Politics of Preferential Trade Agreements

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Introduction

One important side effect of the protracted negotiations in the World Trade Organization (WTO) under the Doha Development Round (DDR) is the proliferation of bilateral trade agreements as an alternative global trade system. Many states, dissatisfied with the course of the Doha Development Round negotiations and striving to deepen the multilateral liberalisation-related commitments adopted in the WTO, express the conviction that because of the limitation of the number of states participating in the negotiation process, greater progress in liberalisation of trade can be achieved under regional or bilateral negotiations. Another argument is that bilateral talks usually provoke much less interest and opposition from the objectors to free trade and various interest groups, which significantly shortens the period of negotiations and translates into a higher number of such agreements.

Many countries have started using bilateral trade agreements as a tool for achieving their economic goals, mainly as a means of opening new selling markets or improving access to the existing ones. The paper will analyse this new trade strategy, which base on increasing role of bilateralism. It also will identify main reasons for the process of proliferation of bilateral trade agreements in the world economy.

The aim of the study is to analyze the trade policy in the age of WTO crisis. Article should confirm the hypothesis according to which bilateralism in trade policy is a consequence of the WTO crisis. Economic instability and a stagnant system of multilateral negotiations, have strengthened the pursuit for bilateral trade relations.

The crisis of multilateral trade negotiations

The most basic problem with functioning of the WTO multilateral trade system is lack of progress in trade negotiations. The first round of the multilateral trade negotiations on the
forum of World Trade Organisation has been initiated by ministers of the member states during a ministerial conference which took place in the capital of Qatar Doha (9-13 November 2001). The initial deadline for discussion was 1st January 2005. Because of numerous difficulties, the negotiations have not been finished within the predicted deadline. It has to be emphasised that so far the idea of multilateral trade liberalisation has never met so many difficulties. The aforementioned problems are stressed by the fact that during the whole history of the GATT/WTO multilateral trade system there has never been so long a break in successful trade negotiations as the current one.

The agreements reached in the current negotiation round is a task much more difficult than it was in the previous rounds of negotiations on the GATT forum. One has to consider the reasons behind the current crisis of the World Trade Organisation related to its inability to meet its most basic function – a negotiation forum in the field of trade politics. Thus, one has to try and give an answer to three questions: is the number of participants a problem?, the scope and organisation of negotiations?, or discouragement in far reaching compromise in agricultural negotiations?

It is certain that since the ratification of the General Agreement on Tariffs and Trade, which formed the basis for creation of the GATT/WTO multilateral trade system, the number of its participants has increased significantly, from 23 in 1947 to 162 as of now\(^1\). The expansion of WTO membership makes reaching agreements between its members more difficult, however, the problem of inefficiency in trade negotiations is caused not only by the increase of the number of member states. The problem lies rather in a greater consolidation of the opinions of the developing countries which are dissatisfied with the current and past functioning of the multilateral trade system. During the entire period of GATT 1947 functioning, the process of trade liberalisation has been subjected to execution of interests of the developed countries\(^2\). Sectors, in which the developed countries had comparative advantages have been liberalised. In case of sectors in which the rich countries could not reach high level of competitiveness, extensive systems of market protections have been upheld. Thus, agriculture and highly labour demanding textile-clothing manufacturing have remained outside trade liberalisation mainstream until the Uruguay Round. This situation was supposed to be changed by the Uruguay Round which, far more than previous rounds, according to stipulations of Punta del Este Declaration should focus on the needs of the

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\(^1\) State as of 30 November 2015 r.

