

ECONOMIC DEVELOPMENT AND MULTILATERAL TRADE COOPERATION

*Edited by Simon J. Evenett
and Bernard M. Hoekman*

**A copublication of Palgrave Macmillan
and the World Bank**

CONTENTS

Acknowledgments	xiii
Contributors	xv
Abbreviations	xvii
Introduction and Overview	xxi
<i>Simon J. Evenett and Bernard M. Hoekman</i>	
Part I POLITICAL ECONOMY OF MARKET ACCESS	1
1 Reforming Agricultural Policies in the Doha Round	3
<i>Patrick A. Messerlin</i>	
2 The Structure of Lobbying and Protection in U.S. Agriculture	41
<i>Kishore Gawande</i>	
3 Formula Approaches to Liberalizing Trade in Goods: Efficiency and Market Access Considerations	89
<i>Joseph Francois, Will Martin, and Vlad Manole</i>	
4 Reform of Services Policy and Commitments in Trade Agreements: An Analysis of Transition Economies	117
<i>Felix Eschenbach</i>	
Part II DEVELOPMENT AND THE TRADE REGIME	145
5 Special and Differential Treatment in the WTO: Why, When, and How?	147
<i>Alexander Keck and Patrick Low</i>	
6 Unilateral Preference Programs: The Evidence	189
<i>Çaglar Özden and Eric Reinhardt</i>	

7	Mainstreaming Economic Development in the Trading System	213
	<i>Faizel Ismail</i>	
8	"Aid for Trade": A Proposal for Increasing Support for Trade Adjustment and Integration	229
	<i>Susan Prowse</i>	
Part III	RULES AND ENFORCEMENT	269
9	Trade Facilitation and the WTO	271
	<i>Krista Lucenti</i>	
10	Investment Incentives and Multilateral Disciplines	301
	<i>BVR Subrahmanyam</i>	
11	Economic Perspectives on a Multilateral Agreement on Open Access to Basic Science and Technology	349
	<i>John H. Barton and Keith E. Maskus</i>	
12	Monitoring Implementation: Japan and the WTO Agreement on Government Procurement	369
	<i>Simon J. Evenett and Anirudh Shingal</i>	
13	The Case for Tradable Remedies in WTO Dispute Settlement	395
	<i>Kyle Bagwell, Petros C. Mavroidis, and Robert W. Staiger</i>	
Part IV	ISSUE LINKAGES	415
14	Do We Need an Undertaker for the Single Undertaking? Considering the Angles of Variable Geometry	417
	<i>Philip I. Levy</i>	
15	International Cooperation on Domestic Policies: Lessons from the WTO Competition Policy Debate	439
	<i>Bernard M. Hoekman and Kamal Saggi</i>	
INDEX		461
Figures		
2.1	The Political Market for Government Assistance to Agriculture	43
2.2	Agriculture PAC Spending, 1991-92 and 1999-2000 Election Cycles	54
2.3	PAC Contributions by Agriculture-Related Sector, 1992-2000	55
2.4	Total Agricultural PAC Contributions to House and Senate Candidates, by Party, 1991-2000	58
2.5	Top 20 House Recipients of Agricultural PAC Contributions, 1991-92 Election Cycle	59

2.6	Top 20 House Recipients of Agricultural PAC Contributions, 1993–94 Election Cycle	60
2.7	Top 20 House Recipients of Agricultural PAC Contributions, 1995–96 Election Cycle	61
2.8	Top 20 House Recipients of Agricultural PAC Contributions, 1997–98 Election Cycle	62
2.9	Top 20 House Recipients of Agricultural PAC Contributions, 1990–2000 Election Cycle	63
2.10	Contributions from Agricultural PACs and Ratio of Agricultural PAC Contributions to Total PAC Receipts among Top 20 House Recipients, 1991–92	64
2.11	Contributions from Agricultural PACs and Ratio of Agricultural PAC Contributions to Total PAC Receipts among Top 20 House Recipients, 1999–2000	65
2.12	Top 20 Senate Recipients of Agriculture PAC Contributions, 1991–92 Election Cycle	66
2.13	Top 20 Senate Recipients of Agriculture PAC Contributions, 1993–94 Election Cycle	67
2.14	Top 20 Senate Recipients of Agriculture PAC Contributions, 1995–96 Election Cycle	68
2.15	Top 20 Senate Recipients of Agriculture PAC Contributions, 1997–98 Election Cycle	69
2.16	Top 20 Senate Recipients of Agriculture PAC Contributions, 1999–2000 Election Cycle	70
2.17	Agriculture PAC Contributions as a Percentage of Total PAC Receipts among Top 20 Senate Agriculture PAC Recipients, 1991–92	71
2.18	Agriculture PAC Contributions as a Percentage of Total PAC Receipts among Top 20 Senate Agriculture PAC Recipients, 1999–2000	71
3.1	Impacts of a Proportional and a Swiss Formula for Tariff Cutting	96
3.2	Flexibility and Swiss Formula-Based Tariff Reductions	98
3.3	Binding Overhang in Industry	106
3.4	Implications of Alternative Tariff-Cutting Rules for EU Tariffs Facing Low-Income Developing Countries	111
3.5	Implications of Alternative Tariff-Cutting Rules for U.S. Tariffs Facing Low-Income Developing Countries	112
4.1	Changes in the Share of Services in GDP and Employment	120
4.2	Services Reform Index, 2004	123
4.3	Infrastructure Reform, by Country and Sector, 2004	127
4.4	Time Path of Service Sector Reform	133
4.5	Time Path of Service Sector Reform by Country, 1990–2004	134

