

# THE NON-AGRICULTURAL MARKET ACCESS NEGOTIATIONS: IS THERE A NEGOTIATING DYNAMIC FOR THE MAJOR DEVELOPING ECONOMIES?

Remarks Presented By

Richard O. Cunningham

Chairman, The Cordell Hull Institute

at

RESTORING MULTILATERAL TRADE COOPERATION

A Roundtable Dialogue at Beijing, China

April 10-11, 2015

# INTRODUCTION: WHAT MAKES A TRADE NEGOTIATION WORK?

- MODEL A – The major participants have a shared goal, which other participants more or less accept, of achieving a reduction of barriers to, and distortions of, the free flow of trade (and perhaps investment as well).
- Based on a generally-accepted view that trade liberalization creates “a rising tide that lifts all boats”
  - Developed and emerging economies see benefits to their producers (access to growing export markets) and to their consumers (better, cheaper and more varied products)
  - Developing countries, with varying enthusiasm, accept the proposition that freer trade aids developments, both by making their industries more competitive and by facilitating FDI

# INTRODUCTION: WHAT MAKES A TRADE NEGOTIATION WORK? (continued)

- Historical precedent – basic dynamic of the GATT Rounds, clearly conceived as the dynamic for the DDA
- More recently, the Trade Facilitation Agreement shows this type of negotiating dynamic

# INTRODUCTION: WHAT MAKES A TRADE NEGOTIATION WORK? (continued)

- Model B – Where there is no generally shared consensus on the desirability of reducing barriers to the free flow of trade and investment, each of the major parties will offer to reduce its barriers or trade distortion (e.g., subsidies) in exchange for what it regards as concessions of equal value from other parties
  - FTAs and RTAs generally follow this model
  - As the DDA has shown, this model is much more difficult in multilateral negotiations
  - In a multi-issue negotiation, it is almost always necessary to permit trade-offs across negotiating groups – e.g., NAMA and agriculture

# IN DDA, WHY IS NAMA STALLED?

- In assessing the DDA's NAMA sector as a Model B negotiation, one must conclude that it was constructed in a manner unlikely to succeed:
  - The developed countries (especially the U.S.), with relatively few exceptions, have quite low tariffs and thus little to offer
  - While developing and emerging nations had higher tariffs, they were – in most countries – far below bound levels
  - Moreover, some of the major developing countries – India, for example – had few “offensive interests”

# IN DDA, WHY IS NAMA STALLED?

(continued)

- While agricultural exporting countries sought concessions from the U.S. and EU for which they might have traded NAMA concession, the U.S. (and, to a lesser extent, the EU) was far from forthcoming
- The business community has little enthusiasm

# MY ASSESSMENT OF THE U.S. POSITION ON NAMA

- Close to Giving Up on DDA
  - “A few countries don’t want a real deal”
  - Little or no U.S. interest in eliminating “water”
  - “Everything that we tried has failed” – formulas, sectorals
  - Business community not enthusiastic
  - Unwilling to trade reductions in agriculture supports

# MY ASSESSMENT OF THE U.S. POSITION ON NAMA (continued)

- And We've Found a Better Game To Play - "Coalitions of the Willing"
  - TPP, TTIP, TISA
  - Better liberalization (We Hope)
  - And potential geopolitical benefits
  - And we can address the "new issues" that industry wants



# MY ASSESSMENT OF THE U.S. POSITION ON NAMA (continued)

- BUT the U.S. Must Eventually Seek NAMA Liberalization
  - Remember the Clinton theme: “Big Emerging Markets”
  - Remember the aborted effort on sectorals
- AND the U.S. has a Lot Invested in the WTO

# WHAT ARE THE INTERESTS AND OPTIONS FOR THE MAJOR DEVELOPING COUNTRIES?

- What is the Right Balance Between Offense and Defense?
  - India, Brazil, South Africa – to date mostly defense?
  - China – an enigma, at least to the U.S.
  - But, for exporting countries (China?), is it not important that the fastest growing demand is in the more protected developing countries?

# WHAT ARE THE INTERESTS AND OPTIONS FOR THE MAJOR DEVELOPING COUNTRIES? (continued)

- What form of NAMA Negotiations Now?
  - Resurrect DDA NAMA? How? With what goal?
  - Some new form of sectorals, perhaps linking NAMA with services or with behind-the-border issues?
  - Join a mega-regional? Organize a mega-regional among major developing countries?
  - Organize to urge the WTO to multilateralize the plurilaterals and mega-regionals?

IN CONSIDERING OPTIONS – REMEMBER THAT  
THE ONGOING “NEW” NEGOTIATIONS WILL HAVE MAJOR  
IMPACTS ON YOUR INTERESTS.

Richard O. Cunningham  
Partner/Steptoe & Johnson LLP  
1330 Connecticut Avenue, NW  
Washington DC 20036  
Rcunningham@steptoe.com  
202-429-6434