developing countries\textsuperscript{3}. Initially modest effects within liberalisation of trade in agricultural products and a number of disciplines inconvenient for developing countries which have been accepted back then (in particular the TRIPS agreement) did not change the situation of the developing countries in the world trade system. Because of this reason, the developing countries more efficiently want to execute their interests in the current round of trade negotiations. It is facilitated by consolidation of the opinions of developing countries forming the G-20 Group\textsuperscript{4}, which have become a significant force, able to stand against the negotiation position of the highly developed countries. An example of efficient action of the member states of the group is the fiasco of the Cancún ministerial conference. The Doha Development Round started in the capital of Qatar, according to initial assumptions, was supposed to end with taking appropriate obligations during the Mexican summit in Cancún. Developing countries, which have permanently joined their forces, have lead to the fiasco of the conference by rejecting liberalisation proposals of the rich countries. The G-20 Group member states refused to open their market until farmers from the developed countries stop being subsidised by their countries\textsuperscript{5}. These countries firmly demanded a change in the politics of the rich countries related to agriculture and market of agricultural products. Significant limitation of agricultural subsidies was demanded for, a change in customs politics and decreasing import limits for this group of goods. According to G-20 Group member states, stopping subsidies for agriculture would lead to its much faster integration with the world trade system\textsuperscript{6}.

Reaching an agreement between the North and the South on the forum of WTO is also made more difficult by the specific situation, in which economic interest of the United States and European Union on one side are crossing the political interests of Brasil, India and China. These three countries pay attention not only to reaching favourable conditions of market access, but they also want to gain political prestige and their recognition on the international arena as „economic powers” growing in power.


\textsuperscript{4} The G-20 Group is a group of developing WTO member states. Currently the group has 23 members: Argentina, Bolivia, Brasil, Chile, China, Cuba, Egypt, Ecuador, Guatemala, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, Peru, Philippines, RPA, Tanzania, Thailand, Uruguay, Venezuela, Zimbabwe. This group formed before the Cancun summit, its goal is limiting all forms of agricultural subsidies, including, first and foremost, agricultural export subsidies and trade-distorting domestic support.


The evolution of the multilateral trade system involved not only an increase of the number of members of the multilateral negotiations, but mainly the scope of the negotiations has increased. Except for trade in goods, during the Uruguay Round the scope of the multilateral system has been expanded with services, trade aspects of intellectual property rights and trade aspects of investments. The programme of the multilateral negotiations of the Doha Development Round initially encompassed the following subjects: implementation of existing agreements, agriculture, Non-Agriculture Market Access (NAMA), services, intellectual property protection (geographical indications, TRIPS, TRIPS and public health), Singapore issues (investments, competition policy, transparency in government procurement, trade facilitations), WTO rules (related to anti-dumping, subsidies and countervailing measures, trade agreements, settling of trade disputes), environment protection, electronic commerce, small economies problems, technical cooperation and capacity building, problems of the least-developed countries, special and differential treatment, debts and financial matters as well as relations between trade and technology flow. Currently there are suggestions raised, related to the necessity of WTO undertaking problems related to work standards.

Except for the expansion of scope, slow progress in the DDR negotiations is also blamed on the very formula of the proceeding, according to which „nothing is agreed upon until everything is agreed upon (the rule of “single undertaking”)” 7. Despite the fact that in many important matters a similar opinion of the participants has been reached, lack of agreement on one matter excludes an agreement in the matters agreed upon. In contrary to previous negotiation rounds, in the current round, at its start, no quantifiable negotiation goals have been decided upon. In all previous cases the usual practice was to determine at the outset the scale of tariff reduction. During the Doha Round, the manner and scope of liberalisation has been left to be agreed upon during the negotiations itself.

A very important problem which significantly influences the disfunctionality of the multilateral trade system is unwillingness towards a far-reaching compromise in the agricultural negotiations. Currently, agricultural negotiations are one of the basic obstacles making finishing of the DDR negotiations difficult. Trade in agricultural products, comprising only slightly above 7% of the international trade exchange has been one of the central problems and challenges for the members of the GATT/WTO multilateral trade system for decades. The reason of such situation is the range of protectionism used in agriculture by developed countries. Because of domestic interventions in the agricultural sector of these

countries, significant deformations negatively influencing the state of the world market and market share of agricultural producers from developing countries have arisen. The nature of the problem is supported by the fact that different positions related to agricultural problems led the multilateral negotiations within the GATT/WTO system to the edge of fiasco. An example of this, except for the discussed Doha Round is also the Uruguay Round, where disagreements related to liberalisation of agricultural trade almost lead to break in the proceeding and delayed the end of the negotiations.

