孤立被視為「重要性低」的區域。
部門別自由化	協議內容可完全符合各國企業的利益。在全球或區域性貿易協議停滯時，可為國內企業創造實質利益。	降低對未來全球談判的支持。對於關稅已低的部門別而言，進一步的關稅減讓可能使扭曲的貿易更形惡化。
雙邊自由化	較易展開談判。可達成政策目標。激勵頑固國家自由化。	顯著的貿易轉移。拼湊的協議將挑戰企業經營，並且可能損及 WTO。「較不具吸引力」的國家可能被邊緣化。弱勢國家極易遭受壓力。

二、貿易理論及政策工具

(一)Ricardo 比較利益理論(Ricardo-Viner 模式)

Ricardo 比較利益理論來自相對概念，即各國在其所生產及交易的產品中，對某些生產效率較高的產品相較其他生產效率較低的產品，在生產及交易方面更具專精。依此概念衍生比較利益理論(comparative advantage)，各國不論其生產的好與壞，總是具有最專精的生產優勢；即所有國家在某些方面總是具有比較利益，沒有一個國家可以在每一個項目都具有比較利益。(天生我才必有用)

(二)Heckscher-Ohlin 理論

H-O 理論說明各國資源優勢(resource endowments)的不同是促成國際貿易的主因，其主張各國間的貿易型態取決於各國的特性，資本充分(capital-abundant)的國家出口資本密集(capital-intensive)的產品，勞力充分(labor-abundant)的國家出口勞工密集(labor-intensive)的產品。

以二國為例，資本充分的國家較另一個國家具備資本優勢，傾向生產製造程式需要較高資本的產品，即資本密集產品。在這二個國家未進行貿易之前，這個資本充分國家所生產的資本密集產品的價格會因為供過於求呈下降趨勢，致使其價格較另一個國家的相同產品為低。同樣的，勞力密集的國家所生產的勞力密集產品價格，相較資本充分國家的相同產品的價格為低。

這二個國家開始進行貿易後，利潤導向的公司會將產品輸出至有較高價格的市場，因此資本充分的國家會出口資本密集產品到另一個產品價格較高的國家，而勞力充分的國家會出口勞力密集產品。二國間的貿易量會呈現上升趨勢，一直到二國市場內產品價格趨於相同為止。

(三) Stolper-Samuelson 理論

Stolper-Samuelson 理論是在 H-O 理論架構下進一步闡述產出(或產品)、價格等之變動與價格因素(如薪資及租金)變動間的關聯性。其主張如果資本密集產品的價格上升，資本(即該產業的密集因數)的價格會上升，而勞工的薪資會下降；同樣的，勞力密集產品的價格上升時，勞工的薪資會上升，而租金會下降。

當某國進行貿易時，其出口產品的價格會升高，進口產品的價格會下降。出口產業的較高價格會刺激利潤導向的企業擴大生產，在此同時，進口競爭產業則面臨價格下降之苦，其將減少生產，以降低損失。因此進口競爭產業會降低資本與勞力需求，但出口擴張產業則會增加資本與勞力需求。由於該國之出口產業是屬於資本密集產業，其擴大生產所需要的資本勞工比例大於進口競爭產業減少的資本勞工比例，因此在轉型期間，該國較需要的是資本，較不需要的是勞力，導致進口產業及出口產業，均面臨租金上漲及勞工薪資下降的結果。

(四) 重商主義及新重商主義 (Mercantilism and Neo-mercantilism)

重商主義為 16 世紀下期到 18 世紀前歐洲各國所採取的經濟政策和政經思想。國家以商業為根本政策，嚴格管制貿易、透過關稅壁壘及補貼保護國內企業，並獨占海外殖民地的貿易，儘可能地促進國內企業並且避免經濟依賴其他國家。

新重商主義的基本主張是保護國家自給自足的所有要素，每個人都要有所貢獻，擁護強而有力的國家主義。新重

商主義者認為經濟力及自給自足可保障政治獨立性及國家安全，為豐裕國家經濟，有意地強化出口，與貿易對手國有極大的貿易逆差。新重商主義者的主要問題在於其過度的民族主義以及無效率所導致的發展遲緩。

(五)幼稚工業論(Infant industry)

一國為了保護本國正在發展中的特定產業，而採取部分措施，以減輕外國競爭者的威脅。最常使用的手段為提高外國商品的關稅或限制配額。此種作法雖能扶持本國產業，但會犧牲消費者的權益。

(六)進口替代產業(Import substitution industrialization)

某些國家為了保護幼稚工業，採取保護關稅、進口配額、匯兌管制、補貼、特別優惠許可等措施。

(七)策略性貿易政策(strategical trade policy)

在某些情況下，如某國國內某個企業和國外某國企業相互競爭(如美國波音公司及法國空中巴士公司的相互競爭)，該國政府以補貼或其他策略性方式介入，提供其國內企業「策略性利益」，打開國外市場。

策略性貿易政策在採行前需注意數項問題，最重要的是資訊的掌握不足時，將無法確認目標產業，策略性補貼會使政府資源分配失衡，目標產業獲得政府介入之補貼時，相對地另一項產業就會失去來自政府的資源。其次，真實世界的競爭狀況變動甚大，使得政府介入的結果往往超乎政府決策者的預期。

三、博弈論簡介

博弈論(Game Theory)又稱對策論，起源於本世紀初，1944年馮·諾依曼和摩根斯坦恩合著的《博弈論和經濟行為》奠定了博弈論的理論基礎。20世紀50年代以來，納什、澤爾騰、海薩尼等人使博弈論最終成熟並進入實用。近20年來，博弈論作為分析和解決衝突和合作的工具，在管理科學、國際政治、生態學等領域得到廣泛的應用。簡單地說，博弈論是研究決策主體在現有資訊結構下如何決策以最大化自己的效用，以及不同決策主體之間決策的均衡。博弈論由3個基本要素組成：一是決策主體(Player)，又可以稱為參與人或局中人；二是現有的資訊結構，可以理解為參與人可選擇的策略和行動空間，又叫策略組合；三是效用(Utility)，可予以定義或量化的參與人的利益，也是所有參與人真正關心的東西，又稱偏好或支付函數。參與人，策略組合和效用構成了一個基本的博弈。

(一) 博弈論的主要思想

博弈論可以分為合作博弈和非合作博弈。兩者的區別在於參與人在博弈過程中是否能夠達成一個具有約束力的協定。倘若不能，則稱非合作博弈(Non-Cooperative Game)，非合作博弈是現代博弈論的研究重點。比如兩家企業A、B合作建設一條VCD的生產線，協定由A方提供生產VCD的技術，B方則提供廠房和設備。在對技術和設備進行資產評估時就形成非合作博弈，因為每一方都試圖最大化己方的評估值，這時B方如果能夠獲得A方關於技術的真實估價或參考報價這類競爭情報，則可以使自己在評估中獲得優勢；同理，A方也是一樣。至於自己的資產評估是否會影響合作企業的總體運行效率這樣的"集體利益"，則不會非常重視。這就是非合作博弈，參與人在選擇自己的行動時，優先考慮的是如何維護自己的利益。合作博弈強調的是集體主義，團體

理性(Collective Rationality)，是效率、公平、公正；而非合作博弈則強調個人理性、個人最優決策，其結果是有時有效率，有時則不然。

博弈論非常強調時間和資訊的重要性，認為時間和資訊是影響博弈均衡的主要因素。在博弈過程中，參與者之間的資訊傳遞決定了其行動空間和最優戰略的選擇；同時，博弈過程中始終存在一個先後問題(Sequence Order)，參與人的行動次序對博弈最後的均衡有直接的影響。

博弈的劃分可以從參與人行動的次序和參與人對其他參與人的特徵、戰略空間和支付的知識、資訊，是否瞭解兩個角度進行。把兩個角度結合就得到了四種博弈：完全資訊靜態博弈，完全資訊動態博弈，不完全資訊靜態博弈，不完全資訊動態博弈。其代表人物是納什、澤爾騰和海薩尼。嚴格地講，博弈論並不是經濟學的一個分支，它只是一種方法，這也是為什麼許多人將其看成數學的一個分支的緣故。博弈論已經在政治、經濟、外交和社會學領域有了廣泛的應用，它為解決不同實體的衝突和合作提供了一個寶貴的方法。

(二) 博弈論的應用

利用博弈論可以證明現實生活中許多有趣的問題。如：多勞者不多得，公共資源的過度使用，非合作者在一段時間內選擇合作(壞人做好事)。雖然這些結論都是建立在一個很強的假設，即參與人是理性的，有最大化自己效用的趨勢。但是其結論有深刻的哲學內涵。

目前經濟學中的委託—代理制、激勵理論都可以用博弈論來分析。現代的企業間競爭有很多情況都是在合作的背景下進行的。比如壟斷市場的寡頭 A、B，他們可以協議指定一個產量(如海灣國家的石油產量)，來維持自己的最大利潤。但是在許多情況下總有為了維護自己的局部利潤而提高

