

Improving the International Architecture for Integration

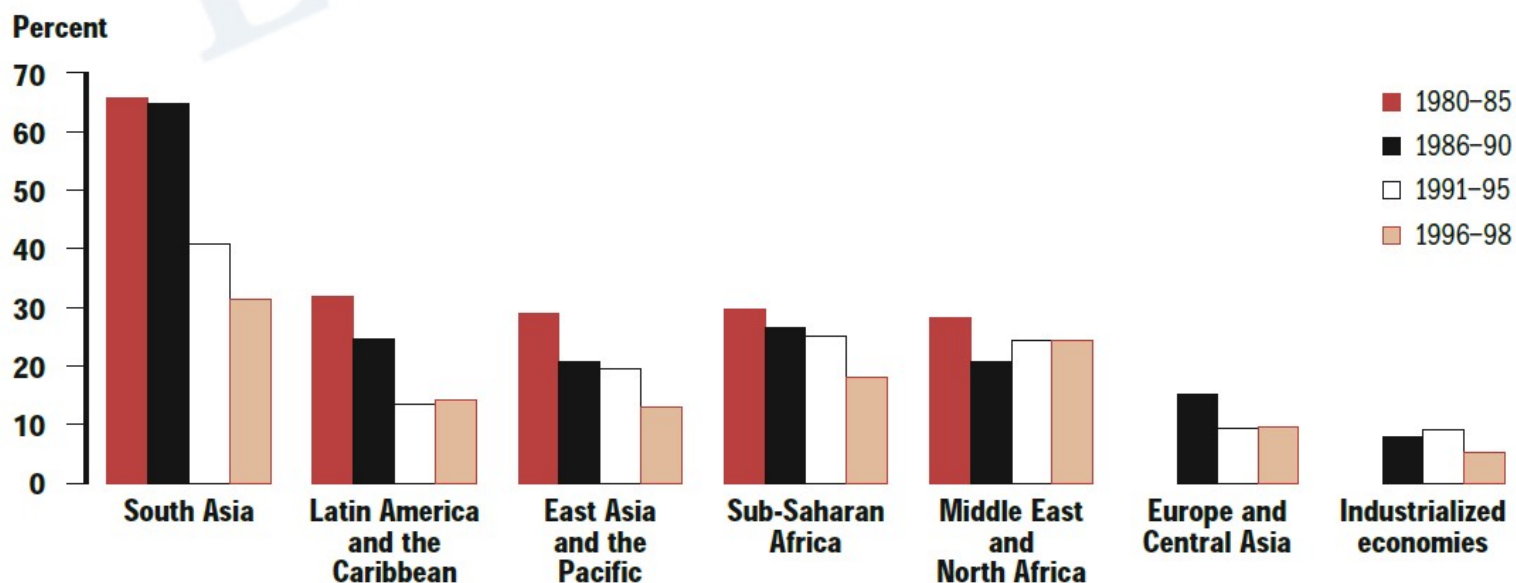
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TU101: Thailand, ASEAN, and the World



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 launched **the Doha round** of trade negotiations.
 - Improving market access for developing countries
 - The Global Trade Analysis Project (GTAP) 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 barriers 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 committed 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