During the Doha Round, agricultural negotiations divided the WTO member states, not only along the North-South lines, into developing countries demanding a change in the politics of the rich countries related to agricultural production and agricultural market, including significant reduction of agricultural subsidies, change in tariff policy and decreasing import limits for this group of goods, and developed countries trying to maintain wide protection of their own agricultural production. Significant differences in opinions are also noticeable within the developed countries. On one hand there are countries which belong to the Cairns Group (Australia, Canada, New Zealand) and just as the G-20 member states, they postulate elimination of all forms of agricultural export support. On the other hand, there is European Union and the United States, having extensive programs of protection and support for the agricultural market. It also has to be stressed that, countries aiming at maintaining certain levels of protection in agricultural trade have a different vision of concessions which should be made to the developing countries, which is illustrated by different negotiation opinions of the EU and the US.

Another reason behind difficulties with finishing the negotiations of the Doha Development Round is decrease of expected benefits resulting from implementation of its agreements. Developing countries are also afraid of high adaptation costs. The global economic crisis also does not favour the multilateral trade liberalisation. During crisis times, countries favour protectionist tools rather than free market policy. According to the data of the World Bank, in the period between October 2008 to February 2009 governments of some

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9 Cairns Group – coalition of 18 countries, representing one third of the world agricultural export (Argentina, Australia, Bolivia, Brasil, Chile, Guatemala, Indonesia, Canada, Colombia, Costa Rica, Malaysia, New Zealand, Paraguay, Philippines, RPA, Fiji, Thailand and Uruguay). It supports elimination of all forms of support of agricultural export. The name of the group is based on Cairns in Australia, where the first meeting of representatives of these countries took place in 1986. The Group has contributed to introducing the agricultural problems to multilateral negotiations on the GATT forums. Some members also belong to the G-20 group (Brasil, India).

countries have implemented 47 restrictive tools of trade politics in total\(^\text{11}\). Together with the increasing economic crisis, deepening decrease of world trade revenues was observed. For example, the total export of the European Union in the fourth quarter of 2008 decreased by 16\% in comparison to analogous period in 2007. The response of the World Trade Organisation to the increasing crisis of the global economy was a decision of expanding WTO work i.e. by monitoring of trade measures taken during the current financial and economic crisis, intensification of works within the Aid for Trade programme and trade funding (Godlewska 2009)\(^\text{12}\).

Thus, what is the World Trade Organisation without effective execution of its function as a negotiation forum? World Trade Organisation still has the function of the code of conduct in the trade politics on the basis of current agreements and rules agreed upon within them, as well as provides a mechanism of following these regulations as a system of trade disputes settlements and trade policy review mechanism.

**The rise of bilateralism**

Initially, the progress of liberalisation of trade under the bilateral trade agreements was relatively slow, but since the mid 1990s it has been particularly intensive. In the whole period of functioning of the GATT (1948–1994), the parties to the Agreement notified 124 various preferential trade agreements. In 1995–2006, over 130 new notifications concerning agreements liberalising the trade exchange of the states being parties to these agreements were filed with the World Trade Organization\(^\text{13}\). In 2009, the WTO was notified of 20 new preferential agreements. In 2010, further 13 agreements of this type were submitted\(^\text{14}\). At present, approximately 300 various preferential trade agreements are in force. Each member of the WTO (excluding Mongolia) is party to at least one preferential trade agreement. On average, there are 13 preferential agreements per one member of the WTO\(^\text{15}\). The European Union is the leader in this respect (30 agreements), but we should also mention Chile (26),

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\(^{14}\) R. Baldwin, *21\textsuperscript{st} Century Regionalism: Filling the gap between 21\textsuperscript{st} century trade and 20\textsuperscript{th} century trade rules*, World Trade Organization, „Staff Working Paper” 2011, No. 8, p. 3.

