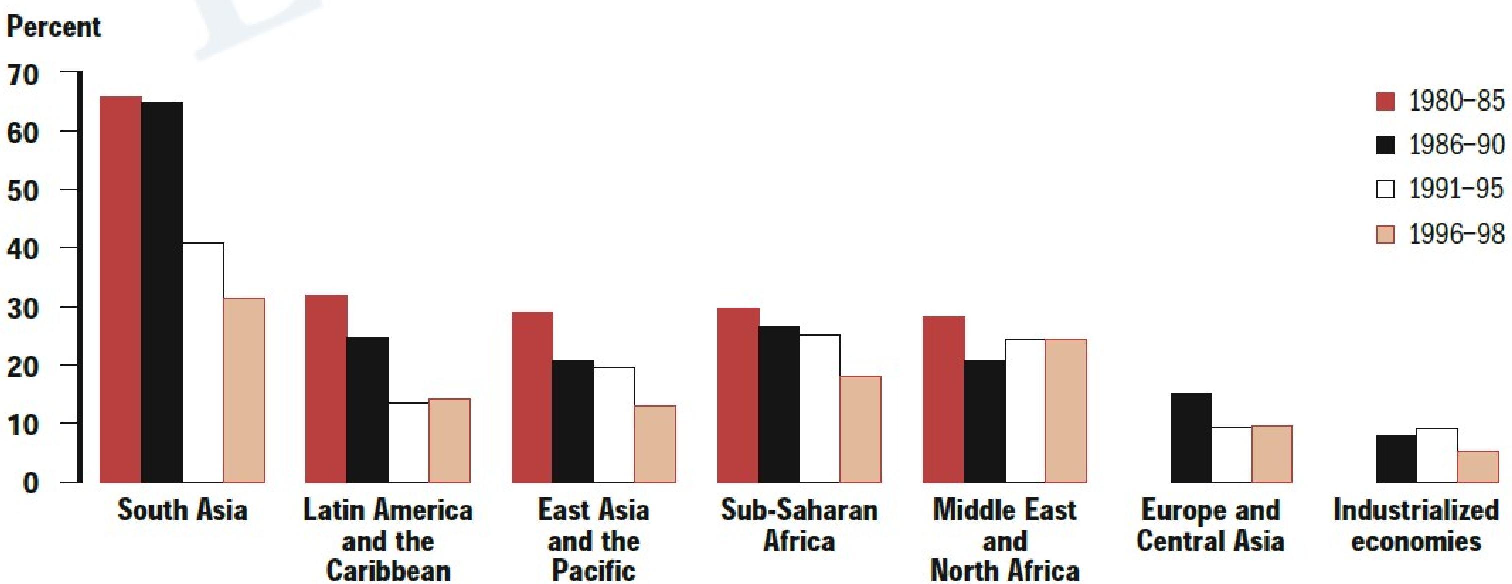
# Improving the International Architecture for Integration

By Dr. Sasinan Kruaechaipinit

TU101: Thailand, ASEAN, and the World

# 1. Trade Policies

**Figure 2.1 Average unweighted tariff rates by region**




*Source:* World Bank (2001d).

# 1. Trade Policies

- A large increasing in both imports and exports in developing countries
  - Export labor-intensive manufactures
- Protectionist concerns over the large increasing of exports of developing countries in both industrial and developed countries
- Uruguay Round initiated the new era multilateral trade negotiation
  - Developing countries engaged in the core business of WTO and the exchange of market access concessions

# 1.1 Improved market access

- The WTO lunched the Doha round of trade negotiations.
  - Improving market access for developing countries
  - The Global Trade Analysis Project (GTAS) is used to estimate the gains from the trade negotiation
  - The results provide some guidance for developing countries to implement the access type of trade liberalization

# a) Developing countries need better access to rich-country markets for manufactured goods.

- Developing countries would gain from unrestricted access to developed countries in textile and clothing
- Increasing of manufactured exports are important for developing countries
- But much of trade negotiations in the Uruguay round focus more on agriculture and services.

## b) Developing countries need better access to rich-country markets for agricultural products.

- Developing countries would gain from unrestricted access to developed countries in agricultural markets.
- The goal is complete liberalization, including elimination of agricultural subsidies.

