REGIONALISM AND THE PROBLEM OF REPRESENTATION IN THE WTO

By

Kent Jones
Professor of Economics
Babson College
Babson Park, MA 02457-0310
kjones@babson.edu

September 19, 2007

Prepared for:

CSGR/GARNET Conference
Pathways to Legitimacy? The Future of Global and Regional Governance

Regionalism and the Problem of Representation in the WTO

The WTO's system of consensus-based decision making has come under increasing stress in recent years, especially in the wake of high-profile breakdowns in negotiations at the Seattle and Cancun ministerial meetings, culminating in the suspension of the Doha Round altogether in July 2006. This chapter sets out to evaluate proposals to address the problem of large membership representation in the WTO by moving towards a formal system of regional groupings in "green room" meetings. Such meetings, in which a limited number of WTO members are invited to attend, have developed as a result of the unwieldy nature of plenary meetings of the WTO's 151 member countries. The European Union is currently the only example of formal regional representation in the WTO, and provides a possible model for improving bargaining efficiency.

The consultative report, *The Future of the WTO* (Sutherland, et al, 2005), addresses the "green room" problem as an issue requiring improved coordination among member countries with similar interests (¶¶323-336). One set of options discussed in that report proposes a more formal "green room" process using a "constituency structure based on the representation of regional trade agreement and other regional groups" (¶ 335). In fact, Schott and Watal (2000) and Blackhurst (2001) had already made similar proposals, which will serve as the focal point for the following discussion. The chapter begins by describing the background of the representation issue in the WTO. There follows a presentation of the conceptual framework for joint representation in WTO negotiations, especially through regional coalitions of weak states, with reference to the European Union. The paper then turns to an examination of the proposal by Schott and Watal (2000) of a formal system of regional groups in WTO deliberations. The conclusion takes stock of the current

state of representation in the WTO, and offers suggestions for moving towards a resolution of the representation issue.

Consensus building and representation in the WTO

While in principle each WTO member has equal voting rights, in practice voting rarely takes place in the WTO.[1] Article IX of the Agreement Establishing the World Trade Organization indicates that "the WTO shall continue the practice of decision-making by consensus followed by the GATT 1947." Kenworthy (2000) and Hoekman and Kostecki (2001) note that consensus is regarded in diplomatic practice as the absence of dissent. Members may not like the decision, but are nonetheless willing to join the consensus if they believe it is the best outcome available to them. Finding the basis for consensus among the WTO membership is therefore the "holy grail" of any WTO multilateral deliberation, since no final agreement is possible without it. The critical question is whether the current system of informal consultations is the best way to achieve this goal. Until recently the system worked reasonably well—if often slowly—to complete eight rounds of multilateral trade negotiations under the GATT and WTO from 1947-1994.

Leadership was important during this period, as the United States, alone at first, and later together with the European Union, came to dominate the global trading system. However, they still had to work with other countries to achieve consensus on multilateral trade deals. The pattern established under the GATT, which continued until the Uruguay Round agreement, was that any multilateral trade agreement had to begin with the agreement of these two parties. Since the inception of the WTO in 1994, however, a US-EU agreement alone has not been enough to provide the basis for a consensus among all WTO members, even though agreement between the two giants, joined typically by their partners in the Quad group, Canada and Japan, is still necessary before any negotiated WTO agreement can be achieved.

In WTO multilateral trade negotiations, countries have representation through both formal and informal bodies. Plenary sessions of the Ministerial Conference, which meets every two years, provide official representation for every WTO member, and must approve, by consensus, all multilateral trade agreements. Plenary meetings become difficult to manage, however, when the number of participants becomes large, and "small group deliberations" have evolved as a mechanism to overcome this problem. These informal mechanisms are commonly known as the "green rooms," ad hoc meetings with WTO member representation at the level of senior trade negotiator or trade minister. These meetings are conducted by the Director-General (D-G), or by the chair of the negotiating group, Trade Negotiating Committee or General Council. The green room process developed as a way for the D-G to call together a small group, usually consisting of between eight and 35 WTO members, to discuss, bargain, and try to reach consensus on critical issues in an ongoing negotiation.[2]

Participation in green rooms is by invitation only. Formal minutes are not taken and deliberations are officially "off the record," although attempts have been made in recent years to communicate the substance of meetings to non-participants. Viewed as a device to move a negotiation towards consensus, these informal meetings are typically designed to make possible a frank discussion of issues within a group that is small enough to allow meaningful dialogue, but inclusive enough to assure that an emerging consensus can be taken to the larger WTO membership as the basis for an agreement. The ongoing tension in the green room process comes in part from its lack of transparency that is linked to its informal, "off-the-record" discussions. The D-G or host of the meeting has the discretion to establish an exclusive list of invitees, and critical deals among participants may be concluded without meaningful input from other WTO members. If such a deal

is struck, then excluded members may have little opportunity to affect the rest of the negotiations, as they are faced with a "take-it-or-leave-it" package that may include few benefits for them.