產量的情況(如某個海灣國家常擅自提高產量)，結果導致價格下降，利潤流失。競爭情報往往在這種情況下起重要作用，如果 A 掌握了 B 的實際生產能力這類競爭情報，就可以調整自己的產量甚至突破協議，從而形成新的均衡。

(三) 舉例說明

舉一個具體的例子來說明一下。這個例子即所謂的「囚犯困境」，是被一些教材廣泛引用的例子，並且西方經濟學者圍繞這個例子發表過不下百篇學術論文。兩個嫌疑犯(A 和 B)作案後被警察抓住，隔離審訊：警方的政策是「坦白從寬，抗拒從嚴」，如果兩人都坦白則各判 8 年：如果一人坦白另一人不坦白，坦白的放出去，不坦白的判 10 年：如果都不坦白則因證據不足各判 1 年。

在這個例子裏，局中人就是兩個嫌疑犯 A 和 B，他們每個人都有兩個策略即坦白和不坦白，判刑的年數就是他們的支付。可能出現的四種情況：A 和 B 均坦白或均不坦白、A 坦白 B 不坦白或者 B 坦白 A 不坦白，是博弈的結果。A 和 B 均坦白是這個博弈的納什均衡(納什證明指出，在有限個局中人參加的有限行為對策中，至少存在一個所有參與人的最優戰略的組合)。我們可以用下面的表來表述這個博弈，表中，第一個數位是 A 的支付(因為是判刑是負效用，故以負號記之)，第二個數位是 B 的支付。

	A(坦白)	A(不坦白)
B(坦白)	(-8, -8)	(-10, 0)
B(不坦白)	(0, -10)	(-1, -1)

我們看到，假定 A 選擇坦白的話，B 最好是選擇坦白，因為 B 坦白判 8 年而抵賴卻要判十年：假定 A 選擇抵賴的

話，B 最好還是選擇坦白，因為 B 坦白獲釋而抵賴確要被判刑 1 年。也就是說，不管 A 坦白或抵賴，B 的最佳選擇都是坦白。反過來，同樣地，不管 B 是坦白還是抵賴，A 的最佳選擇也是坦白。結果，兩個人都選擇了坦白，各判刑 8 年。在(坦白、坦白)這個組合中，A 和 B 都不能通過單方面的改變行動增加自己的收益，於是誰也沒有動力游離這個組合，因此這個組合是納什均衡。

囚徒困境反映了個人理性和集體理性的矛盾。如果 A 和 B 都選擇抵賴，各判刑 1 年，顯然比都選擇坦白各判刑 8 年好得多。當然，A 和 B 可以在被警察抓到之前訂立一個「攻守同盟」，但是這可能不會有用，因為它不構成納什均衡，沒有人積極性遵守這個協定。

不管怎樣，博弈論都是一個強有力的分析工具。現在，它不僅在經濟學領域得到廣泛應用，在軍事、政治、商業征戰、社會科學領域以及生物學等自然科學領域都有非常重大的影響，工程學中如控制論工程也少不了它。

四、貿易政治(Trade Politics)

市場策略及非市場策略是企業或政府部門因應貿易挑戰的二項策略，此處所謂的非市場策略實際上即是國際貿易策略。對國際型企業而言，除依市場環境因素之變化採行市場交易策略外，尚須依據非市場環境因素的變化，研擬交易策略。非市場環境因素涉及到社會、政治及法律協議等各層面，致企業在擬定交易策略時，除了考量市場環境及私人協議之因素外，尚須將前述錯綜複雜的因素納入考量。以通訊服務業為例，政府介入的情況較為普遍，因此交易策略受制於非市場因素較大。如以消費性電子產品為例，政府並未介入，完全依市場因素的變動決定交易策略，不受制於非市場因素。

在決定策略性行動時應考量四項關鍵因素：關切的議題、利害關係、規定、資料。

- 關切的議題：應具備專業識能、預警及預測能力，以有效釐清下列事項後採取因應行動，例如貿易規範（全球性或地區性）、可能的問題焦點以及貿易策略。
- 利害關係：關切非市場議題或受非市場議題影響的個人、團體或組織，如利害關係人（團體）、企業人士、立法者、媒體等。
- 規定：規範非市場環境因素的正式規定或非正式措施，包括政府或私人部門制定的規定、解決爭端之機構等，如國會、主管機關、法院、民意。此項因素較難改變。
- 資料：利害關係人或政府部門掌握議題的程度及替代方案的結果，如科學證據、選民喜好、宣傳等。本項因素雖然不確定變數多，但可以獲致策略性應用的機會。

參、模擬演練與心得

一、模擬設計

本次參訓人員計廿四名，推派一人擔任主席，其餘廿三名分為四組，各代表四個國家:ALBA、TRISTAT、VANIN、MEDATIA，其中 A 國與 T 國為已開發國家；V 國低度開發國家；M 國為開發中國家。各國模擬演練人員各自選出部長、大使各一名、關稅與非關稅談判專家各二名。WTO 秘書處秘密交給各國部長來自該國內閣的談判底限命令，部長依此命令交付大使談判任務，大使指揮談判專家進行談判。WTO 秘書處另提供前述四個模擬國家的基本資料(包括政情、人口、經濟發展狀況)、各國彼此間 36 項產品(包括農、工產品)的進出口統計資料、目前採行之非關稅障礙、各國的談判優劣勢(例如 T 國雖然在工業產品採積極自由化策略，但卻必須極力保護農業)，因此本次模擬談判基本上是在資訊完全充分的情況下與其他國家組別人員進行談判。模擬談判總計進行四天，預定完成關稅減讓談判及補貼協定。

二、心得與建議

- (一) WTO 秘書處設計本訓練課程雖名為「由理論至實務演練」，但實際模擬演練中，由於受限於模擬天數，無法充分應用博弈論，這是參與受訓人員的普遍反應。
- (二) 模擬演練中，如何在本組組員間取得意見一致，反較對外談判困難。我分配擔任 T 國部長，T 國大使以在四天內完成模擬談判為目標，過程中一再暗示 T 國各談判人員妥協，最後一天在時間壓力下甚至在 T 國內部產生爭執。最後雖然 T 國勉強達到保護農業之目的，但相對地除 A 國外，並未逼使 V 國及 M 國作出更大的承諾。雖然是模擬演練，卻也真實感受到來自同儕及時間的壓力，並因此而作

出讓步。以 T 國而言，即採最大限度保護農業的情況下，在工業產品作出較大讓步。

- (三) 模擬演練的背景資料十分充足，且僅有四個國家參與談判，產品項目僅有三十六項，模擬情境十分簡化，並且有很明確的內閣命令。雖然簡化，但實際模擬中，初始仍是十分緊張複雜，最後漸入狀況時則顯得有趣，特別是關稅減讓談判，有時像是市場喊價，必要時甚且以哀兵之姿爭取對方同情。
- (四) 談判確實是一場精神與時間的耗竭戰。四天模擬中，白天安排雙邊、大使級會議、部長級會議；晚上各組仍在旅館內進行沙盤推演或繼續雙邊會談。每天由早上九點到晚上十、十一點，甚至十二點。模擬結束時，參訓人員都表示下次不再參加了。這是否也意味著實際談判中，體力及不畏時間壓力的決心是爭取最大利國的關鍵。
- (五) 模擬演練所具有的基本資料，如進出口統計資料、各國國家檔資料(包括貿易優劣勢、經濟發展趨勢、關稅結構)、非關稅措施、明確的內閣命令等，都是在實際談判中較為缺乏的基本資料，因此本項模擬係著重在後端的談判模擬，並未傳授前端基本資料的準備工作。
- (六) 本課程性質定位為進階談判訓練，WTO 會員傾向派資深貿易談判官員與會，未來我國可朝此方向考慮參訓人員。



2nd WTO Specialized Course "Negotiating Trade Agreements: From Theory to Practice"

*Organized by the WTO Institute for Training and Technical Cooperation (ITTC),
in cooperation with the Graduate Institute of International Studies (GIIS), Geneva*

16-27 June 2003

WTO Headquarters, Geneva

Programme of the Course

Week 1

Introduction to Trade Negotiation: Theory and Practice

The objective of the first week is essentially to introduce the participants to negotiation processes, based on scientific research and observation of negotiation-related behaviours and results. It also aims at placing the negotiation process within the context of former GATT and current WTO negotiations.