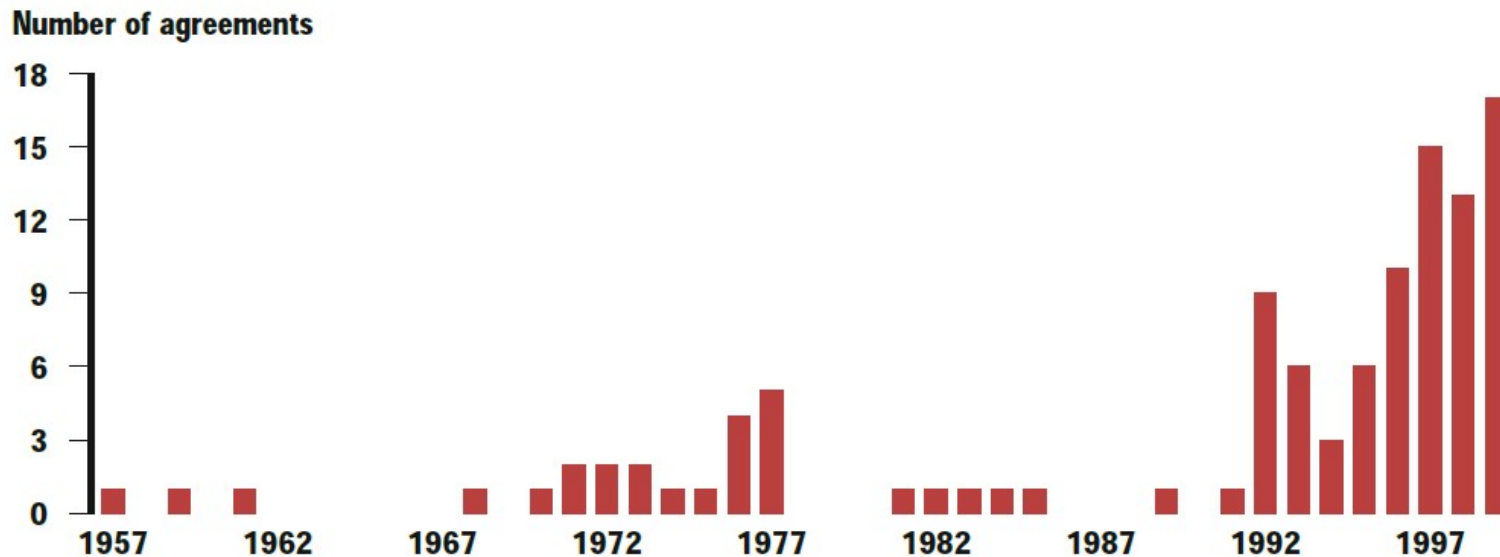
- Trade sanction to impose labor and environmental standards is a new protectionist tools.
- So, improving the labor and working conditions is necessary for the process of development.
- The interaction between environment and trade measure.
 - Should there be global rules on investment?
 - Should there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