Mexico (21), the European Free Trade Association (20–22), Singapore (19), Egypt (18), Turkey (17), as well as Brazil (13), India (12) and China (10)\footnote{Ibidem, p. 57.}


The main reason behind the establishment of preferential trade agreements is to increase the mutual trade turnover (trade creation effect) and, in consequence, to benefit from the scale of production. Economic integration within the framework of these structures also creates favourable conditions for the expansion of distribution networks, for diverting supply to the members of the preferential agreement (trade diversion effect\footnote{See C. Freund, Third-country Effects of Regional Trade Agreements, „The World Economy”, Vol. 33, pp. 1589–1605.}), as well as for attracting additional investments\footnote{C. Fink, M. Molinuevo, East Asian Free Trade Agreements in Services: Key Architectural Elements, „Journal of International Economic Law” 2008, Vol. 11, No. 2, p. 265.}. Despite the rather widespread belief that, in comparison to global regulations, benefits from bilateral or regional liberalisation are easier to internalise, the practice in this respect indicates a different level of progress of liberalisation of trade in those systems\footnote{F. Feaver, K. Wilson, Preferential Trade Agreements and their Implication for Customs Services, „Journal of World Trade” 2007, Vol. 41, No. 1, p. 57.}.

The far-reaching liberalisation-related commitments concerning the movement of goods and capital are usually accompanied by more modest commitments concerning the opening of the market in services\footnote{See: I. Park, S. Park, Regional Liberalisation of Trade in Services, „The World Economy” 2011, Vol. 34, pp. 725–739.}. At this point, it should also be stressed that the scope of the liberalisation of trade under preferential agreements has undergone an extensive evolution. The numerous agreements established in the 1990s, were focusing mainly on reducing the customs barriers. Nowadays, the fundamental goal of preferential structures is to eliminate...
non-tariff barriers. Apart from the already mentioned trade in services, other subjects of interest of preferential trade agreements include government purchases, competition policy, the commercial aspects of investments, technical barriers and protection measures.

The reasons behind economic integration under preferential agreements are gradually changing as well. Initially, it was all about exchanging access to the market through reducing customs tariffs. Nowadays, the goal of creating favourable conditions for the internationalization of the entrepreneurs’ activities and providing an opportunity to run a business in other markets is increasingly dominant. The states are trying to support the activity of their enterprises abroad and this requires an entirely new approach to the implementation of trade policy. Therefore, more and more often, the aim of external economic policy is not the exchange of customs concessions, but striving to balance the interests of domestic enterprises and industries through concessions granted to foreign entities. As a result, the process of economic integration not only creates favourable conditions for the intensification of trade flow, but also facilitates the flow of factors of production and the development of international production networks.

While analysing the reasons for the development of bilateral trade agreements and regional integration structures, we should also consider the so called ‘domino effect’. Not wanting to be left behind with respect to the changes taking place in world economy, states copy the behaviour of others and try to participate in the ongoing processes, as proven by the constantly growing number of preferential trade agreements.

Considering the large number of preferential trade agreements, they should be analysed according to several criteria. The WTO’s report on the role of preferential trade agreements (World Trade Report 2011, The WTO and preferential trade agreements: From co-existence to coherence, WTO, Geneva 2011) characterized these structures using the following factors: the level of economic development of the parties to the agreement, the geographical coverage, type, degree of market integration and the substantive scope of the agreement.

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23 R. Baldwin, 21st Century..., op. cit., p. 28.