The evolution of the world trading system has made the informal nature of the green room process increasingly problematical. The most important factors are the expanded WTO membership (now at 151), the expanded scope of negotiations, the use of a "single undertaking" all-or-nothing package as the basis for a final agreement, the introduction of veto-proof dispute settlement decisions, and the increased involvement of developing countries in negotiations.[3] The stakes of the negotiations have risen, and yet the capacity to accommodate all interested parties in informal discussions has not. As a result, there is a growing sense of unfairness by some WTO members regarding the lack of transparency and the exclusivity of the green room process, creating a situation that can erode the political good will necessary to reach consensus among the WTO membership. Some countries have come to regard the green room as a forum for ramming favored rich-country proposals down the throats of the poor countries, such as attempts to include labor and environmental standards in WTO rules, the inclusion of the "Singapore issues" (investment, competition policy, government procurement, and trade facilitation) in the Doha agenda, and the exemption of some developed country agricultural measures from WTO disciplines. Some non-governmental organizations (NGOs) are now encouraging developing countries, many of which are angered by green room governance, to take a hard line on particular issues. Under these circumstances, fruitful negotiations towards finding common ground become more elusive.

Conceptual framework

Bargaining power in the WTO is determined by a combination of population, wealth and trade volumes, since trade flows determine what Odell (2000, p. 27) calls the "best alternative to negotiated agreement" (BATNA). One measure of bargaining power in this regard is a country's

share of world trade, and in particular, its implicit ability to withhold access to its domestic markets. Trade between the US and the EU and their respective trading partners alone accounts for more than half of all world trade, and these countries are therefore in a position to negotiate preferential trade agreements (PTAs) with selected trading partners as an alternative to WTO agreements.[4] To the extent that power-based bargaining determines the process of forming a consensus in the WTO, Steinberg (2002) has described the system as "organized hypocrisy." Yet the large countries, acting on their own, cannot completely control WTO negotiations, which offer benefits beyond those available under PTAs. Gains from multilateral trade in an organization with near-universal representation are thus still subject to a final agreement based on consensus of the entire membership.

The major features of green room politics can be analyzed with the help of a welfare-based model of negotiations. Bagwell and Staiger (2002) have formalized a theory of GATT/WTO negotiations, and Odell (2000) has provided a political framework for understanding international economic negotiations in general. The Bagwell/Staiger model shows how all member countries can move from the lower welfare levels of unilateral tariff-setting, as represented by an uncooperative Nash equilibrium, to higher welfare levels of reciprocal tariff reductions. While all countries in theory gain from trade liberalization, it is clear that the "zone of agreement" (ZoA) of possible negotiated outcomes leaves room for disproportionate sharing of the economic and/or political gains from trade.[5] A small country would in theory be willing to accept a lesser share of the gains as long as it represents a superior outcome to the next best alternative. Finger (2005) has noted that the calculation of gains and losses in a trade negotiation has more recently been complicated by implementation costs of agreements on customs valuation and intellectual property protection, especially for poor countries. Small and poor countries have less bargaining power, and also have

limited access to information and analysis, which may cause them to be skeptical or distrustful of the negotiating process, even if they can still gain from trade. Large countries, on the other hand, theoretically have more advantageous bargaining alternatives, but these alternatives are still inferior to multilateral cooperative tariff liberalization. These considerations shape the political economy of green room-based decision making.

In this context the green room talks represent a potential way for more powerful countries to maintain limited control over a sequential bargaining process. Hamilton and Whalley (1989) have identified three stages of multilateral negotiations: agenda-setting, proposal development and subsequent end-game bargaining. By controlling the agenda, especially in its later stages, strong countries may be able to avoid the more difficult political problems at home (such as adjustment costs) that a more "balanced" outcome would otherwise impose on them. Weaker countries outside the green room may then attempt to enhance their interests by: 1) gaining access to the green room as full participants; 2) forming an alliance with a green room participant that can effectively represent their interests; or 3) forming an effective alliance among other "outsiders" that can collectively increase their bargaining power *vis à vis* the green room. In forming an effective alliance, weaker countries may enhance their bargaining power by presenting a credible threat of rejecting consensus; the drawback is that this strategy raises the stakes by putting all potential gains for all parties at risk.