Through lectures and case studies, most of the week will be devoted to examining how researchers and authors have scientifically apprehended the phenomenon and techniques of negotiations. The current negotiation structures and modalities for the current negotiations under the "Doha Development Agenda" will also be addressed at the end of the week. Prof. Dupont (GIIS) and Staff of the ITTC will conduct the training sessions during the first week. *The sessions conducted by Prof. Dupont will address issues and involve cases on which he will express views and opinions in his personal capacity. Similarly, views and opinions expressed by the participants in the course will not be attributed to their countries which have nominated them to participate in this training activity.*

Though the Trade Negotiation Simulation Exercise (TNSE) will take place during the second week, a number of TNSE-related "events" will happen already during the first week. The chairperson of the exercise will be elected among the group of participants. Teams will also be formed and the different roles will be allocated. On Friday afternoon, the "Ministers" will receive their "cabinet orders".

Monday 16 June

10.15 a.m. – 12.30 a.m.	Opening of the Course followed by Presentation of the Course and distribution of course material and Administrative matters	Mr.Rolian, Director of the WTO ITTC and ITTC staff
12.30 p.m. - 2.00 p.m.	Lunch break	
2.00 p.m. - 3.30 p.m.	"From GATT to WTO through negotiations", introduction to WTO	ITTC Trainer
3.30 p.m. - 3.45 p.m.	Break	
3.45 p.m. - 5.30 p.m.	"From GATT to WTO through negotiations", introduction to WTO (cont'd)	ITTC Trainer

Tuesday 17 June

9.30 a.m. - 10.45 a.m.	<u>Session 1</u> : Introduction and Types of Trade Agreements: unilateral, bilateral, minilateral, multilateral (scenarios of the future)	Prof. Dupont (GIIS)
10.45 a.m. - 11.15 a.m.	Break	
11.15 a.m. - 12.30 p.m.	<u>Session 2</u> : Gains (and Losses) from Trade: <i>Neoclassical Approach, Mercantilism and Neocomercantilism</i>	"
12.30 p.m. - 2.30 p.m.	Lunch break	
2.30 p.m. – 4:00 p.m.	<u>Session 3</u> : The Domestic Politics of Trade	"
4.00 p.m. – 4.30 p.m.	Break	
4.30 p.m. - 5.15 p.m.	<u>Session 4</u> : Preparation of Cases	"

Wednesday 18 June

9.30 a.m. - 10.45 a.m.	<u>Session 5</u> : The Domestic Politics of Trade (cont'd) <i>Group case Discussion:</i>	Prof. Dupont (GIIS)
10.45 a.m. - 11.15 a.m.	Break	
11.15 a.m. - 12.30 p.m.	<u>Session 6</u> : Decision Making and Game Theory	"
12.30 p.m. - 2.30 p.m.	Lunch break	
2.30 p.m. – 4:00 p.m.	<u>Session 7</u> : Game Theory and Bargaining <i>Group case Discussion</i>	"
4.00 p.m. – 4.30 p.m.	Break	
4.30 p.m. - 5.15 p.m.	<u>Session 8</u> : Preparation of Cases	"

Thursday 19 June

9.30 a.m. - 10.45 a.m.	<u>Session 9</u> : Bargaining (cont'd) <i>Group case Discussion</i>	Prof. Dupont (GIIS)
10.45 a.m. - 11.15 a.m.	Break	
11.15 a.m. - 12.30 p.m.	<u>Session 10</u> : Domestic Structures and International Negotiations <i>Group case Discussion</i>	"
12.30 p.m. - 2.30 p.m.	Lunch break	
2.30 p.m. - 4:00 p.m.	<u>Session 11</u> : Negotiated Compliance <i>Group case Discussion</i>	"
4.00 p.m. - 4.30 p.m.	Break	
4.30 p.m. - 5.30 p.m.	<u>Session 12</u> : New issues in International Trade Negotiations <i>Group case Discussion</i> followed by Wrap Up	"

Friday 20 June

9.30 a.m. - 10.45 a.m.	Current negotiations at the WTO: The Doha Development Agenda; preparing Cancùn	ITTC Trainer
10.45 a.m. - 11.00 a.m.	Break	
11.00 a.m. - 12.30 p.m.	WTO negotiations: tariff and non-tariff negotiations	ITTC Trainer
12.30 p.m. - 2.00 p.m.	Lunch break	
2.00 p.m.	START of the TNSE Short briefing followed by group preparation for the TNSE Cabinet orders handed over to "Ministers"	ITTC Trainer

Week 2
Trade Negotiation Simulation Exercise (TNSE)

The second week is exclusively devoted to the TNSE. The simulation which would have informally started on Friday (with the distribution of the "Cabinet Orders" to the respective "Ministers") will follow the rhythm determined by the participants. *Participants are advised not to make any commitments for the duration of the simulation (including lunch time as well as evenings).*

Pre-determined deadlines for the conclusion of the trade negotiations (Thursday 4:00 pm) and for the finalisation of the "Responses to the Cabinet Orders" (Thursday 5:00 pm), as well as for a mock "Ministerial Meeting" (Wednesday morning) will be the only fixed-points of the exercise. More information will be provided at the beginning of the course.

The morning of the last day of the course will be essentially devoted to a collective debriefing of the TNSE, a preliminary analysis of the results. The debriefing will be followed by a short evaluation and the closure of the course.

Monday 23 June

9.30 a.m. - 10.45 a.m.	Briefing TNSE	Prof. Winham (Dalhousie University)
10.45 a.m. - 11.00 a.m.	Break	
11.00 a.m. - 12.30 p.m.	Briefing TNSE (cont'd)	"
Timing in the hands of negotiators	Launch of the Round of Negotiations	Participants under the supervision of Prof. Winham

Tuesday 24 / Wednesday 25 June

Timing in the hands of negotiators	TNSE	"
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NB: on Wednesday, starting at 11.30 am

Ministerial Conference (Mid-Term review)

Thursday 26 June

Timing in the hands of negotiators	TNSE	"
4:00 pm	Deadline for the completion of the trade negotiations	"
5:00 pm	Deadline for the finalisation of the "Responses to the Cabinet Orders" END of the TNSE Simulation	"

Friday 27 June

9.30 a.m. - 10.45 a.m.	TNSE Debriefing	Prof. Winham
10.45 a.m. - 11.00 a.m.	Break	
11.00 a.m. - 12.30 p.m.	TNSE Debriefing (cont'd)	"
12.30 p.m. - 13.00 p.m.	Closure of the Course	Representative of ITTC

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LIST OF PARTICIPANTS

Belarus	Mr. Anton KUDASOV, Head of WTO Division, Ministry of Foreign Affairs, Minsk
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Bosnia and Herzegovina	Mr. Momčilo ŠARABA, Senior Adviser, Sector for International Trade Relations, Department for Multilateral Trade Relations, Ministry of Foreign Trade and Economic Relations, Sarajevo
Bulgaria	Miss Verginia MINTCHEVA, Head of Trade Agreements Department, Integration Policy Directorate, Ministry of Agriculture and Forestry, Sofia
Cambodia	Mr. Viseth KANN, Official of WTO Office, Asian and International Organizations, Ministry of Commerce, Phnom Penh
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Indonesia	Mr. Dody EDWARD, Head of Regional Cooperation Section, Program Division, Secretariat to Directorate General of International Trade and Industry Cooperation, Ministry of Industry and Trade, Jakarta
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Moldova	Mrs. Ineta PANURCO, Adviser, Multilateral Trade Relations and WTO Division, Ministry of Economy, Chisinau
Oman	Mr. Mohammed AL-SHABIBI, Director, Department of International Economic Organizations, Ministry of National Economy, Muscat

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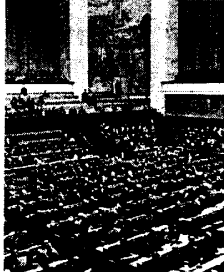
Pakistan	Ms Shaista SOHAIL, Deputy Secretary, WTO Wing, Ministry of Commerce, Islamabad
Russian Federation	Mr. Roman GUBENKO, Expert, Department of Trade Policy and Multilateral Trade Negotiations, Ministry of Economic Development and Trade of the Russian Federation, Moscow
Saudi Arabia	Mr. Sattam M. AL-TAYYAR, Legal Advisor, Deputyship of Technical Affairs, Ministry of Commerce and Industry, Riyadh
Singapore	Miss Leng Yeng THONG, Assistant Director, Trade Division Directorate B, Ministry of Trade and Industry, Singapore
Solomon Islands	Mrs. Faye MOSE, Assistant Secretary, International Economic Cooperation, Department of Foreign Affairs, Ministry of Foreign Affairs and Trade Relations, Honiara
Chinese Taipei	Ms Wen-Ying FANG, Senior Specialist, Multilateral Trade Department, Bureau of Foreign Trade, Ministry of Economic Affairs, Taipei
Tajikistan	Mr. Rustam KHOLMURODOV, Leading Specialist, Department of Foreign Economy and Trade Policy, WTO Unit, Ministry of Economy and Trade, Dushanbe
Thailand	Mr. Pawin TALERNGSRI, Trade Officer, Bureau of East Asia Economic Cooperation, Department of Trade Negotiations, Ministry of Commerce, Bangkok
Tunisia	Mr. Tarek BEN YOUSSEF, Counsellor of Foreign Affairs, Department of International Organizations, Ministry of Foreign Affairs, Tunis

