

Chapter **II.13**

ERIA Perspectives on the WTO, Ministerial and Asian Integration: Lao PDR's Perspectives

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II.13 ERIA Perspectives on the WTO, Ministerial and Asian Integration: Lao PDR's Perspectives

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1. Introduction

The WTO was born out of negotiations among its Members to facilitate trade flows between member countries and try to solve the trade problems they face with each other. It is based on principles which state that the trading system should be without discrimination, freer, predictable, more competitive and more beneficial for less developed countries.

Over the past decade, WTO rules, its dispute settlement mechanism and the work of its secretariat have become central to the management and smooth functioning of global trade. Major WTO agreements have been implemented relatively successfully. Many Members have benefited significantly from implementing the WTO's principles and agreements.

However, global trading relations have often involved conflicting interests, challenges and obstacles which require further negotiations among member countries. In addition, the changing international economic environment creates significant challenges for the WTO. The most obvious challenge is that of the current round of multilateral trade negotiations aimed to further liberalize trade and reform the WTO. The discussion is focused on reducing important trade barriers in sectors, such as agriculture, industrial goods and services. Importantly, the Doha Round is particularly focused on providing increased market access to goods and services from developing countries.

However, all these issues remain to be debated and concluded appropriately. In addition, countries have increasingly turned to PTAs, such as the ASEAN Economic Community (AEC) to be established by 2015, as well as the Regional Comprehensive

Economic Partnership (RCEP) involving 16 countries in East Asia and aimed at helping countries gain significant new trade access to each other's markets and to explore new trade-related issues which are currently not addressed within the WTO. As more PTAs are being concluded, the central role of the WTO in liberalizing trade has been called into question. Moreover, the WTO has played a very limited role in helping members address emerging global issues related to trade and sustainable development, such as food security, energy, climate change, and regional and global trade imbalances.

Hence, the Ninth WTO Ministerial Conference to be held in Bali in December 2013 should continue to discuss the WTO reform agenda and adapt its trade liberalization framework to newly emerging issues and develop concrete road maps and action plans for a better functioning, mutually beneficial global trading system.

The Bali Ministerial meeting should address a number of issues on a priority basis. These include:

(i) a progress report on the implementation of the Doha Round should be presented that will identify the success, failures, challenges, and lessons learnt from the implementation of the Doha Round, and make recommendations for possible improvement in the future.

(ii) multilateral trade liberalization and reforming the WTO's decision-making framework should be reviewed in accordance with existing WTO principles and agreements. A clear vision of WTO reform over the medium-term (5 years) and longer-term (10 years) should be considered. Particular attention should be paid to the issues of increased market access for goods and services from developing countries.

(iii) new ideas on the future of global trade should be discussed by Ministers as well as by members in country groups, such as ASEAN and the EU, and by regional and global think tanks such as ERIA to express their common views and interests. Such new ideas may address areas such as sustainable development, narrowing development gaps among member countries, infrastructure connectivity, climate change, pro-poor trade, food security, renewable energy and capacity-building.

(iv) an early harvest package of negotiating advances in favor of least developed economies should be agreed.

At the Bali Ministerial meeting, WTO Members should take responsibility for raising and discussing key issues relating to the implementation of the Doha Round and the functioning of existing WTO principles and agreements and advance recommendations and proposals for better implementation moving forward. WTO Members should review and evaluate their commitments in building stronger commercial relations with their trading partners. Importantly, they also have to monitor progress made in implementing WTO agreements and discuss proposals aimed at enhancing the organization's unique dispute settlement system. Simply put, WTO Members should propose and discuss the common challenges, threats and opportunities they face in the trade sphere, and negotiate mutually beneficial outcomes in accordance with core WTO principles.

2. Proposed priorities of ASEAN and East Asian countries

At the Bali Ministerial Meeting, the priorities of ASEAN and East Asian countries should be:

- (i) *The role of AEC and RCEP in the WTO:* ASEAN and East Asian countries are currently in the process of building the AEC by 2015 based on the AEC blueprint and, at the same time, are negotiating the RCEP. This may

play a significant role in shaping the framework of global trade liberalization and WTO reform.

- (ii) *Deepening economic integration in East Asia:* East Asia has been, and remain, a key driver of global economic growth. East Asia already enjoys tremendous advantages and potential in terms of population, strategic location, purchasing power, natural resources, and opportunities for economic development, among others. ASEAN and East Asian economic integration is currently focusing on trade facilitation and liberalization. However, efforts need to be made in particular to develop and improve infrastructure connectivity and logistics to facilitate trade flows and develop the production network into one integrated production base and one single market for the AEC and RCEP.

- (iii) *Narrowing development gaps:* Due to the different development levels of Members, less developed countries still need help from the more advanced Members. This should be one of the priority topics for Bali through a renewed commitment at capacity strengthening.

- (iv) *Sustainable development:* The cluster of issues emanating from debates over the relationship between trade and the environment need to command greater interest in Bali and beyond. This includes issues as diverse as food security, renewable energy, as well as the trade effects of climate change mitigation.

It is important that the WTO remains associated to the process of deepening economic integration in ASEAN and East Asia because the WTO plays a particularly significant role in the promotion of freer international trade. The crucial role of the WTO is to provide a common institutional framework and basic principles for the implementation of its agreements. The system's overriding purpose is to help trade

flow freely. Importantly, WTO Members have experienced both success and failure, both of which ASEAN and East Asian countries have confronted. So ASEAN and East Asia can both share significant benefits and draw useful lessons from the WTO institutional framework and experiences while developing a reasonable and successful PTA in ASEAN and East Asia.

The trade governance priorities of ERIA member governments should include: (i) strengthening the regulatory framework for trade and services liberalization; (ii) tackling trade-related investment measures; (iii) designing trade facilitating rules of origin; (iv) addressing trade- and investment-inhibiting technical barriers to trade; (v) curtailing the use of safeguards, subsidies and countervailing measures; and (vi) providing for increased market access opportunities for developing country exporters of both goods and services.

At the Bali Ministerial Meeting, ASEAN ministers may present the AEC blueprint and the report on progress towards establishing the AEC by 2015 (the regional grouping's score card and midterm review of the AEC blueprint project) to share their views on the progress of regional economic integration into an FTA by 2015. The presentation may focus on the main purposes and principles of the AEC blueprint, which is to establish one production base and one single market by promoting the free flow of goods, services and capital. This is a model of regional economic integration and trade liberalization which can contribute significantly to global trade liberalization as well as to the WTO reform agenda.

A stocktaking of the two mega regionals proceeding in Asia - RCEP and the TPP - should also be presented and discussed among WTO Members at the Bali Ministerial. The experiences and insights gained can contribute to - and facilitate the process of - multilateralizing regional advances.