

FACTSHEET

Shaping a Free and Fair World Trade Order

How can a fair world trade order be restructured in an era of bilateral and regional free trade agreements to make sure that developing countries in the south are not put at a systematic disadvantage? How can regional initiatives and integration efforts be “domesticated” (Richard Senti) to have them support the multilateral process rather than hinder it? How does the WTO need to be reformed in order to accompany this process in a compatible and complementary way? And which actors and procedures are key in shaping this process in a legitimate way?

The increase and deepening of regional trade agreements...

Since the failure of the Doha Round in the ...quantity and quality of Regional Trade Agreements have increased dramatically. Since 1995, the founding year of the World Trade Organization (WTO), more than 400 regional trade agreements have been registered under the General Agreement on Tariffs and Trade (GATT), up from 124 from 1948 to 1994.

The emergence of mega-regionals...

Moreover, recent regional „Economic Partnerships“ like the Trans-Pacific Partnership (TPP) or the Transatlantic Trade and Investment Partnership (TTIP) aim to go far beyond the size and depth of traditional trade agreements. By taking on contested issues such as government procurement and private litigation, they form a new generation of trade agreements.

The disbalance of global economic benefits...

Due to their comprehensiveness, the planned regional free trade agreements hold the prospect of immense benefits for the participating economies. However, the resulting trade diversion effects are detrimental to non-participating countries. As rich economies are more likely to profit from trend than developing ones, the divide between the two will probably grow. The consequence: A potential shift in the balance of power in the global economy that could systematically discriminate against mostly southern, developing nations.

Fig. 1: The Explosive Growth of Regional Trade Agreements in the World, 1948-2014

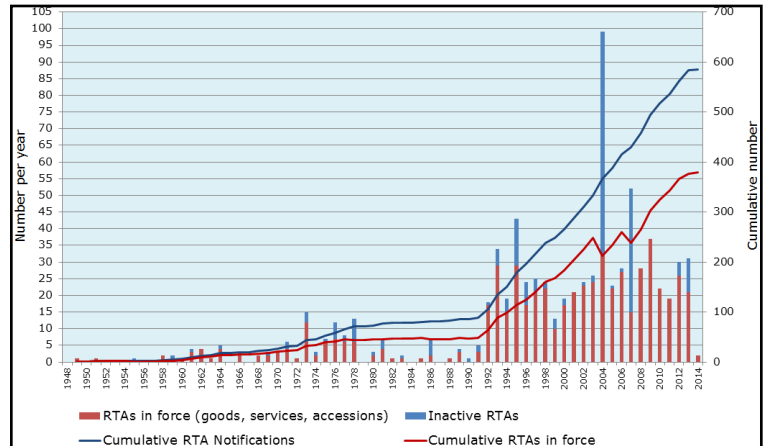


Fig. 2: The increasing Depth and Liberalization of Regional Trade Agreements and Economic Partnerships

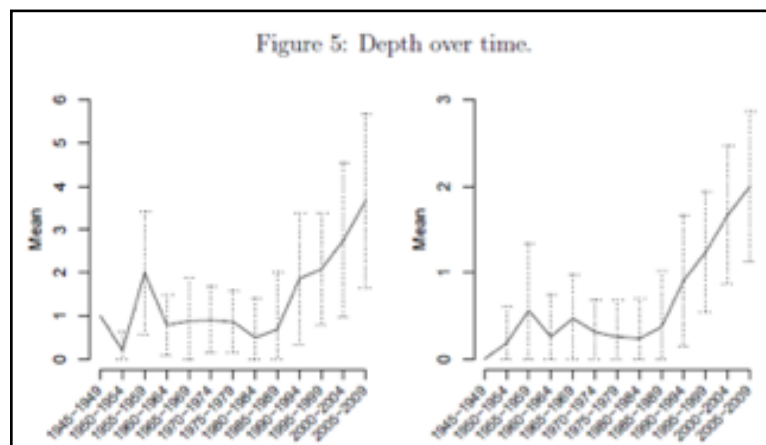


Fig. 3: Beneficiaries of Mega-Regionals Trade deals like TTIP

Potential global economic impact of a Transatlantic Trade and Investmentpartnership (TTIP), in real per capita income.

