

Should the EU share benefits of globalisation through FTAs?

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EU to ensure Coherence between its Global and Regional Approaches to Trade and Investment Liberalisation

- Multi-level Governance Instruments
 - WTO (Doha Development Round)
 - Regional Trade Agreements (RTAs)
 - Bilateral Free Trade Agreements
 - Economic Partnership Agreements
 - Association Agreements
 - Sectoral Agreements (steel, textiles, services)

Comparing the EU's Trade Policy Regime

- European Union (originally the European Economic Community in March 1957), gradually assigned competence on commercial policy to the European Commission, subject to Council approval (Rome Treaty, article 133)
- Messerlin's methodology allows us to compare the EU policy regime with other players (Japan, US and ASEAN)

Trade Policy Indicators for EU and East Asian Countries

Table 1: Trade Policy Regime Indicators for EU, ASEAN and Competing Countries

	Agriculture			Industry		
	Simplicity	Irreversibility	Openness	Simplicity	Irreversibility	Openness
EU	4,8	6,8	7,0	6,6	6,3	9,6
Singapore	10,0			8,2	9,1	10,0
Indonesia	7.8	10	7.4	6.6	8.0	8.3
Malaysia	8.0	7.3	8.2	6.6	7.5	7.8
Philippines	7.8	8.3	6.7	7.6	7.6	8.7
Thailand	6.8	9.0	6.5	6.4	7.2	7.8
USA	6,7	7,0	9,1	7,4	7,5	9,4
Japan	8,6	9,7	7,7	8,8	8,7	9,6
Minimum index	3,5	3,5	3,0	4,6	5,0	4,0
Maximum index	10,0	10,0	10,0	8,8	9,1	10,0

Source: Messerlin 2002

EU Free Trade Agreements would seek to:

- Increase openness mutually
- Guarantee secure access in the future
- Make trade policy simple to understand and easier to predict

Risks of Free Trade Agreements for the EU

- Distraction from the Head Line Goals of the global Doha Development Round
- Encourage costly and inefficient trade diversion
- Perceived to be nurturing politically inspired favouritism
- Limited policy-analysis capability in developing partner countries

EU-FTA Agreements in Europe (WTO)