WTO Specialised Course
**"Negotiating Trade Agreements:
From Theory to Practice"**

Short stories
of negotiations
which made
Trade History

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1947: Geneva (UN)

- Session of the (UN) ECOSOC
 - ◆ 50 participating countries
 - ◆ Initiative to launch a UN Conference on Trade and Employment

3

1947: Geneva (UN)

- Session of the (UN) ECOSOC

Outcome - Results

- ◆ Establishment of a preparatory Committee
- ◆ Work Program
 - Draft a Charter for an International Trade Organization (ITO)
 - Draft common rules to govern international trade
 - Start Tariff Negotiations
- ◆ Negotiations start

4

1947-48: Havana



5

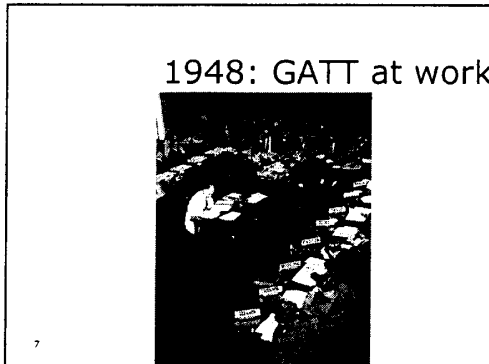
1947-48: Havana

- UN Conference on Trade and Employment

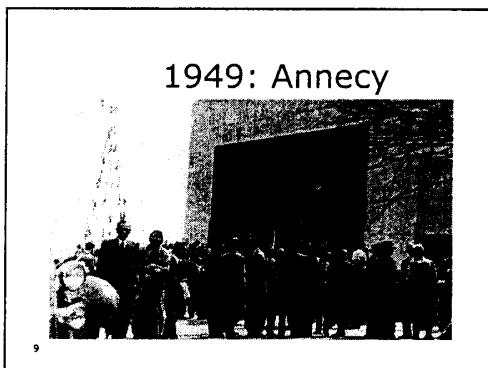
Outcome - Results

- ◆ ITO Charter
 - *never entered into force*
 - *US never ratified*
- ◆ Set of common rules (GATT)
 - "provisional application" since 1.1.1948
 - 23 Signatories of the Protocol
- ◆ Tariff Negotiations completed
 - in force (through GATT)

6



- 1948: GATT at work
- ◆ 23 Contracting Parties
 - ◆ GATT is NOT an organization
 - ◆ GATT is an international Agreement
 - ◆ Joint Monitoring and Administration
 - ◆ Autonomous Implementation
 - ◆ Temporary Secretariat (ICITO Secretariat) lead by a Director-General
- 8



- 1949: Annecy
- 2nd Round of Tariff Negotiations
 - 33 Contracting Parties (+10)
- Outcome - Results
- ◆ 5'000 additional Tariff concessions exchanged
- 10



- 1950: Torquay
- 3rd Round of Tariff Negotiations
 - ◆ 34 Contracting Parties (+1)
- Outcome - Results
- ◆ New Tariff concessions
- followed by*
- 4th Round of Tariff Negotiations
 - ◆ in 1956, in Geneva
 - ◆ very limited results
- 12

1960-61: "Dillon Round"



13

1960-61: "Dillon Round"

- 5th Round of Tariff Negotiations
 - ◆ "Dillon Round"
 - *Douglas Dillon*: US Undersecretary of State who proposed the negotiations
 - ◆ 45 Contracting Parties
- Outcome - Results
- ◆ New Tariff concessions

14

1964-67: "Kennedy Round"



15

1964-67: "Kennedy Round"

- 6th Round of Tariff Negotiations
 - ◆ "Kennedy Round"
 - ◆ 60 Contracting Parties
- Outcome - Results
- ◆ New Tariff concessions
 - covering \$40 billion of World trade
 - ◆ Non-tariff negotiations (antidumping)
 - results will not be implemented
 - in 1965: GATT Part IV introduced (trade and development)

16

1973-79: "Tokyo Round"



17

1973-79: "Tokyo Round"

- 7th Round of negotiations
 - ◆ 99 Contracting Parties
- Outcome - Results
- ◆ New Tariff concessions
 - ◆ Non-tariff negotiations
 - 3 types of results
 - a) Multilateral Decisions
 - b) Plurilateral Agreements (Codes)
 - c) Plurilateral Sectoral Agreements

18

1973-79: "Tokyo Round"

- 7th Round of negotiations
- a) Multilateral Decisions
 - "Enabling Clause"
 - Safeguards (development)
 - BOP
 - Dispute Settlement

19

1973-79: "Tokyo Round"

- 7th Round of negotiations
- b) Plurilateral Agreements (Codes)
 - Technical Barriers to Trade (TBT)
 - Government Procurements (GPA)
 - Subsidies and countervailing measures (SCM)
 - Customs Valuation
 - Import Licensing Procedures
 - Antidumping

20

1973-79: "Tokyo Round"

- 7th Round of negotiations
- c) Plurilateral Sectoral Agreements
 - Trade in Civil Aircrafts
 - Dairy Products
 - Bovine Meat

21

1986-93: "Uruguay Round"



22

1986-93: "Uruguay Round"

- 8th Round of negotiations
 - ◆ 123 Contracting Parties
- Outcome - Results
 - ◆ New Tariff concessions
 - ◆ Non-tariff negotiations
 - strengthened disciplines for trade in goods
 - ◆ New sectors covered (+Agriculture)
 - Trade in Services
 - Trade-related Intellectual Property Rights
 - ◆ WTO (Organization)

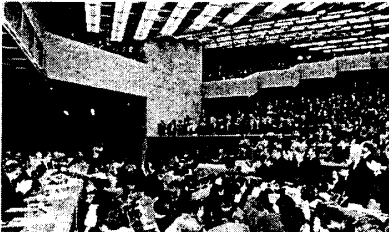
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1986-93: "Uruguay Round"

- 8th Round of negotiations
 - ◆ 123 Contracting Parties
- Chronology
 - ◆ 1986: Punta del Este Declaration
 - objectives and work program
 - ◆ 1988: Montreal Mid-Term Review
 - some "Early Harvest" (TPRM,...)
 - ◆ 1990: Final (foreseen) Brussels Conference ... but

24

15 Dec. 93: "Uruguay Round"



25

1986-93: "Uruguay Round"


- 8th Round of negotiations
 - ◆ 123 Contracting Parties

Chronology

- ◆ 1993: Adoption of the *Final Act*
 - technical verification
 - further negotiations on some aspects
 - preparation for the structure which will ensure the administration of the WTO

26

1994: Marrakech



27

1994: Marrakech

- Ministerial Conference
 - ◆ 123 Signatories of the *Marrakech Agreement establishing the WTO*
 - 23'000 pages
 - ◆ signature pending ratification
 - for certain signatories
 - to avoid a legal vacuum:
 - WTO will enter into force on 1 Jan. 1995; and
 - GATT (1947) will disappear only on 31.12.1995

28

Recap	Havana Conference (ITO) - 1st Round	1947
	Entry into force of GATT	1948
	2nd Round: Annecy	1949
	3rd Round: Torquay	1950
	4th Round: Geneva	1956
	5th Round: "Dillon Round"	60-61
	6th Round: "Kennedy Round"	64-67
	7th Round: "Tokyo Round"	73-79
	8th Round: "Uruguay Round"	86-93
	Marrakech Conference (signature of the Final Act)	1994
Entry into force of the WTO	1.1.95	
GATT (1947) is not in force anymore	1.1.96	

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Negotiations on Tariffs

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Members must:

- *Respect MFN Principle*
- *Not use quantitative restrictions*
- *Respect Bindings*
- *Respect National Treatment principle*

The 4
"MUST"

2

Tariff Schedules

Basic Rules

- GATT Art. II
 - ◆ No less favorable treatment than provided in Schedules of Tariff concessions
 - ◆ Part I-(MFN) Schedule products of other Members not to be subject to ordinary custom duties in excess of those in Schedule
 - ◆ If in accordance with WTO provisions, Members not prevented to impose

Article III:2 → charge equivalent to an internal tax

Article VI → anti-dumping or countervailing duty

→ fees or other charges commensurate

3

Tariff Schedules

Tariffication Agriculture

- GATT (1947):
 - Prohibition of Quantitative Restrictions
 - Exception for agriculture
- Agreement on Agriculture (1994)
 - Art. 4
 - Tariffication = END OF agriculture exception
 - → Tariff equivalents
 - Footnote ("forbidden" measures)

4

Tariff Schedules

Special and Differential Treatment

- To be provided and embodied in Schedules
- Developing countries to implement reduction commitments over 10 years
- Least developed no reduction commitments
 - (Decision on possible negative effects reform on least developed & Net Food-Importing)