To the extent that the green room participation affects a country's ability to influence the negotiations, reform proposals set up an "insider-outsider" problem. Reforms that bring in new green room members may entail displacing current participants. Overcoming the pitfalls of the zero-sum solution would therefore require either a compensatory scheme for the "losers" or other reforms, including broader representational schemes to reduce the number of outsiders. This

particular green room problem tends to arise especially when the meetings must be hastily convened, as in a crisis situation, on issues that involve a large number of interested parties.[6] If meetings can be planned in advance and with a narrower agenda, it is generally much easier for the D-G to accommodate those member countries that wish to participate.

Finally, it is important to recognize that positions on green room reform are often determined by ideology, or by strong- versus weak-country perspectives. Representatives from Quad countries insist, for example, that the D-G controls the meetings and the outcomes do not always favor them.[7] These observations stand in sharp contrast with many third-world critiques of WTO governance (Jawara and Kwa 2003, Sharma 2003), which see the green room as a tool for rich-country bullying of poor countries, and often call for an elimination of green room negotiations altogether. These conflicting views suggest that the effectiveness of the green room may depend at least in part on the personality, leadership and competency of the D-G and other WTO officials, as well as their ability (or lack thereof) to remain neutral in granting green room representation to different points of view.

Coalition-building and the concept of regional representation in the WTO

A coalition in the WTO may form if its value in terms of the joint trade negotiations payoff for its members is potentially greater than the sum of payoffs for each potential coalition member acting separately, assuming that transfers are possible to compensate individual losers with proceeds from the coalitional strategy. Payoffs are measured in terms of either additional market access (in the form of increased export volume), the minimization of import 'concessions,'[8] and/or the avoidance of implementation costs imposed by trade agreements (Finger and Schuler 2000, Finger 2005). Using the terminology of Ravira-Batiz and Oliva (2003), we can define the characteristic function v(N) as the expected total payoff for all participating countries in a trade negotiation, to be divided

in some manner among all the n players. The negotiating game may be either non-coalitional or coalitional, as far as potential coalition partners are concerned. If a subset of players S forms a coalition, the total expected joint value of the coalition's bargaining strategy v(S), if it is to be pursued, would have to be greater than the sum of individual values of the payoffs matrix $x = (x_1, x_2, \ldots x_i) = v(S)_N$ for potential coalition members in S, in the *non*-coalitional game. Hence a coalition strategy is superior for the players $i \in S$ if $v(S) > v(S)_N$. The incentive for a group of WTO member countries to form a coalition therefore rests on a 'power transformation' scenario in game theory (see Selten 1987). The power of the coalition is that it enhances the joint payoff made possible by coordinated action, while also allowing for an acceptable distribution of the economic gains from the coalition among the members.

Coalitions in the WTO can take various forms (Narlikar (2003, chapters 1-2), and the distinctions are important in understanding how they affect the issue of representation in WTO decision making. Many coalitions form around particular trade issues, such as agriculture and services. When a coalition forms along a single dimension, joint representation will be similarly circumscribed. Such coalitions generally reflect what Drahos (2003) calls 'exchange trust,' a calculation of net benefits of the coalition based on a focused negotiating objective, as represented in the game theoretical framework described above. The Cairns Group, for example, is a coalition of countries that have agreed to adopt joint or similar positions on a particular range of WTO agricultural issues, so that a single view within the group is likely to prevail only on these issues.[9] In contrast, a regional or ideological coalition typically requires both exchange trust and a broader basis of 'social identity trust' (Drahos 2003), which comes from common values, culture, history, economic/legal/political structures and experience, a situation that has apparently been absent from most attempts at such coalitions in the GATT/WTO system (Narlikar, 2003, chapter 7).

Achieving the requisite level of trust to maintain a coalition and provide for joint representation is also difficult because of the uncertain nature of bargaining processes and outcomes. WTO members must negotiate on the basis of *bounded rationality*, that is, they intend to maximize utility but their decisions are subject to limited information and computational capacity.[10] Uncertainties often apply not only to the future 'state of nature' in the trading environment, but also to the reliability and true interests of their potential coalition partners. Thus it is difficult to calculate payoffs in advance, especially for small and poor countries without the resources needed to process the available information. Coalition partners may not be able to anticipate the nature and magnitude of transfers needed to complete the coalitional deal, based on the 'reservation values' of each others' positions, and there must be a foundation of trust among them, bringing specific negotiators' personalities into the equation. In the absence of trust, there will always be suspicions that a partner will defect, lured away perhaps by a side deal with a more powerful player outside the coalition. One possible way to overcome some of these problems would be to improve the quality and availability of information and trade analysis, especially for developing countries.