EC Regional Trade Agreements Notified to the GATT/WTO and in Force

By date of entry into force and region

As of 1 May 2004 notified to WTO

Agreement	Date of entry into force	Date	GATT/WTO notification	
			Related provisions	Type of agreement
WITHIN EUROPE				
EC (Treaty of Rome)	1-Jan-58	24-Apr-57	GATT Art. XXIV	Customs union
EC (Treaty of Rome)	1-Jan-58	10-Nov-95	GATS Art. V	Services agreement
EC — Malta	1-Apr-71	24-Mar-71	GATT Art. XXIV	Customs union
EC — Switzerland and Liechtenstein	1-Jan-73	27-Oct-72	GATT Art. XXIV	Free trade agreement
EC accession of Denmark, Ireland and United Kingdom	1-Jan-73	7-Mar-72	GATT Art. XXIV	Accession to customs union
EC — Iceland	1-Apr-73	24-Nov-72	GATT Art. XXIV	Free trade agreement
EC — Cyprus	1-Jun-73	13-Jun-73	GATT Art. XXIV	Customs union
EC — Norway	1-Jul-73	13-Jul-73	GATT Art. XXIV	Free trade agreement
EC accession of Greece	1-Jan-81	24-Oct-79	GATT Art. XXIV	Accession to customs union
EC accession of Portugal and Spain	1-Jan-86	11-Dec-85	GATT Art. XXIV	Accession to customs union
EC — Andorra	1-Jul-91	25-Feb-98	GATT Art. XXIV	Customs union
EC — Czech Republic	1-Mar-92	13-May-96	GATT Art. XXIV	Free trade agreement
EC — Slovak Republic	1-Mar-92	13-May-96	GATT Art. XXIV	Free trade agreement
EC — Hungary	1-Mar-92	3-Apr-92	GATT Art. XXIV	Free trade agreement
EC — Poland	1-Mar-92	3-Apr-92	GATT Art. XXIV	Free trade agreement
EC — Romania	1-May-93	23-Dec-94	GATT Art. XXIV	Free trade agreement
EC — Hungary	1-Feb-94	27-Aug-96	GATS Art. V	Services agreement
EC — Poland	1-Feb-94	27-Aug-96	GATS Art. V	Services agreement
EC — Lithuania	1-Jan-95	26-Sep-95	GATT Art. XXIV	Free trade agreement
EC — Estonia	1-Jan-95	30-Jun-95	GATT Art. XXIV	Free trade agreement
EC — Latvia	1-Jan-95	30-Jun-95	GATT Art. XXIV	Free trade agreement
EC accession of Austria, Finland and Sweden	1-Jan-95	20-Jan-95	GATT Art. XXIV	Accession to customs union
EC accession of Austria, Finland and Sweden	1-Jan-95	20-Jan-95	GATS Art. V	Accession to services agreement
EC — Bulgaria	1-Feb-95	25-Apr-97	GATS Art. V	Services agreement
EC — Czech Republic	1-Feb-95	9-Oct-96	GATS Art. V	Services agreement
EC — Romania	1-Feb-95	9-Oct-96	GATS Art. V	Services agreement
EC — Slovak Republic	1-Feb-95	27-Aug-96	GATS Art. V	Services agreement
EC — Faroe Islands	1-Jan-97	19-Feb-97	GATT Art. XXIV	Free trade agreement
EC — Slovenia	1-Jan-97	11-Nov-96	GATT Art. XXIV	Free trade agreement
EC — Lithuania	1-Feb-98	11-Feb-02	GATS Art. V	Services agreement
EC — Estonia	1-Feb-98	11-Feb-02	GATS Art. V	Services agreement
EC — Slovenia	1-Feb-99	11-Feb-02	GATS Art. V	Services agreement
EC — Latvia	1-Feb-99	11-Feb-02	GATS Art. V	Services agreement
EC — FYROM	1-Jun-01	21-Nov-01	GATT Art. XXIV	Free trade agreement
EC — Croatia	1-Mar-02	20-Dec-02	GATT Art. XXIV	Free trade agreement
EU Enlargement	1-May-04	30-Apr-04	GATT Art. XXIV	Accession to customs union
EU Enlargement	1-May-04	28-Apr-04	GATS Art. V	Accession to services agreement

Source: WTO Website dd 25-08-04

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EU-FTAs with non-European Countries

Agreement	Date of entry into force	GATT/WTO notification	
		GATT provisions	Type of agreement
OUTSIDE EUROPE			11 FTAs
EC — Overseas Countries and Territories	1-Jan-71	Art. XXIV	Free trade agreement
EC — Algeria	1-Jul-76	Art. XXIV	Free trade agreement
EC — Egypt	1-Jul-77	Art. XXIV	Free trade agreement
EC — Syria	1-Jul-77	Art. XXIV	Free trade agreement
EC — Turkey	1-Jan-96	Art. XXIV	Customs union
EC — Palestinian Authority	1-Jul-97	Art. XXIV	Free trade agreement
EC — Tunisia	1-Mar-98	Art. XXIV	Free trade agreement
EC — South Africa	1-Jan-00	Art. XXIV	Free trade agreement
EC — Morocco	1-Mar-00	Art. XXIV	Free trade agreement
EC — Israel	1-Jun-00	Art. XXIV	Free trade agreement
EC — Mexico	1-Jul-00	Art. XXIV	Free trade agreement
EC — Mexico	1-Mar-01	GATS Art. V	Services agreement
EC — Jordan	1-May-02	Art. XXIV	Free trade agreement
EC - Chile	1-Feb-03	Art. XXIV	Free trade agreement
EC - Lebanon	1-Mar-03	Art. XXIV	Free trade agreement

Comparing with other OECD players

- Agreements entered into by the US
- Agreements entered into by Japan
- Agreements involving ASEAN countries

Should the EU use FTAs more?

- Two Schools of Thought:
- No, unless the WTO processes fail to progress at 6th Ministerial in Hong Kong
- Yes, if and only if the agreements substantially realise opportunities which the other instruments can not tackle
 - with non-WTO members such as Russia
 - on issues which the WTO Doha Round will not cover:
 - Trade in services
 - The temporary movements of natural persons
 - Singapore Issues

Concluding Remarks

- Geneva Council of WTO (July 31, 2004) has demonstrated the limited scope for new global agreements
- Second School of Thought likely to gain new impetus during the new Commission 2004-2009

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THANK YOU