## c) Developing countries need better access to each other's markets.

- The model estimate that both sides would gain by opening their own market in agricultural produce.

# 1.2 Large global benefits from temporary movements of service providers.

- For exporting countries, both financial and knowledge benefits would be great if service suppliers return home after a certain period abroad.
- For importing countries, temporary movement should create fewer social and political problems than immigration.

# 1.3 Negotiating a Development Round

- Basically, rich and poor countries were pursuing different agendas in trade round.
- The major obstacle was the lack of political will of developed countries.
  - They are afraid of losing liberalization
- However, actually, developing countries could potential gain from reductions in anti-dumping duties, safeguard measures, excessive standard barriers, and barrios to trade in services.

# 1.4 Implementation concerns

- The concern of the slow pace of removal of quotas on textiles and clothing, anti-dumping measures in the industrial countries
- The gap of the rule on textiles and clothing was allowed developed countries to delay the abolition of their quotas.
- No justification of applying anti-dumping rules in developing countries

# 1.5 Participation concerns

- It is difficult for the smaller developing countries to participate in a development round.
- The members from the small countries are not fully commitment to the development round.
- Hence, the domestic institutions are needed to construct for supporting a development round.

# 1.6 Keeping at bay the new protectionist agenda

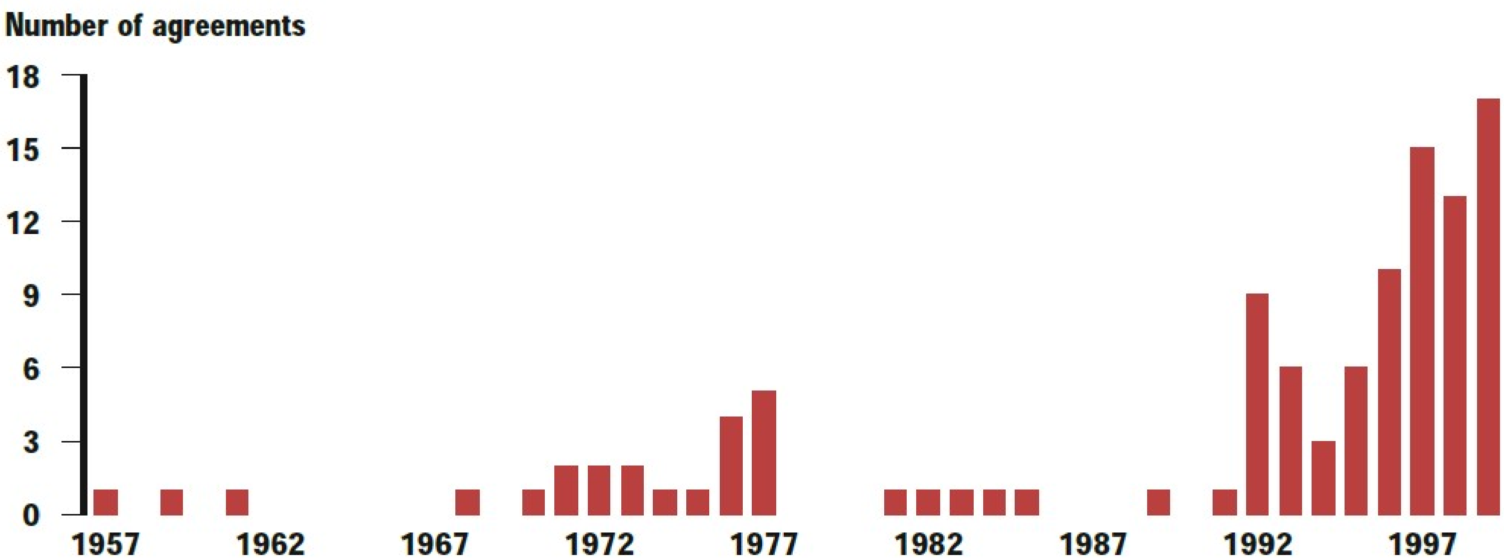
- Trade sanction to impose labor and environmental standards is a new protectionist tools.
- So, improving the labor and working conditions is necessary for the process of development.
- The interaction between environment and trade measure.
  - Should there be global rules on investment?
  - Should there be global rules on competition?