26 WTO, World Trade Report 2011..., op. cit., p. 54.
Preferential trade agreements are concluded by states with a similar level of economic development (North–North or South–South relations), as well as between economies which differ in this respect (North–South relations). In the last years, the number of agreements concluded by developing countries has been systematically growing. This is proven by the change in the share of South–South agreements in the overall number of preferential agreements. At the end of the 1970s, North–South agreements were dominant and constituted approx. 60 per cent of PTAs, while the share of South–South agreements amounted only to 20 per cent. Nowadays, this tendency has been reversed. South–South agreements constitute two thirds of the total number of preferential trade agreements, while agreements between states with different levels of economic development constitute one fourth of all PTAs. Since the 1960s, the share of North–North agreements in the total number of PTAs has been systematically falling and nowadays amounts to 10 per cent. These trends are not only proof of the growing share of developing states in global trade turnover, but also of a change in the trade policy of this group of states. There is a pronounced tendency to complement the preferences obtained as a result of unilateral actions of developed states under the Generalized System of Preferences (GSP) with an active policy ensuring broader access to selling markets through the conclusion of agreements with other developing economies and gradual liberalisation of the trade relations within the framework of these structures. The North–North agreements can be treated as a tool for speeding up the process of industrialization in the developing countries, a means of increasing the export capacity and a platform for developing a common position presented in the WTO.

Table 1. The number of preferential trade agreements in 2010, by region

<table>
<thead>
<tr>
<th>Region</th>
<th>Africa</th>
<th>CIS</th>
<th>Europe</th>
<th>South America</th>
<th>Central America</th>
<th>Caribbean</th>
<th>West Asia</th>
<th>Middle East</th>
<th>Oceania</th>
<th>East Asia</th>
<th>North America</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intraregional</td>
<td>24</td>
<td>29</td>
<td>36</td>
<td>13</td>
<td>7</td>
<td>0</td>
<td>7</td>
<td>7</td>
<td>5</td>
<td>17</td>
<td>1</td>
</tr>
<tr>
<td>Interregional</td>
<td>31</td>
<td>4</td>
<td>42</td>
<td>52</td>
<td>34</td>
<td>19</td>
<td>14</td>
<td>30</td>
<td>10</td>
<td>34</td>
<td>37</td>
</tr>
<tr>
<td>North–North</td>
<td>0</td>
<td>0</td>
<td>21</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>North–South</td>
<td>12</td>
<td>2</td>
<td>41</td>
<td>11</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>15</td>
<td>11</td>
<td>22</td>
<td>18</td>
</tr>
<tr>
<td>South–South</td>
<td>43</td>
<td>31</td>
<td>16</td>
<td>54</td>
<td>38</td>
<td>16</td>
<td>20</td>
<td>22</td>
<td>2</td>
<td>28</td>
<td>18</td>
</tr>
</tbody>
</table>


With regard to geographical coverage, preferential trade agreements can be divided into intraregional and interregional agreements. The number of agreements of both types is

27 Ibidem, p. 56.
systematically growing. The highest number of intraregional agreements have been concluded by European countries, followed by the CIS states and African countries. In interregional agreements, the dominant position is held by South America, followed by Europe and North America (Table 1).

Table 2. The number of preferential trade agreements in 2010, by type

<table>
<thead>
<tr>
<th></th>
<th>Bilateral agreements</th>
<th>Plurilateral agreements</th>
<th>Agreements in which at least one party is a preferential trade agreement (PTA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intraregional agreements</td>
<td>81</td>
<td>39</td>
<td>26</td>
</tr>
<tr>
<td>Interregional agreements</td>
<td>89</td>
<td>12</td>
<td>41</td>
</tr>
<tr>
<td>North–North agreements</td>
<td>6</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>North–South agreements</td>
<td>29</td>
<td>6</td>
<td>41</td>
</tr>
<tr>
<td>South–South agreements</td>
<td>135</td>
<td>36</td>
<td>18</td>
</tr>
</tbody>
</table>