4A.1	Allocation of Commitments across 155 GATS Sectors in the Czech Republic, Hungary, Poland, and the Slovak Republic	141
4A.2	Allocation of Commitments across 155 GATS Sectors in Estonia, Latvia, Lithuania, and Slovenia	142
4A.3	Allocation of Commitments across 155 GATS Sectors in Bulgaria, Croatia, FYR Macedonia, and Romania	143
4A.4	Allocation of Commitments across 155 GATS Sectors in Armenia, Georgia, the Kyrgyz Republic, and Moldova	144
6.1	GSP Imports in the U.S. Market, by Country, 2001	200
6.2	Share of LDCs in Total Imports of the European Union and United States, 1986–2002	202
6.3	Export Performance of Countries Dropped from and Remaining Eligible for U.S. GSP	202
6.4	Characteristics of Countries Retained and Dropped from U.S. GSP	204
6.5	Increases in Exports for Countries Eligible for and Dropped from GSP	205
6.6	Performance Indicators for Countries Eligible for and Dropped from GSP	206
6.7	U.S. Imports, by Exporting Country, 1989–2001	208
8.1	Transferring Part of Current Tariff Revenue	247
8.2	Current Status of Integrated Framework	253
8.3	Aid for Trade: A Possible Model	260
8.4	Increased Aid for Trade	261
10.1	Use of Investment Incentives, All Countries	322
10.2	Use of Investment Incentives, Developed Countries	323
10.3	Use of Investment Incentives, East and Southeast Asia	324
10.4	Use of Investment Incentives, South Asia	325
10.5	Use of Investment Incentives, Middle East and North Africa	326
10.6	Use of Investment Incentives, Sub-Saharan Africa	327
10.7	Use of Investment Incentives, Latin America	328
10.8	Use of Investment Incentives, Small Island Economies	329
10.9	Use of Investment Incentives, Transition Economies	330
12.1	Proportion of Reported Japanese Procurement of Goods and Services above GPA Threshold, 1997–99	380
12.2	Changes in Foreign Sourcing between 1990–91 and 1998–99	388
12.3	Changes in Unimpeded Procurement between 1990–91 and 1998–99	389