# 1.6 Regional blocs

- It provides preferential access to partner markets.
- It maybe easier to make progress with small number of patterns than with the 140 members of the WTO.

# 2. Policies for capital flows to developing countries

Figure 2.2 World Trade Organization notifications of regional integration agreements




*Source:* WTO data.

# 2.1 Aid flows

- Aid reinforces the favorable effect of good policies on investments.
  - It attracts investment.
- Aid flows into a poor policy environment.
- Aid could increase poverty reduction.
  - The targeting of aid to low-income countries with good policies would help them to participate more in global economy.
- Aid also aims at relieving the debt burden of marginalized countries.

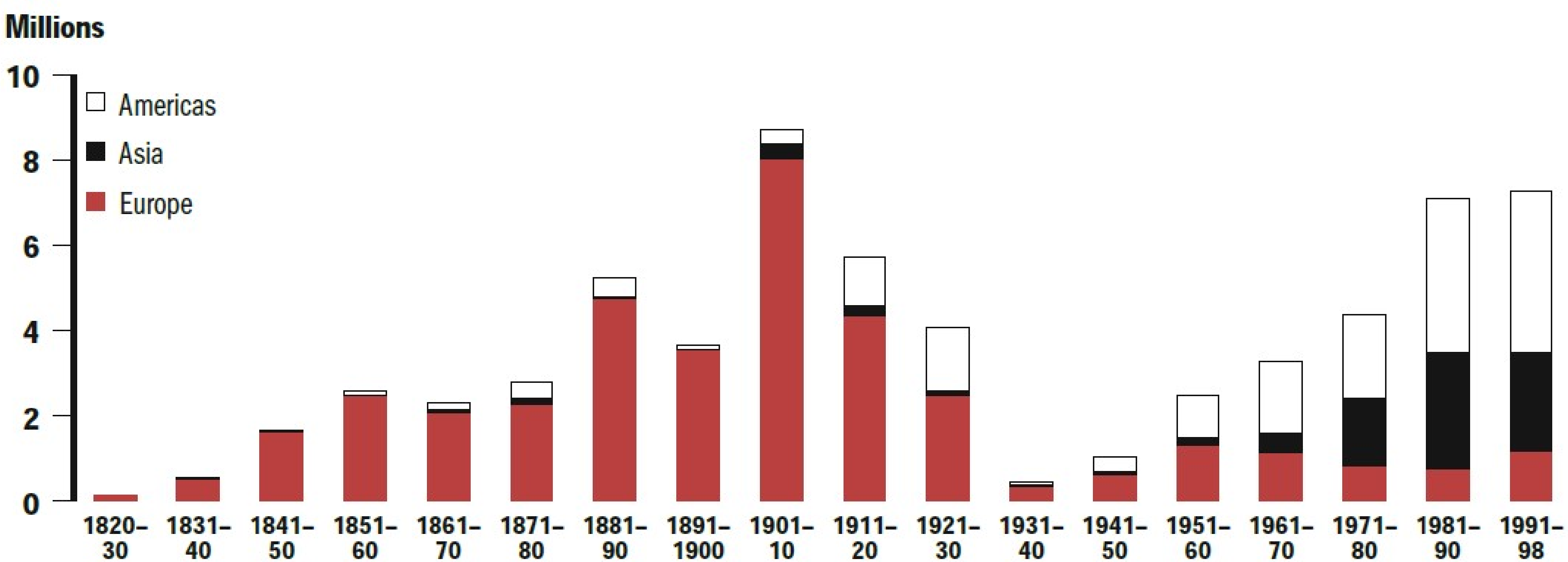
# 2.2 Private financial flows

- The 3rd wave globalization has been characterized by the greater involvement of developing countries in international financial flows.
- They have gradually lifted their restrictions on capital account.
  - Opening up financial markets
  - Financial crisis
  - Financial institutions
  - The intervention of the government
    - Regulation and supervision of the financial system
    - Capital controls
    - Relying more on international financial coordination

# 3. Policies toward immigration

- The higher the number of migration, the higher restriction on the legal immigration.
  - Migrants in the US