5

Negotiation of concessions

- ◆ Modalities("Rules of the game")
 - product by product
 - sectoral
- Bindings
 - product by product
 - "Ceiling Bindings"
- Reductions
 - product by product
 - linear approach
 - formula approach
- Transitional periods

6

Negotiation of concessions

- ◆ Reductions
- The concept of "base rate"
 - = starting-point for reductions
 - URUGUAY ROUND
 - if Tariff line already "Bound" previously:
 - BASE RATE = Level of the (previously) BOUND RATE
 - if Tariff line no yet "Bound":
 - BASE RATE = applied rate on 1 Sept. 1986
 - (decision taken after 1986 to avoid "playing" with the applied rate)

Tariff Schedules

Structure of Schedules

- Part I: MFN Tariffs
- Part II: Preferential Tariffs
- Part III: Non Tariff concessions
- Part IV: Commitments on agricultural Trade (Subsidies)

Tariff Schedules

Structure of Schedules

- ◆ Part I: MFN Tariffs
 - Section I: Agricultural products
 - IA: Rates (bound)
 - IB: Tariff Rate Quotas (TRQs)
 - ◆ Section II: Other Products

ALBA prior

Part I Section I (Agriculture) II (Tariffs)

Tariff line number	Description of products	Base rate of duty (%)	Bound rate of duty (%)	Implementation period (month)	Special Schedules	Initial negotiating right	Other duties and charges
81	Vegetable Oil	3.00	3.00				
82	Grape	3.00	3.00				
83	Tea	3.00	3.00				
84	Fruit	1.00	1.00				
85	Beef Products	13.00	13.00				
86	Dairy Products	13.00	13.00				

MEDATIA prior

Part I Section II (Other Products) (Tariffs)

Tariff line number	Description of products	Base rate of duty (%)	Bound rate of duty (%)	Implementation period (month)	Special Schedules	Initial negotiating right	Other duties and charges
87	Meat of						
88	Cattle Heads	36.00	U				
89	Wool	36.00	U				
90	Text	36.00	U				
91	Comest	36.00	U				
92	Chemical						
93	Alcohol	36.00	U				
94	Pharmaceuticals	36.00	U				
95	Plastic	36.00	U				
96	Metals						
97	Wool	36.00	U				
98	Construction Equip.	36.00	U				
99	Other Machines	36.00	U				
100	All Commodities	36.00	U				
101	Logistic services	36.00	U				
102	Chemical Equipment						
103	Lump	36.00	U				
104	Semiconductors	36.00	U				
105	ICPS	36.00	U				
106	Plastic Machines	36.00	U				
107	Transmitters	36.00	U				
108	Trucks and Buses						
109	Vegetable Fibre	36.00	U				
110	Textiles	36.00	U				
111	Chemical	36.00	U				
112	Plastics	36.00	U				
113	Other	36.00	U				

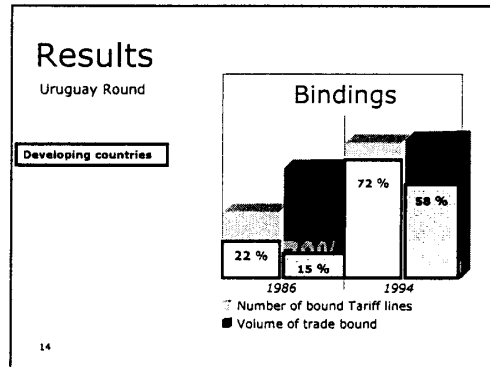
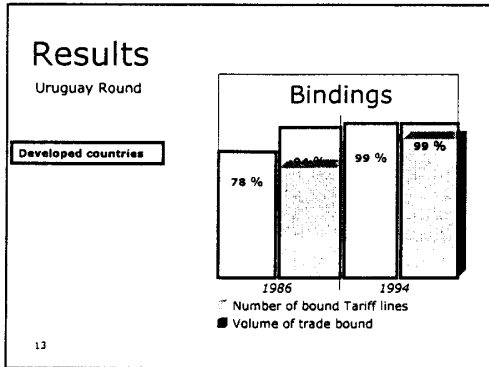
Base rate of duty (U = Not bound)


Results

Uruguay Round

Bindings

Year	Number of bound Tariff lines (%)	Volume of trade bound (%)
1986	64%	70%
1994	83%	85%




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Session Eleven
Negotiated Compliance

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Objectives

- *Understand different ways to ease the problem of compliance*
- *Consider negotiation processes under the shadow of law*

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Topics to be Discussed

- *Crafting agreements for compliance:*
 - Escape clauses
 - Limited duration and renegotiation
- *Dispute settlement mechanisms and negotiations:*
 - Dynamics of DSM
 - 1995-2002: Some selected information on DSM use
 - Negotiation incentives under DSM
- *Case Study: US-EU Banana war (part II)*
- *Case Study: India's quantitative restrictions*

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Escape clauses and limited duration

- *Rationale*
 - Escape clauses
 - Limited duration and renegotiation
- *Optimal Imperfection?*
 - Escape clauses
 - Limited duration and renegotiation

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WTO Dispute Settlement: 1995-2002

- *Number of complaints:*

1995	1996	1997	1998	1999	2000	2001	2002	Total
25	39	50	41	30	34	23	34	276

Source: Leimer, K and Simon Lester (2003). WTO Dispute Settlement 1995-2002. *Journal of International Economic Law*, 6(1): 251-261.

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WTO Dispute Settlement: 1995-2002

- *Complaining parties in WTO Disputes:*

	1995	1996	1997	1998	1999	2000	2001	2002	Total
Brazil	1	0	4	1	0	7	4	5	22
Canada	5	3	1	4	2	1	3	3	22
EC	2	7	16	16	6	8	1	3	59
India	1	4	0	3	1	2	2	2	15
Japan	0	0	2	0	1	3	0	2	11
Korea	1	3	1	1	2	1	0	1	7
USA	6	17	17	10	10	8	1	4	73

Source: Leimer, K and Simon Lester (2003). WTO Dispute Settlement 1995-2002. *Journal of International Economic Law*, 6(1): 251-261.

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WTO Dispute Settlement: 1995-2002

- Responding parties in WTO Disputes:

	1995	1996	1997	1998	1999	2000	2001	2002	Total
Brazil	1	4	2	1	1	2	1	0	12
Canada	0	1	5	3	1	0	1	1	12
EC	8	4	4	9	3	2	3	6	39
India	0	1	7	4	1	0	0	0	13
Japan	4	4	3	1	0	0	0	1	13
Korea	3	2	3	0	3	0	0	1	12
USA	4	8	10	6	11	11	6	18	73

Source: Lethner, K and Simon Lester (2003). WTO Dispute Settlement 1995-2002. *Journal of International Economic Law*, 6(1): 251-281.
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WTO Dispute Settlement: 1995-2002

- Panel reports and Appellate Body reports circulated:

	1995	1996	1997	1998	1999	2000	2001	2002	Total
Panel reports	0	4	10	10	13	18	7	10	72
AB reports	0	2	6	7	10	8	6	7	46

Source: Lethner, K and Simon Lester (2003). WTO Dispute Settlement 1995-2002. *Journal of International Economic Law*, 6(1): 251-281.
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Dispute settlement mechanism

- Incentives to negotiate
 - "WTO dispute settlement system favours mutually agreed solutions consistent with the WTO agreements and parties are encouraged to develop mutually satisfactory solutions even when the matter is before a panel." (WTO, art 11 DSU)
 - Evidence: early settlement seems to be strongly dominant
 - Why early settlement?

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Dispute Settlement Mechanism

- Legalization has so far not helped developing countries
 - Rules enforced by DSM are biased against them
 - Structural Inequalities make them sensitive to cross-issue retaliations
 - Lack of capacity for litigation
 - Enforcement relies on economic sanctions

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Dispute Settlement Mechanism

- Appellate Body and Institutional Change
 - Enhanced third party participation
 - Amicus Curiae Submissions
 - Representation by Private Counsel

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Case: US-EU Banana case (part II)

- What were the key negotiation challenges in the wake of WTO rulings against the EU, and how well did each party handle them?
- What were the U.S. strategies to ensure EU's compliance with the WTO rulings? What was the nature of interest group politics in this phase?
- What was unique in negotiating compliance agreement between the U.S. and the EU? ?