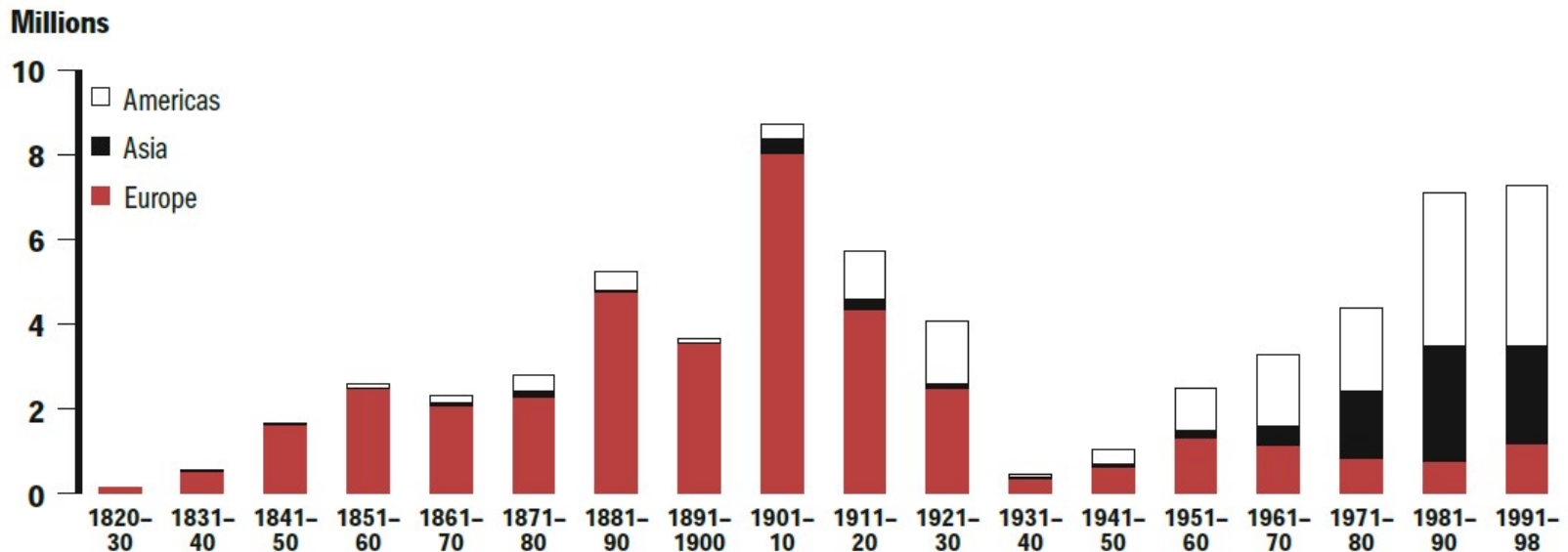
2.2 Private financial flows

- 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



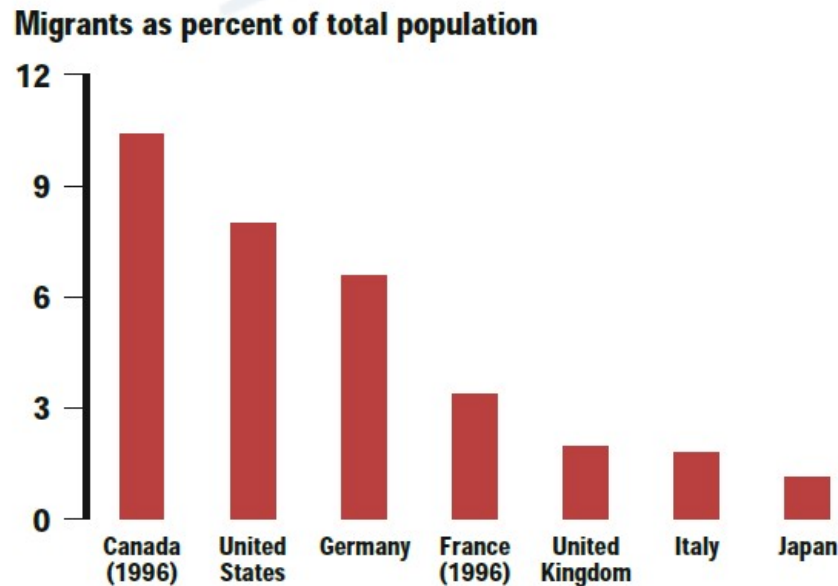
Source: Immigration and Naturalization Service (1998).

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

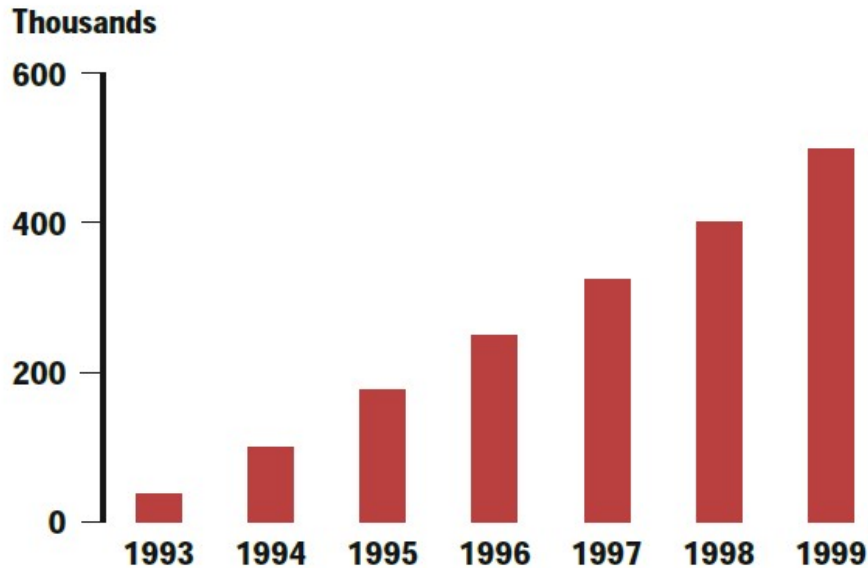
Figure 2.6 Developing country migrants relative to total population in the G-7 countries, 1998



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