

## RECENT TITLES

TRADE & DEVELOPMENT



### WTO in 2006: Looking Back to Move Ahead *Post Hong Kong is more Challenging*

Undoubtedly, the outcome of the Hong Kong Ministerial meeting is modest by any yardstick. The main demand of G-20 to eliminate export subsidies by 2010 was not accepted by EU; instead a compromise date of 2013 was agreed with some frontloading. However, the result of the Hong Kong is not as important as the message it sends out which is of immense significance for developing countries. For least developed countries (LDCs), three issues are of vital concerns: cotton initiative; duty and quota free market access on all products, and the amendment of the Trade Related Intellectual Property Rights (TRIPs) agreement. Developed nations, including the US remained non-committal

on these issues. The Hong Kong Declaration does not promise much as the ticklish issues of modalities and formulae are yet to be sorted out.

The year 2006 is going to be crucial for this 150-member world trade rules making body as three deadlines are to met: April 30, July 31 and December 31. Meeting deadlines is one thing, which WTO Members seldom honour. This will continue to reverberate as the year 2006 unfolds.

This Briefing Paper takes an analytical look at the status of four major issues: agriculture, non-agricultural market access (NAMA), services and development dimension *vis-à-vis* in the 'July Package', 'in the Hong Kong Declaration' and 'post-Hong Kong'.

*This Briefing Paper can be viewed at:*  
<http://www.cuts-citee.org/PDF/BP1-2006.pdf>

TRADE & DEVELOPMENT



### Can Economic Integration Facilitate Regional Conflict Resolution?

The post-Cold War era brought about a resurgence in regional agreements. Negotiators and analysts alike invested considerable faith in these arrangements as a source of viable cooperation, conflict resolution and promotion of peace. Across Africa, Latin America, and South and East Asian states have attempted different regional experiments pre and post-Cold War in the hope of promoting economic integration and as well as resolving regional conflicts, but with varying degrees of success and failure.

This paper addresses the questions like what the various paths to regionalism are in the developing world, and what accounts for their varying degrees

of success. It argues that there are three routes to regional integration: economic integration; resolve issues of 'high politics'; and when less is more, which is epitomised in the regionalism of Association of Southeast Asian Nations (ASEAN). The paper presents empirical examples for each type, and offers some generalisations regarding the conditions that are necessary for the success of each route. It also attempts to identify and put together the conditions or pre-requisites that facilitate the formation and functioning of a regional bloc *vis-à-vis* conditions or pre-requisites needed for and what South Asia is doing and needs to do in order to become a successful regional bloc.

*This Briefing Paper can be viewed at:*  
[http://www.cuts-citee.org/PDF/4-2005\\_Can\\_Economic\\_Integration\\_Facilitate\\_.pdf](http://www.cuts-citee.org/PDF/4-2005_Can_Economic_Integration_Facilitate_.pdf)

**CUTS**  
International

**Consumer Unity & Trust Society**

January 2006

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## What Makes Regional Integration Work? Lessons for South Asia



There has been an explosion of regional trading blocs in the last two decades or so. Nearly every country in the world is either a member of or discussing participation with one or more regional blocs. Regional integration has given rise to a vigorous debate on why countries pursue regional agreements, what makes some like the European Union (EU), North America Free Trade Agreement (NAFTA) and the Association of Southeast Asian Nations (ASEAN) more successful

than others like the South Asian Association for Regional Cooperation (SAARC).

This paper attempts to analyse the conditions and/or pre-requisites that facilitate the formation and functioning of a regional bloc. As South Asia aims to be an economic union by 2020, it involves much more than trade and requires cooperation at a much deeper and wider scale. The paper also endeavours to suggest some policy measures to facilitate regional integration in South Asia.

*This Briefing Paper can be viewed at:  
[http://www.cuts-citee.org/PDF/3-2005\\_What\\_Makes\\_Regional\\_Integration.pdf](http://www.cuts-citee.org/PDF/3-2005_What_Makes_Regional_Integration.pdf)*

## Informal Trade for South Asian Countries How to Channelise to a formal route?



Two key issues come up at the forefront when one studies the informal trade in the South Asian region: the magnitude of trade flows and the factors underlying it. Quantitative estimates are crucial since they reflect the extent of potential trade that exists in the region. Moreover, it is important to understand the institutional mechanism that drives informal trade: how it differs from formal trade, and why such trade takes place at all.

While high tariffs and non-tariff barriers (NTBs) encourage the use of informal channels, bilateral/regional free trade

agreements (FTAs) would induce a shift of trade flows from informal to formal trade channel. However, if it factors other than trade policy distortions that determine informal trade, then a deeper understanding is needed. Thus, as long as the transacting environment for informal trading is more efficient than that of formal trading, the former may continue with the latter.

This Briefing Paper classifies the factors determining informal trade flows into two broad categories: trade policy barriers, and institutional and other factors.

*This Briefing Paper can be viewed at:  
[http://www.cuts-citee.org/PDF/5-2005\\_Informal\\_Trade\\_in\\_South\\_Asia.pdf](http://www.cuts-citee.org/PDF/5-2005_Informal_Trade_in_South_Asia.pdf)*

#### COMPETITION & INVESTMENT



## Investment Facilitation and Regulation in Developing Countries

In today's world, even those living in the remotest corners of the globe, palpably feel the irreversible impacts of globalisation – both negative and positive. This fact poses numerous challenges for policymakers at all levels across countries, particularly in the developing world. One of these challenges stems from a widespread concern that governments open up and adopt more market-friendly policy regimes and seek more actively to attract foreign direct investment (FDI), which is seen as a vital source of finance and an 'engine of growth'.

Developing countries, therefore, seek FDI for the perceived benefits of securing backward and forward linkages, enhancing technology and skills, integrating national products into international market, distributing and producing networks, and supplementing national savings.

This paper examines the various steps developing countries initiate to facilitate benefit-maximising FDI and regulations they put in place and analyse how effective such measures have been. The paper draws, among others, from the Investment for Development (IFD) project implemented by CUTS during 2001-2003.

*Briefing Paper*

*Suggested Contribution: Rs.20/US\$5*

#### COMPETITION & INVESTMENT



## The Telmex Dispute at the WTO: Competition Makes a Backdoor Entry

The dispute is over Telmex, the Mexico's telephone company. This case is based upon WTO rules agreed in 1997 to help open telecommunication markets. The US Mexico case is the first, and so far the only case of the dispute resolution on telecommunications services. That this dispute became the first to undergo the formal dispute settlement mechanism was largely due to the economic significance of the trade concerned. The specific details of any case are unique, but this case stands out from the rest, in as much as the findings may have further implications.

The decision of the WTO on the Telmex dispute really speaks for itself. Many weaknesses in reasoning and inadequate competition analysis have been identified. The WTO's legislative arm could offer more guidance on the objects and intended application of the competition provisions in the Reference Paper, but that is not likely to happen any time soon, and would also not help correct the dangerous precedent that the Telmex case sets.

This paper discusses the background of the dispute, the allegations on Telmex, findings of the panel on key issues, the WTO ruling and the possible implications.

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