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Case: India's quantitative restrictions

- *What is the general dynamics of the WTO Dispute Settlement Mechanism? How does it affect states' willingness to recur to trade barriers?*
- *What are the political costs of engaging in a WTO dispute? What are the alternatives states have?*
- *Are bargaining tactics affected by the shadow of WTO law? In which ways?*

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Session One
Multiple Facets of Trade Liberalization

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Objectives

- *Describe the Multiple Forms of Trade Liberalization*
- *Get a General Sense of Advantages and Disadvantages of the Different Forms of Trade Liberalization*

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Topics to be Discussed

- *GATT/WTO and Global Trading Order*
- *Categorizing Trade Liberalization*
- *Different forms of Liberalization*
 - Multilateral Liberalization
 - Unilateral Liberalization
 - Regional Liberalization
 - Transregional Liberalization
 - Sectoral Liberalization
 - Bilateral Liberalization

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GATT/WTO Principles and Norms

- *Existing Norms*
 - Liberalization
 - Non-discrimination
 - Reciprocity
 - Safeguard
 - Development

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GATT/WTO Principles and Norms

- *New Norms?*
 - Labor
 - Environment
 - Human Rights

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Alternatives to the GATT/WTO

Regionalism

European Union

Mercosur

NAFTA

ECOWAS

AFTA

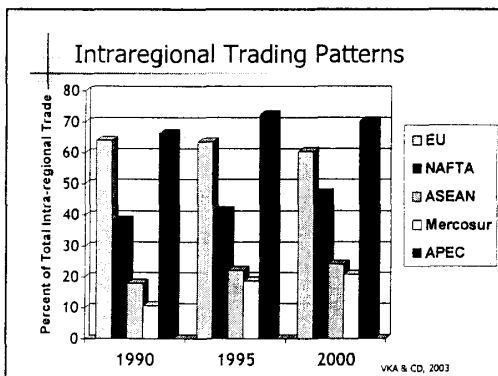
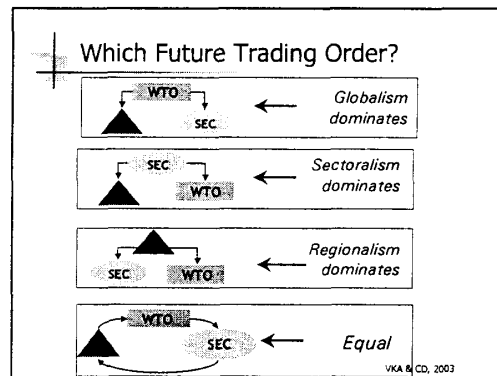
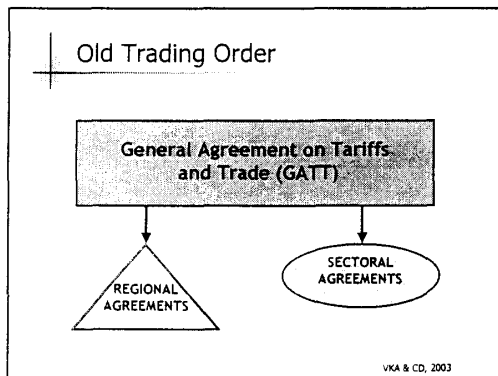
Sectoralism

Multifiber Arrangement

VIETs

VERs in autos, footwear, steel, TVs

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How to Liberalize Trade

"If possible we hope that this...liberalization will occur in the Uruguay Round. If not, we might be willing to explore a market liberalizing club approach through multilateral arrangements or a series of bilateral agreements."

James Baker, January 1988

"Obviously, the best policy option is to build on the WTO framework...However, it may take regional and bilateral initiatives to jumpstart the WTO. Alternatively, we may have to undertake the regional and bilateral initiatives just to avoid discrimination by our more active trading partners."

U.S. Business Roundtable, February 2001

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Categorizing Trade Liberalization

PROHIBIT SCOPE	ACTOR SCOPE			
	Unilateral	Bilateral	Multilateral	Multilateral
Few products	(1) Specific product liberalization (Super 301)	(2) U.S.-Canada auto agreement	(3) Japan-Singapore bilateral	(4) European Coal and Steel Community
Many products	(5) Trade liberalization	(6) Trade liberalization CER	(7) Free trade agreement	(8) SFTA, NAFTA, EFTA/Mercosur
	(9) Trade liberalization	(10) Trade liberalization	(11) Trade liberalization	(12) GATT/WTO

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- ### Multilateral Liberalization
- Advantages
 - Multi-issues coverage enables mobilization of broad domestic and transnational coalitions
 - Prevents introduction of new barriers during negotiations
 - Likely to receive the highest level of political and public attention
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Multilateral Liberalization

- *Disadvantages*
 - High start-up costs for new rounds of negotiation
 - Large membership creates complexity in negotiations and formulating procedure
 - Higher stakes can trigger heated debates on social and economic consequences

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Unilateral Liberalization

- *Origins*
 - Predominance of free trade ideology in the 19th century Britain
 - National gains from trade can be maximized under unilateral liberalization

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Unilateral Liberalization

- *Evolution*
 - 1846: Repeal of the Corn Laws of England marked the new era of free trade in the late 19th and early 20th centuries
 - Recent developing country trade liberalization has been unilateral (though some driven by IMF/World Bank programs)
 - Among the developed economies, only Australia and New Zealand have undertaken radical unilateral liberalization

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Unilateral Liberalization

- *Advantages*
 - Taking the direct route to freer trade, rather than the roundabout route of reciprocity
 - Avoid arbitrary politics inherent in intergovernmental negotiations
 - Maximize gains from trade

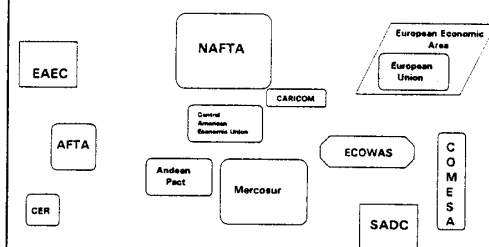
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Unilateral Liberalization

- *Disadvantages*
 - Creates problem of free riding
 - Hard to overcome domestic political barriers
 - May create political conflict (Super 301)

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Regionalism



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Regional Liberalization

- *Origins*
 - Alternative to the multilateral approach of GATT/WTO
 - Geographic, cultural, security considerations, and historic proximity may provide a favorable atmosphere
 - Industrial complementarities among (developed) economies may alleviate protectionist pressure
 - Aims to exploit economies of scale without confronting global competition

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Regional Liberalization

- *Evolution*
 - Mostly proceeds on the basis of existing bilateral trade treaties
 - Most attempts to establish regional blocs in the 1960s and 70s failed with the exception of European schemes, as the U.S. remained indifferent
 - Since the late 1980s, liberalization efforts at the regional level have been on the rise

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Regional Liberalization

- *Advantages*
 - Easier to gain consensus from a smaller group
 - Power asymmetry in the group may lead to faster agreement

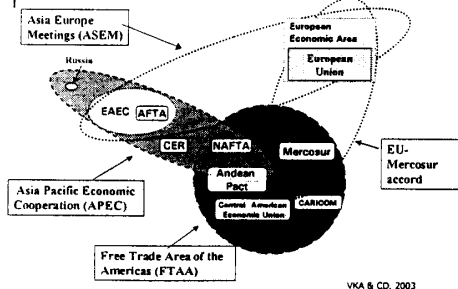
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Regional Liberalization

- *Disadvantages*
 - Danger of discriminating trading blocs
 - May harm global liberalization by creating entrenched conflicting interests, incompatible norms and rules, and trading diversion
 - May increase resistance to accession of poorer neighbors

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Transregional Liberalization



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Transregional Liberalization

- *Origins*
 - Partly reflects old colonial ties
 - A growing frustration with the ineffectiveness of the GATT
 - Information and communication technologies reduce transregional transaction costs drastically
 - Plays a balancing role between blocs – e.g. APEC against EU; EU-Mercosur against NAFTA
 - Complementarity between developed and developing economies

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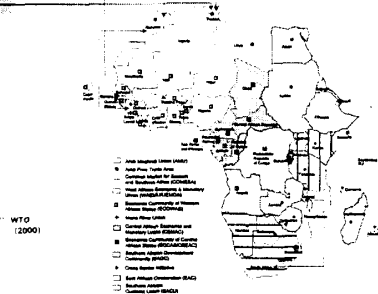
Transregional Liberalization

■ Evolution

- ASEM (1994) has contributed to the emergence of personal networks between senior officials
- EU-Mercosur (1995), though its implementation has not been a simple matter
- EU-ACP (Lomé, 1975) governed trade and financial relations. Failed to get renewed in the face of the WTO's strictures against PTA and U.S. opposition

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Particular Situation of Africa



Transregional Liberalization

■ Advantages

- Brings together regionally disparate groups
- Increases market size and promotes efficiency
- May help promote broader trade liberalization through the WTO

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Transregional Liberalization

■ Disadvantages

- Competition to create transregional groupings may lead to conflict
- May harm global liberalization by diverting energy to transregionalism vs. WTO
- May leave out whole regions that are perceived to be "less important"

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Multilateral Sectoral Liberalization

The Information Technology Agreement
ITA (1996)

- computers
- telecommunications
- software
- semiconductors
- printed circuit boards

The Basic Agreement on Global Telecommunications
BTA (1998)