Tables

1.1	Total Support, Value-Added and Labor in Agriculture, and Food in Total Consumer Expenses, Selected Countries and Years	8
1.2	Assistance to Agriculture Since the Uruguay Round, Selected Countries	10
1.3	Support in EC/U.S. Agriculture: Motives and Instruments	18
1.4	Selected Farm Products by Increasing Level of Protection for Farmers, Selected Countries	20
1.5	Evolution of the Breakdown of Total Support in Agriculture, Selected Countries and Years	22
1.6	Evolution of the PSE Breakdown by Type of Subsidies and of Global Efficiency Transfer, Selected Countries and Years	24
1.7	Concentration of Support on Large Farms in the U.S. and in the EC	32
2.1	Four-PAC Concentration Ratio, 1991–2000	56
2.2	Herfindahl Index, 1991–2000	56
2.3	Agricultural Trade Protection Regressions—NTM I	74
2.4	Agricultural Trade Protection Regressions—NTM II	76
2.5	Agricultural Trade Protection Regressions—Specific Tariffs	78
2.6	Determinants of Agricultural Tariffs (Including Specific Tariffs) on Products with Export Subsidies	80
2.7	Determinants of Agricultural Tariffs (Including Specific Tariffs) on Products with Export Subsidies	80
3.1	Industrial Tariff Rates and Bindings Post-Uruguay Round and International Technology Agreement	91
3.2	Effects of Basic Swiss Formula Reductions (Applied Tariffs Before and After a 50 Percent Cut in Average Tariff Bindings)	92
3.3	Large Differences between Average Cuts in the Tariff and Cuts in the Average Tariff	99
3.4	Effects of a 50 Percent Reduction in Average Bound Rates in the European Union, Japan, and the United States	102
3.5	Effects of a 50 Percent Reduction in Average Bound Rates in Brazil, India, and Thailand	104
3.6	Welfare Implications of a 50 Percent Reduction in Bound Tariffs under Different Degrees of Flexibility	106
4.1	Sectoral Share of Total Export Revenue in Selected Transition Economies, 2001 (percent)	121
4.2	Total Export-Related Activity (Direct and Indirect Linkages) in Selected Transition and Comparator Economies, 2001	122
4.3	Stock of Inward Foreign Direct Investment, by Sector and Country, 2003 (percent)	124
4.4	Indexes and Rankings of Countries Based on Average Share of “Free” Sectors	130

4.5	Openness Rankings of Country Groups, in Theory and in Practice	133
4A.1	Classification of GATS Commitments	140
5A.1	A Comparison of Two Approaches	186
6.1	Key Products without GSP Preferences in the European Union and the United States, 2001	198
6.2	Preference Use by GSP Recipients in the U.S. Market, 2001	200
8.1	Estimated Decrease in Average Export Unit Values Following a 40 Percent Cut in Preference Margins as a Result of Multilateral Tariff Reduction	231
8.2	Comparative Static Estimates of Economic Welfare Gains from 100 Percent and a 50 Percent Global Liberalization of Trade in Goods and Services	238
8.3	Costs and Benefits of Liberalizing Subsidies and Trade Barriers, 2002	240
8.4	Total Import Duties for Selected OECD Countries	248
8.5	Change in Real Consumer Prices from Full Liberalization of Trade in Goods	250
8.6	Price Premiums in the EU Agricultural Sector	251
9.1	Trade Facilitation Programs Sponsored by Selected International Organizations	276
9.2	Interests of Selected International Organizations in Trade Facilitation	277
9.3	Principles and Concepts Central to Trade Facilitation in Regional Trading Agreements	278
9A.1	Estimated Costs and Benefits of Trade	294
9A.2	WTO Dispute Cases Related to Trade Facilitation	298
10.1	Fiscal, Financial, and Other Incentives Used to Attract Investment	304
10.2	Countries and Economies Included in the Database	308
10.3	Use of Fiscal Investment Incentives, by Region	310
10.4	Use of Financial Investment Incentives, by Region	314
10.5	Use of Other Investment Incentives	316
10.6	Most Frequently Used Investment Incentives, by Region	318
10.7	Top Three Fiscal, Financial, and Other Investment Incentives Used, by Region	320
10.8	Selected Features of National Investment Incentive Packages	332
10.9	Hierarchy of Rules for Determining whether Incentives Constitute a Subsidy under ASCM	335
12.1	Value of Reported Contracts Awarded by Japanese Government, 1997-99	374
12.2	Reported Procurement by 10 Largest Japanese Government Procuring Entities, 1998 and 1999	378

12.3	Proportion of Reported Japanese Procurement That Is Both above GPA Thresholds and Not Subject to Limited Tendering, 1998 and 1999	379
12.4	Foreign Sourcing of Services and Goods in Japan, 1998–99	381
12.5	Foreign Contracts for Goods Awarded by Japanese Procuring Entities, 1990–91 and 1998–99	384
12.6	Above-Threshold Goods Procurement by Japanese Entities, 1990–91 and 1998–99	386
12.7	Estimated Loss of Foreign Access to Japanese Government Procurement Market, 1998–99	390
12A.1	Statistical Submissions Made to the Committee on Government Procurement, 1985–2000	393
13.1	Classification of Disputes before the WTO	400

Boxes

4.1	The European Bank for Reconstruction and Development's Services Reform Index	126
8.1	Proposals for Stand-Alone Trade Facilities	255
8.2	A Comparison between the Integrated Framework and the Global Environment Facility	261