# East Asian trade after the Uruguay Round

## Edited by DAVID ROBERTSON

Director, Trade and Development Programme National Centre for Development Studies The Australian National University, Canberra, Australia



#### **Contents**

	,,,,	oage ix
	of tables	x
	of contributors	xiii
-	Preface and acknowledgements	
Gloss	sary	xvii
1	East Asian trade and the new world trade order David Robertson	1
Part	I World trade after the Uruguay Round	
2	The outlook for the world trading system beyond the Uruguay Round  Kym Anderson	21
3	The new world trade order and OECD Geoff Raby	45
4	The Multifibre Arrangement in practice: challenging the competitive framework  Kala Krishna and Ling Hui Tan	59
5	Financial deregulation and trade expansion Suiwah Leung	78
Part	II Modelling the Uruguay Round outcome	
6	The Uruguay Round: a global general equilibrium assessment Joseph F. Francois, Bradley McDonald and Håkan Nordström	t 101

	$\sim$		
VIII	Con	iton	te

!

7	A general equilibrium assessment of the Uruguay Round with trade-related externalities  Yongzheng Yang	131
8	A review of Uruguay Round modelling Will Martin	152
Part	III Trade issues for East Asia	
9	What the Uruguay Round means for East Asia  Gary P. Sampson	159
10	What the Uruguay Round means: the case of Australia Graeme Thomson	178
11	Competition policies as irritants to East Asian trade J. David Richardson	194
12	Japan's trade and investment in East Asia  Masahiro Kawai	209
13	China: export growth and enterprise reform Frances Perkins	227
14	Globalisation, East Asian trade and the Uruguay Round David Robertson	243
15	An APEC postscript David Robertson	260
Riblia	poranhu	267
Bibliography Index		285

## Figures

		page
2.1	Regional shares of world merchandise trade, 1963 and 1993	23
4.1	Quota licence price determination in a competitive market	62
4.2	Adjusted export prices against US prices for eight supplying countries, 1981–88	64
5.1	Current account balance, as percentage of GDP, 1970-92	90
5.2	Exchange rates, yen per US\$, 1970–94	90
8.1	The distribution of tariffs and the effect of a tariff binding	154

### Tables

		page
2.1	Europe, North America and the Western Pacific in the world	
	economy	22
2.2	Leading traders internationally when the EU is treated as a	
	single trader and intra-EU trade is excluded, 1993	23
2.3	Trade shares and the intensity and propensity of	
	regionalisation in world merchandise trade, 1948-90	24
2.4	Share of GDP traded extra-regionally, Western Europe, North	
	America and Asia, 1958-90	27
3.1	Western Pacific concessions under the Uruguay Round	47
4.1	Price correlations, adjusted export prices and US prices, 1981-8	66
4.2	Quota utilisation rates for seven countries, 1981–9	68
4.3	Price correlations, adjusted export prices and US price, 1981–2	
	and 1983–8	69
	(a) 1981–2 (b) 1983–8	
4.4	Price correlations, adjusted export prices and US and world	
	prices, 1981–4 and 1983–8	71
	(a) 1981–4 (b) 1983–8	
5.1	Exchange rate arrangements and capital controls for selected	
	Asia-Pacific countries, 1975–91	79
5.2	Average monthly exchange rates, 1970–9 and 1980–93	80
5.3	Global markets for selected derivative securities, 1986–91	84
5.4	Foreign exchange average daily turnover, 1989 and 1992	86
5.5	Currency futures traded on exchanges of Asia Pacific region	86
5.6	Summary features of forward exchange systems in selected Asi	
	Pacific countries, 1992	87
6.1	Tariff bindings on industrial and agricultural products	104
6.2	Pre- and post-Uruguay Round Mfn tariff rates on non-	
	agricultural products	105
6.3	Estimated MFA quota price wedges	108
6.4	Integration schemes for textiles and clothing, 1995–2005	109
6.5	Summary of the Agreement on Agriculture	111