In practical terms, the WTO problem of representation lies in finding some straightforward way to accommodate the interests of all members in the organization, a goal that has led to a growing interest in a formal structure of *regional* representation. The critical question is whether regional coalitions can effectively provide joint representation for their members, through a bargaining agent that acts on behalf of constituent principals. The European Union (EU) now represents 27 member countries as the single voice of that group in all WTO negotiations. This is because the extent of integration among EU countries allows internal transfers and a unified decision making structure for trade policy.[11] For all other WTO members, each sovereign country's trade-related welfare is exposed and 'on the table' in a multilateral trade negotiation, and therefore

each country has to be careful to monitor closely the costs and benefits of the bargaining outcomes. Allowing a coalition partner to represent one's own economic interests in this context requires a significant level of confidence in the principal-agent relationship, since it is very difficult to collect compensation in cases of defection or incompetence. At a green room meeting, for example, a country holding another country's voting proxy would not only have to present the interests of that country, but would also have to advocate and bargain actively on its behalf. For this reason, many WTO countries are wary of a system of green room representation by proxy, since common interests do not necessarily establish the basis for joint representation. At a minimum, a formal representation structure for the entire WTO membership through a smaller body would require a close correspondence of trade interests between the proxy-holding country and its constituents.

The EU presents itself as a possible model for WTO representation to the extent that its members have agreed to pool their sovereignty on trade matters, but it is unlikely that many other WTO countries will achieve such integration anytime soon.[12] The original GATT, now incorporated into the WTO, allows PTAs at much lower levels of integration, requiring that 1) the PTA not increase external trade restrictions to other WTO countries and 2) trade liberalization among PTA members cover 'substantially all the trade between the constituent territories.'[13] Finger (1993) concludes, however, that GATT reviews have tended to be overly tolerant of discriminatory PTAs, particularly with regard to developing countries. Furthermore, Marceau (2001) discusses the more recent review of article XXIV compliance in a dispute settlement case, *Turkey-Textiles*, which revealed much less tolerance of PTAs in that forum, and indicated that more disputes are likely over the trade effects of regional integration.

There is a certain irony in proposals to use regional economic interests as a framework for coalition bargaining in the WTO. The *Future of the WTO* report (Sutherland, et al 2005, Chapter 2),

for example, strongly criticizes PTAs because of their discriminatory nature.[14] If WTO members decided, on the other hand, to encourage more regional trade integration to encourage coalitions and bargaining efficiency, then the proliferation of PTAs could undermine the central MFN principle of the WTO. It is important to note that regional WTO representation would not necessarily lead to a proliferation of discriminatory trading blocs, and none of the proposals under consideration in this study has proposed such an arrangement. However, closer integration, including PTAs, would in many cases be consistent with a coalition strategy to internalize cross-partner transfers. For example, countries A and B may agree to form a coalition and support each other's WTO market access agenda in conjunction with reciprocal and preferential market access among themselves. Tighter control over the use and discriminatory effects of PTAs—or else greater acceptance of such arrangements—may therefore be required in order to facilitate formal regional representation in the WTO.

The tension between the GATT/WTO system's non-discriminatory principle and the proliferation of PTAs since the early 1990s has sparked renewed interest in the study of economic integration and its consequences for trade negotiations. While traditional trade theory has focused on such arrangements as "second-best" policy choices with regard to trade liberalization, Fratianni and Pattison (2001) highlight the advantages of smaller-group "clubs" within a larger organization such as the WTO in terms of bargaining towards consensus. Herrmann-Pillath (2006) presents an institutional model of regionalism in which countries gravitate naturally towards PTAs with each other based on social networks, economic structure and stable market access expectations. Given the strong tendency towards PTAs, the question for WTO governance is how such country-to-country relationships could be harnessed to simplify the problem of representation in multilateral negotiations.

Regional Grouping Proposals and the Dimensions of Effective Representation

What factors would contribute to effective regional representation? One approach is to assume that elements of common interest must be present. Costantini, et al (2007) take up this issue by focusing on the economic structure of countries that exhibited similar bargaining preferences in agricultural trade negotiations. Using cluster analysis, these authors have identified "natural bargaining coalitions" in agricultural negotiations that matched up well with many of the actual coalitions that emerged in the Doha Round. In this case, representation is focused narrowly on a single (albeit important) issue: agriculture. It is much more difficult to identify a set of stable partners in joint representation across all negotiating issues within the WTO.