- telephony and fax
- data transmission
- mobile satellite services
- paging
- mobile data services

The Financial Services Agreement
FSA (1999)

- banking
- insurance
- securities
- asset management
- financial information

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Multilateral Sectoral Liberalization

■ Advantages

- Agreements closely follow the preferences of domestic business interests
- Creates tangible gains for domestic industries when global or regional trade efforts stall

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Multilateral Sectoral Liberalization

- *Disadvantages*
 - Open sectoralism buys off winners, reducing the possibility of future support for global negotiations
 - Further tariff reductions in sectors with already low tariffs may worsen distortions

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Bilateral Liberalization

- *Origins*
 - Geographic, cultural and historic proximity may provide a favorable atmosphere
 - Industrial complementarity between a pair of countries may alleviate protectionist pressure
 - Aims to exploit economies of scale consideration – e.g. intra-industry trade between developed countries
 - Adds consideration of security externalities

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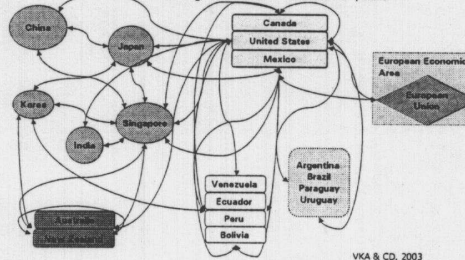
Bilateral Liberalization

- *Evolution*
 - Traced back to the mercantilist period of 17th century – The Anglo-French commercial treaty of 1860, with its inclusion of the MFN clause, sparked a spectacular movement toward the liberalization of world trade
 - Discouraged under the GATT Article 24 until recently

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Bilateral Liberalization

- 130 Reciprocal Trade Agreements over the last 10 years
- 90 Agreements in the last 5 years



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Bilateral Liberalization

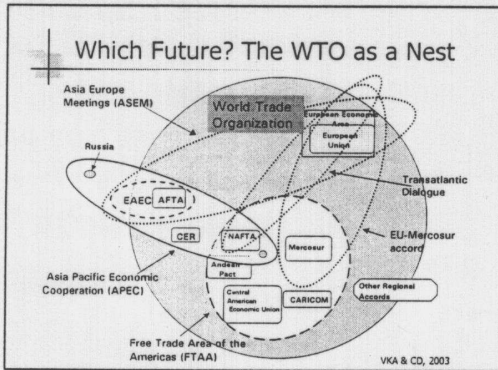
- *Advantages*
 - Easier to start negotiations
 - Can achieve political objectives and quick political payoff
 - May encourage recalcitrant countries to liberalize as in the case of progressive bilateralism in the 19th century

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Bilateral Liberalization


- *Disadvantages*
 - Significant trade diversion
 - Patchwork of agreements complicates the challenge for firms and may damage WTO
 - May marginalize "less desirable" countries
 - Weaker countries may be easily pressured

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- ### Take-aways
- *The global trading system is increasingly marked by a variety of trading arrangements*
 - *An open sectoral approach may look tempting, but it may undermine the coalition for free trade*
 - *Bilateralism is on the rise and poses dangers for the WTO and transregional accords*
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Session Two
Gains and Losses from Trade

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Objectives

- *Acquire a basic understanding of trade theory*
- *Understand some basic trade policy tools*

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Topics to be Discussed

- *Classical and Neoclassical Approach*
 - Ricardo
 - Ricardo-Viner
 - Heckscher-Ohlin
 - Stolper-Samuelson
- *Mercantilism and Neo-Mercantilism*
 - Infant Industry
 - Import Substitution Industrialization
 - Strategic Trade Theory

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Classical Trade Theory

- *Why Trade? Comparative, not absolute, advantage is the driver of trade*
- *Countries Specialize fully in the product(s) in which they have comparative advantage*

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Classical / Neo-classical Trade Theory

- *Change in assumptions:*
 - Opportunity costs
 - Factors of production
- *Implication of changes*
 - Extent of trade specialization

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Neo-Classical: Factor Abundance

- *Basic assumption: countries differ in relative factor abundance and factor use by good differ across countries*
- *Implication: countries specialize in the good that requires the intensive use of the factor they have in abundance*

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Neo-Classical: Factor Price

- *Trade specialization according to Heckscher-Ohlin increases the price of the relatively abundant factor of production to such an extent that owners of that factor get an increase in real income*
- *Trade specialization decreases the price of the relatively scarce factor of production to such an extent that owners of that factor suffer a loss of real income*

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Infant Industry

- *Industries need protection at the beginning*
- *Protection should be eliminated as the infants grow up*
- *Political likelihood of liberalization?*

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Import Substitution Industrialization

- *Implementation of infant industry arguments*
- *Raul Prebisch and the ECLA approach: the use of tariffs and quotas*
- *Problems*
 - Need for key imports
 - Need for foreign capital and technology
 - MNCs play a key role: tariff jumping
 - Infants never grow up
- *The difficult transition to export oriented industrialization*

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Strategic Trade Theory

- *Specialization in some industries is more rewarding*
 - High value-added
 - High wages
 - High technology
- *Market Failures and Intervention*
 - Knowledge spillover
 - Imperfect competition


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How to adapt to trade challenges

Strategic Responses by import competing firms

	<i>Market Response</i>	<i>Non-market Response</i>
<i>Market</i> (Small Foreign-made cars)	Develop own small cars to compete	Press for imposition of voluntary export restraints
Challenges <i>Non-market</i> (Emission output requirements)	Improve engine technology	Lobby for delays or exceptions in standards

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Session Five
The Domestic Politics of Trade
(continued)

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Objectives

- *Understanding the challenges of collective action*
- *Grasping the path from issue to pressure to policy outcomes*

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Topics to be Discussed

- *From Issues to Interest Group Formation*
- *Interest Group Formation and Trade Policy Process*
- *Linking Process and Outcomes*
- *Check-list for action*
- *Case: Textiles and Apparel*

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Issues and Interests

Benefits from a change in trade policy

		Diffuse	Concentrated
Benefits from the status quo	Diffuse	Collective (high quorum) issue	Privatization (low quorum) of issue
	Concentrated	Privatization of issue (logrolling likely)	Private issue (very competitive)

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Interest Group Formation and Trade Policy Process

Benefits from a change in trade policy

		Diffuse	Concentrated
Benefits from the status quo	Diffuse	Majoritarian Politics Executive Politics - little interest group activity - Partisan or consensual actions	Client Politics - interest groups form on in favor of change on ly - Groups court regulation
	Concentrated	Entrepreneurial Politics - Interest groups form against policy change - collective action problems on the "for side" - Need not appear to get any action at all	Interest Group Politics - interest groups form on both sides - Lobbying is counteractive

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Trade Policy Process and Trade Policy Outcomes

Benefits from a change in trade policy

		Diffuse	Concentrated
Benefits from the status quo	Diffuse	Majoritarian Politics Executive Politics - Trade policy follows profile of party in power - Trade policy set low international cooperatives	Client Politics - Trade closure under period of fullness - Trade liberalization likely under periods of boom
	Concentrated	Entrepreneurial Politics - any change difficult (closure or liberalization)	Interest Group Politics - change often needs corporate agreements (with side-payments)

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Checklist for strategy identification

1. ISSUE IDENTIFICATION

How did the issue arise and how important is the issue to group agendas?

2. NATURE OF THE POLITICS OF THE ISSUE

Are the opponents and the proponents of the proposed changes concentrated or diffuse?

3. ASSESSMENT: DISTRIBUTIVE POLITICS SPREADSHEET

On both the demand and supply side, what are the benefits or costs, the numbers affected, resources, costs of organizing, alternatives, and substitutes for the proposed action?

4. INSTITUTIONS AND OFFICEHOLDERS

What governmental agencies are likely to be involved with the issue?