Academic literature on the subject identifies three types of preferential trade agreements: bilateral, plurilateral and those concluded by the already existing PTAs (Table 2). In the last years, we have observed a particularly intensive development of bilateral trade agreements. Only in the Asia-Pacific region, in 2002–2006, the number of bilateral free trade agreements increased more than three times, from 57 agreements to 176. Bilateral preferential agreements are concluded both by economies from the same region and by countries geographically distant from each other. An analysis of the agreements concluded in the recent years shows that bilateral interregional relations tend to dominate. For instance, the United States signed free trade agreements with Israel (1985), Jordan (2000), Singapore (2003), Chile (2003), Morocco (2004), Bahrain (2004), Oman (2006), Peru (2006), Columbia (2006), Panama (2007) and the Republic of Korea (2007). It is also worth stressing that the countries which until recently based their trade policy on multilateral commitments within the framework of the WTO, nowadays complement their multilateral commitments with bilateral agreements. A good example of this is the Republic of Korea, which, in contrast to the United States, does not have a long tradition regarding bilateral free trade agreements. South Korea has started undertaking efforts aimed at strengthening the economic relations with its main trade partners relatively late. Until the infamous fiasco of the WTO conference in Seattle, Korea – just as Japan – limited itself to participating in multilateral negotiations within the framework of the GATT/WTO international trade system. Both countries, dissatisfied with the functioning of that system and faced with difficulties in starting the next round of

negotiations, undertook efforts aimed at the liberalisation of trade under the agreements concluded with important economic partners. At present, the Republic of Korea has a free trade area with Chile, Singapore, the European Free Trade Association (EFTA) the EU the USA, Peru, the Association of South East Asian Nations (ASEAN), India, and it is conducting negotiations with Mexico, Canada, Japan, Australia, the countries of the Gulf Cooperation Council (GCC).

Plurilateral relations are developing much less intensively than bilateral relations. Agreements of this type are usually concluded by countries from the same region. The process of establishing plurilateral trade relations was particularly intensive during the previous waves of regionalization, when integration groups covering the economically most important regions of the world were established. Nowadays, the countries belonging to these structures focus on deepening the economic co-operation within the framework of the existing groups and not on establishing new regional trade agreements, thus the abovementioned dynamics of development in the field of plurilateral trade agreements.

Preferential trade agreements are more and more often concluded by already existing PTAs with other groups or states being their main trade partners. A good example of this type of relations are the agreements negotiated by the European Union, such as the previously mentioned agreement on the establishment of a free trade area with the Republic of Korea.

Apart from geographical coverage and type of agreement, the description of PTAs should take into account the degree of market integration and the substantive scope of the agreement, as these two criteria make it possible to assess the progress of economic integration within the structures in question. The majority of preferential trade agreements take the form of free trade areas with many exclusions regarding preferential treatment of goods specified in the agreements. In 2010, agreements of this type constituted 44.1 per cent of the total number of PTAs. There are also many agreements in which the commitments typical of free trade areas are accompanied by disciplines serving the elimination of barriers in the services sector (29.1 per cent). Agreements ensuring liberalisation of the parties’ trade turnover as regards specific goods or sectors (partial scope agreement, PSA) are slightly less

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numerous. In 2010, their share in the total number of preferential trade agreements amounted to 18 per cent. At the same time, the share of customs unions was 5.7 per cent. Customs unions extended by commitments in the services sector constituted 2.3 per cent of all PTAs, while the share of PSAs which, apart from commitments liberalising the movement of selected groups of goods, include also commitments liberalising services, as well as agreements concerning only the movement of services amounted – in both cases – to 0.4 per cent.\footnote{WTO, \textit{World Trade Report 2011}... \textit{op. cit.}, p. 63.}