Figure 2.5 Immigrants to the United States by sending region, 1820–1998



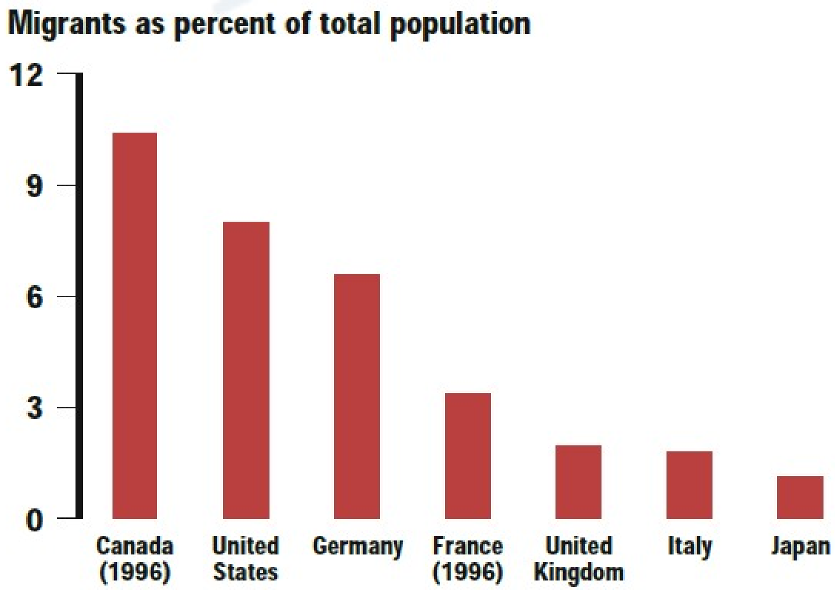

*Source:* Immigration and Naturalization Service (1998).

# 3. Policies toward immigration

- Impact of immigrant on the economic side
  - A large inflow of low-skilled workers from the South would put downward pressure on wages for these native workers without a high degree of education
  - The overall immigrations increased the unskilled labor supply.

# 3. Policies toward immigration

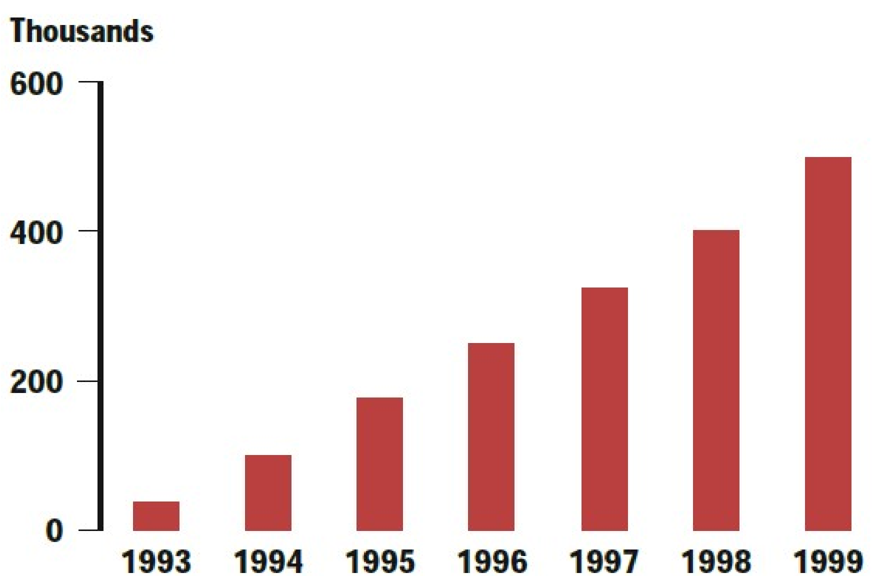
Figure 2.6 Developing country migrants relative to total population in the G-7 countries, 1998




*Source:* OECD (various years).

# 3. Policies toward immigration

Figure 2.7 Illegal migration into the European Union, 1993–99




*Source:* International Center for Migration Policy Development data.

- Problems of immigration
  - Illegal immigration
  - Human trafficking
  - Brain drain effect