5. STRATEGY FORMULATION

Specify objectives, secure allies, and find alternatives for opponents, estimate costs and benefits of proposed strategies

6. STRATEGIC IMPLEMENTATION


Building grassroots, coalition building, electoral support, testimony, communication and public advocacy, judicial strategies, advisory committees

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Case: Textiles and Apparel

- *What problems did the U.S. textile and apparel industry face in the 1950s? Why did the U.S. textile and apparel industry form a single coalition?*
- *Why did the U.S. textile and apparel industry not pursue a market strategy?*
- *What nonmarket tactics proved particularly effective in securing protection?*
- *Why was there an international "snowballing" of protection? What is likely to happen after the termination of the MFA?*

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Session Six

Decision Making and Game Theory

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Objectives

- *Understand the difference between the main types of decision-making*
- *Basic knowledge of game theory*

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Topics to be Discussed

- *Types of decision-making*
 - Under certainty
 - Under risk
 - Under uncertainty
- *Decision-Making under Strategic Interdependence*
 - Cooperative vs non-cooperative game theory
 - Zero-sum games
 - Variable sum games

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Game Theory

- *Cooperative*
 - Players negotiate binding contracts that allow them to plan joint strategies
- *Non-cooperative*
 - Negotiation and enforcement of a binding contract are not possible

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Non-cooperative Game Theory


"The strategy design is based on understanding your opponent's point of view, and (assuming you opponent is rational) deducing how he or she is likely to respond to your actions"

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Non-cooperative Game Theory

- *Zero-sum vs. variable sum games*
- *Strategic/normal vs extensive forms*
- *Perfect, complete and incomplete information*

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Session Seven

Game Theory and Bargaining

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Objectives

- *Grasp the strategic challenges of different negotiating situations*
- *Have an intuitive grasp of information transmission and interpretation*
- *Be able to respond adequately to strategic dilemmas*

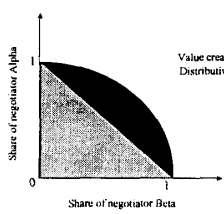
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Topics to be Discussed

- *Bargaining Zone*
- *« Coordination » Games*
- *More complex situations*
 - The challenges of incomplete information
 - More than two actors
- *Case Study: US-EC on farm products during the UR*

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Bargaining Zone



Value creating (positive sum) ■
 Distributive (zero-sum) □

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Case: US-EC on farm products

- *What was the incentive of the different actors for integrating agriculture into a world trade regime? What difficulties could be expected?*
- *How did the actors perceive each other's negotiating position and reservation value? How did these perceptions influence the actual negotiating process?*
- *What are the different strategies adopted by the US and the EU during the negotiation? What was the most decisive element in eventually reaching an agreement?*

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Session Nine

*Game Theory and Bargaining
 (continued)*

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Objectives

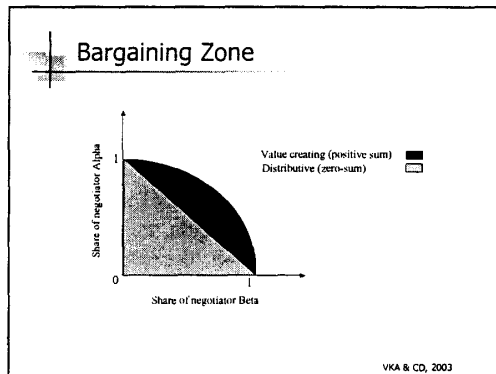
- *Integrative bargaining: Expanding the negotiation pie*
- *Linkage and coalitional logics*

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Topics to be Discussed

- *Integrative bargaining*
- *Assurance Games: Stag Hunt*
- *Linkage types*
- *Coalitional Logic*
- *Case Study 1: Developing Countries and Telecom*
- *Case Study 2: Like-Minded Group and the Doha process*

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Issues and Issue-Linkages

- *Increasing leverage: tactical links*
- *Logical connections: substantive links*
- *Hierarchy: nested links*
- *Horizontal: parallel links*

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Coalitional Logics

- *Types of coalitions*
 - Behavior / Function:
 - Propose / Agenda setting
 - Block / Resist
 - Problem Solving
 - Scope:
 - Issue-specific
 - Broad based
 - Actors:
 - Homogenous vs heterogenous (level of development, ideology)
 - Geographically contiguous or not

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Coalitional Logics

- *GATT/WTO and Coalitional Activity*
 - Coalitions are not built into the system
 - Decentralized bargaining and enforcement
 - Consensus is the default decision-making rule
 - But increasing use due to:
 - Capacity pooling
 - Build up blocking power
 - Make the threat of formal votes more credible

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Case: Developing Countries and The WTO Agreement on Basic Telecommunications


- *Is the telecom case a good example of a value-creating exercise?*
- *Among the various various strategies or tactics used by developing countries, does a single one appear to be crucial?*
- *Can one really draw general inferences (for developing countries on other sectors of trade negotiations) from the telecom case?*

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Case: The like minded group (LMG) in WTO negotiations

- *Can we attribute any influence to the LMG collective action in contrast to individual actions by some big developing countries?*
- *Could the LMG have achieved more if they had adopted a more flexible strategy?*
- *What can we learn from the case for conditions under which coalitions of developing countries may be most effective and stable?*

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Session Ten

*Domestic Structures and
 International Negotiations*

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Objectives

- *Understand the domestic policy process in the USA and the EU regarding international negotiations*
- *Understand the interplay of domestic politics and international negotiations*

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Topics to be Discussed

- *Fast track politics in the USA*
- *Multi-level governance in the EU*
- *Linking international negotiations and domestic politics: two-level games*
- *Case Study: US-EU Banana war (part I)*
- *Reminder: US-EU Agricultural Negotiations (session seven)*

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Background On Fast Track Authority

- An authority the Congress gives the President to negotiate trade agreements, which following negotiations, the Congress can accept or reject but not amend
- Established in 1974, all five Presidents have been granted this authority
- Since 1993, renewal of the authority has been expressly rejected by Congress
- On September 25, 1998, a fast track bill was rejected in the House, 243-180. The issues included:
 - Environmental standards and protection laws
 - Labor standards and workers' rights
 - Republicans' reluctance to bail out Clinton as in the NAFTA case
 - Republicans' effort to expose Democratic divisions before Congressional elections

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**Current Fast Track Developments
 (Trade Promotion Authority)**

- In June 2001, Republican leaders in the House introduced a bill to give President Bush so-called trade promotion authority until June 2005; USTR Robert Zoellick urged Congress to adopt the bill citing a slowdown in US trade liberalization efforts and now has raised the need to promote free trade in light of the September 11 attack
- On December 5, 2001, the House passed the bill by one vote and was approved by the Senate on August 1, 2002

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Anti-Free Traders Are Everywhere

Environment: "The economy should serve the people and their natural environment, not the other way round. Too much liberalization spells death to freedom."
Susan George, Le Monde Diplomatique, 1999

Labor: "Between the years 1994-2000, the U.S. lost more than 3 million decent-paying jobs due to our trade policies."
Bernie Sander, Congressman (I) Vermont

Health: "In 1999, the Clinton administration threatened to file a WTO complaint over Europe's proposed standards for reducing waste from junked computers. In the U.S., nearly 200 million pounds of lead, known to cause brain damage, enter the environment when obsolete computers are thrown away."
Sierra Club website

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EU Multilevel Governance

- « Where agreements with one or more States or international organizations need to be negotiated, the Commission shall make recommendations to the Council, which shall authorize the Commission to open the necessary negotiations. The Commission shall conduct these negotiations in consultation with a special committee appointed by the Council to assist the Commission in this task and within the framework of such directives as the Council may issue to it. » (art. 133, par.5)

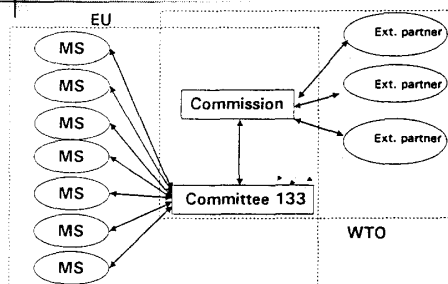
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EU Multilevel Governance

- « Subject to the powers vested in the Commission in this field, the signing, which may be accompanied by a decision on provisional application before entry into force, and the conclusion of the agreements shall be decided on by the Council, acting by a qualified majority on a proposal from the Commission. The Council shall act unanimously when the agreement covers a field for which unanimity is required for the adoption of internal rules and for the agreements referred to in article 310. » (art. 300, par. 2)

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EU Governance and negotiations



Adapted from Kerremans, 2003

Two-Level Games

- How to Model such games
- A few hypothetical situations

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Case: US-EU Banana case (part I)


- What was the origin of the EU's banana regime? How has it evolved? What was the intraregional politics surrounding the new banana regime of 1993?
- To what extent can the interest group politics explain the disputes over the EU's banana regime between the U.S. and the EU?
- Besides the commercial interests in both parties, who were the key institutional actors?

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Reminder: US-EC on farm products

- What was the incentive of the different actors for integrating agriculture into a world trade regime? What difficulties could be expected?
- How did the actors perceive each other's negotiating position and reservation value? How did these perceptions influence the actual negotiating process?
- What are the different strategies adopted by the US and the EU during the negotiation? What was the most decisive element in eventually reaching an agreement?

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Session Twelve


New Issues in International Trade and Wrap-Up

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Objectives


- *Bargaining aspects of new issues*
- *What are the key take-aways of the course?*

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Bargaining and New Issues

- *Human Rights*
 - Background
 - Some salient features
- *Environment*
 - Background
 - Some salient features
- *Social Clause*
 - Background
 - Some salient features

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Some key take-aways

- *Key aspects that you find instructive*
 - Cases/conditions of success
 - Cases/conditions of failure
- *Being tough, being flexible*
- *Preferences and Bargaining*
 - Getting it right
 - Thinking ahead

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