<table>
<thead>
<tr>
<th>Table 3. The number of preferential trade agreements in 2010, by the substantive scope of the agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Intraregional agreements</strong></td>
</tr>
<tr>
<td>84</td>
</tr>
<tr>
<td><strong>Interregional agreements</strong></td>
</tr>
<tr>
<td><strong>North–North agreements</strong></td>
</tr>
<tr>
<td><strong>North–South agreements</strong></td>
</tr>
<tr>
<td><strong>South–South agreements</strong></td>
</tr>
<tr>
<td><strong>Bilateral agreements</strong></td>
</tr>
<tr>
<td><strong>Plurilateral agreements</strong></td>
</tr>
<tr>
<td><strong>Agreements in which at least one party is a preferential trade agreement (PTA)</strong></td>
</tr>
</tbody>
</table>


While analysing the substantive scope of PTAs, it should be stressed that especially since the 1990s, many of these agreements set ambitious targets for themselves, regarding the liberalisation of trade in goods and services alike. This is related to the ongoing process of ‘servicization’ of national economies, with the inclusion of the issue of services in the negotiations of the GATT Uruguay Round and the ensuing establishment of the legislative framework facilitating the elimination of protectionist barriers in the trade in services in the form of the General Agreement on Trade in Services (GATS), as well as with the states striving to deepen the multilateral commitments concerning services adopted in the WTO, which seems easier to achieve within the framework of PTAs in the context of reducing the number of states participating in the negotiation process. Nowadays, almost one third of PTAs include commitments concerning the liberalisation of the trade in services (table 3).\footnote{R. Adlung, M. Molinuevo, \textit{Bilateralism in Services Trade: Is There Fire Behind the (Bit-)Smoke?}, \textit{Journal of International Economic Law} 2008, Vol. 11, No. 2, p. 366.} Apart from disciplines serving the reduction of customs tariffs and liberalising the trade in services, the substantive scope of preferential trade agreements more and more often includes investments, protection of intellectual property, technical barriers and the settling of disputes.
Furthermore, some PTAs also include provisions concerning work standards and environmental protection.

Conclusions

The direct consequence of the crisis of trade negotiations on the WTO forum in increase of interest in trade liberalisation based in bilateral trade agreements. In light of the crisis in the multilateral negotiations, members of the organisation already focus much more on providing themselves with a better access to sales markets by creating free trade areas with the main economic partners. This politics may result in fragmenting of the multilateral trade system, separating it into particular trade blocks. In addition, it decreases interest in the multilateral negotiations. A particular danger for the multilateral trade liberalisation may be the return to the idea of creating FTA between the European Union and the United States. In contrary to the Uruguay Round negotiations, currently signed PTA’s are not a part of converging negotiation opinions, making reaching agreement on the WTO forum easier, they are more of an alternative to multilateral negotiations, which have proven to be ineffective. Actions aimed at WTO reform should be undertaken in order to improve possibilities of implementation of its basic function of a negotiation forum.

In scientific publications and in journalism articles many suggestions arise, the implementation of which should increase effectiveness of negotiations on the WTO forum WTO. First, the necessity of replacing the Doha Round with a new and more efficient mechanism is indicated, which allow progress with liberalisation of world trade revenues. Current results of the negotiations should be gathered into a new initiative with a working name of Global Recovery Round (GRR), within which one should abstain from the rule of single undertaking35. Second, fragmentation of negotiations is suggested, separating them into narrow subjects/sectors, each one of them could follow an independent path and at an own pace, and their results could be implemented independently. In addition, it is postulated to step back from the rule of mutual benefits and concessions. In this approach, every agreement reached between a smaller group of members should be applied to all WTO members, even if it is not reciprocated. An open negotiations formula is also proposed, according to which member states could freely enter and leave the negotiations.

At the end, it is also worth emphasising that the fiasco of the Doha Round shall result in marginalisation of the World Trade Organisation as the level of implementation of trade

interests of its member states. Thus, sooner or later reforms of this structure, aimed at
increasing its efficiency, should be expected.

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