	List of tables	хi
6.6	Estimated base protection in agriculture	112
5.7	World export volume	118
5.8	Real export effects at world prices (f.o.b.), billion 1990 dollars (a) 1990 counterfactual, model: CRTS, PC, Dynamic (b) 1990 counterfactual, model: IRTS, MC, Dynamic	120
5.9	Income effects, 1990 counterfactual and 2005 estimated, billion	
	1990 dollars	123
	(a) 1990 counterfactual (b) 2005 estimates	
5.10	Decomposition of welfare effects, 1990 counterfactual and 2005	104
	estimates, and percentage of GDP, billion 1990 dollars	124
	(a) 1990 counterfactual (b) 2005 estimates	
7 1	(c) percentage of GDP Production subsidies	120
7.1 7.2		138 139
7.2 7.3	Nominal rates of border protection Export subsidies	139
7.4	Export subsidies Export tax equivalents of MFA quotas	140
7. <del>5</del> 7.5	Tariff reductions in industrial economies agreed under the	140
	Uruguay Round	141
7.6	Welfare effects of Uruguay Round trade liberalisation	143
7.7	Terms of trade effects of trade liberalisation	144
7.8	Welfare effects of the Uruguay Round: sensitivity analysis	145
7.9	Welfare effects of the Uruguay Round with externalities	146
7.10	Export share in gross output	147
7.11	Welfare effects of major Uruguay Round reforms (agriculture,	
	MFA and tariffs)	148
7.12	Uruguay Round reform: changes in net exports as percentages	
	of total exports	149
7.13	Technological changes resulting from the Uruguay Round	
	reform	150
	Commodity details (10×10 GTAP)	151
9.1	Tariff reductions on industrial products, by industrial	
	countries from selected groups of countries	164
9.2	Pre- and post-Uruguay Round scope of bindings for industrial	
	products	165
9.3	Imports of industrial products, value of trade and tariff	
<b>.</b> .	bindings	166
9.4	Imports of industrial products, trade weighted tariff	1.0
0 E	reductions	167
9.5	Imports by industrial economies from East Asian developing	168
9.6	countries, tariff reduction by industrial product group Imports of agricultural products, tariff reductions, bindings	100
y.U	imports of agricultural products, tariff reductions, billdings	

#### xii List of tables

	and share of trade duty free	172
9.7	Imports of agricultural products from East Asian developing	
	countries, tariff reductions by agricultural product group	173
10.1	Bound tariff reductions on industrial products	179
	Countries that Australia negotiated with in the Uruguay	
	Round	186
11.1	Criteria for a global competition-policy agenda: detail	196
	Criteria for a global competition-policy agenda: summary	198
12.1	Japan's FDI, 1970-93	211
12.2	Cumulative values of Japan's FDI, by area and industry	
	activity, 1970-93	212
12.3	Japan's FDI in four NIEs, ASEAN4 and China, 1951–93	216
12.4	Asian economies' FDI inflows from the United States, Europe,	
	Japan and four NIEs, 1985-93	217
12.5	Sources of purchases and imports and destination of sales and	
	exports, by Japanese manufacturing firms' affiliates located	
	abroad, 1980-9	223
	(a) Sources of purchases and imports	
	(b) Destinations of sales and exports	
13.1	Selected provincial growth rates and exports, 1981-90	231
13.2	Export performance of enterprises, 1980–92	235
13.3	Export-orientation by industry, 1980–92	235
13.4	TFP growth of export-orientated and non-exporting enterprises,	
	by ownership and industry, 1982–92	236
13.5	Average domestic resource cost ratios, by type of ownership,	
	1980–92	237
13.6	Average domestic resource cost ratios, by industry, 1980–92	238
	Average domestic resource cost ratios, by region, 1980–92	238
	Economic indicators, 1980–93	245
14.2	Gross domestic investment, 1980–93 and exports of	
	manufactures, 1971–93	245
	East Asian exports to major markets, 1980-93	246
14.4	Intra-regional and inter-regional trade for major regions,	
	1981–93	247
14.5	Intra-industry trade index of manufactures by main partner,	
	1980, 1986, 1993	250
14.6	Anti-dumping and countervailing actions, 1985–94	254