Schott and Watal (2000) have taken such a broader view by proposing a system of regional groupings for a WTO consultative group with twenty seats, some for individual countries and the EU, the others having rotating seats for regional constituencies. The following presentation of data sets out to examine whether regional coalitions in the WTO are possible, based on similar trade patterns, trade-to-GDP ratios, GDP per capita, and trade policy structure. While there may be cultural, linguistic or other similarities among the countries within the regions, the data do not take these factors specifically into account. Table 1 presents one possible regional representation plan described by Schott and Watal, with some modifications based on the expansion of the EU and of WTO membership since it was first proposed, and the insertion of most other WTO members in the proposed regional groupings. In their original presentation, Schott and Watal qualify this configuration as but one of many possibilities, but the general rule would be that the groupings must combine a significant share of world trade with regional representation. Smaller countries would

have an incentive to join the strongest possible regional association, while most of the largest countries would still retain separate seats, as they do in the current green-room system.

In the configuration shown in table 1, the US, Japan, Canada, Republic of Korea, Mexico, Israel, South Africa, Taipei (Taiwan) and the EU all qualify for separate seats. The rest of the seats represent new regional groupings: China/Hong Kong, ASEAN, EFTA, Australia/New Zealand, the transition (former communist) economies not aligned with the EU, North Africa and the Middle East, the south Asian subcontinent, Mercosur, the Andean Community, two separate African groups, and the CACM/Caricom region.[15] Table 1 gives a brief economic and trade profile of the members of each group, including GDP per capita, an 'openness' ratio of trade (imports plus exports) to GDP, and a series of seven revealed comparative advantage (RCA) indexes for goods categories. For each regional group, the mean and standard deviation of these measures has been calculated, in order to capture the dispersion of these measures among members in the group.[16]

There are some loose pieces of the global puzzle to deal with in this particular configuration of regional representation. Many smaller countries have been inserted into the groupings by virtue of their location, but they may be outside the primary regional association. This is the case for smaller Asian countries in the ASEAN group, and the Dominican Republic in CACM/Caricom. Large countries, such as India, are included in the same group along with much smaller countries, such as the Maldives, even though large disparities in size could complicate regional representation. A large country like India may be happy to represent its broader constituent region—on its own terms—but would be unlikely to allow other countries to represent it in a WTO forum, and would probably demand its own seat. Chile is another example of problematic fit; Table 1 places it with the Andean Community, based on its location and on the difficulty of placing it elsewhere. Other countries would have a hard time fitting in with any regional grouping, such as Cuba, and its WTO

activities have focused on issue-based alliances with other developing countries, such as the Like-Minded Group.[17] Other groupings have less of a regional character, such as EFTA-plus-Turkey and the transition economies, but in the end it is virtually impossible to group the entire WTO membership along regional lines.

If such a system is to function at all, however, each group would need to show an alignment of interests in trade matters and the political will to work together with its partner countries. Looking at the EU countries in table 1 as a point of reference, it is clear that a customs union arrangement, with deeper economic and institutional integration internally, has made possible joint representation of disparate countries. Economic theory in fact suggests that the optimal partners in a customs union will have either contrasting comparative advantage patterns, or otherwise complementary trading patterns with each other, so that the agreement maximizes the net gains from trade. Note that this sort of partnership does not necessarily imply that these same countries, without a customs union agreement, would have common external trade interests as they typically arise in WTO negotiations. None of the other regional groupings represents a complete customs union (Caricom is a partial customs union and some groups are, or contain, free trade areas), and joint representation becomes difficult if the regional partners do not share social identity and exchange trust.

Some of the regional groups show a coherent alignment of export interests in terms of certain groups of products, such as the African countries, Australia and New Zealand, CACM/Caricom and Mercosur in agriculture, and South Asia in terms of clothing, and the Andean Community in fuels and minerals. Yet in goods trade, table 1 indicates that the RCA pattern of comparative advantage can vary significantly within the regional groups. Even when there is a broad consistency in trade interests regarding, for example, agriculture in Africa 1 and Africa 2,

trade negotiating 'flash points' may occur at narrower levels for a subset of the group, such as cotton, which was the focus of controversy in the Cancun Ministerial.[18] A wide dispersion of RCA values is also likely to indicate differences in negotiating trade-offs among regional group members, making it difficult to forge a common position on specific sectoral negotiating issues.

Table 2 presents information on existing trade restrictions among selected countries in the groups shown in table 1, which is another important dimension of trade negotiations. The first column shows an indicator of the use of non-tariff measures, and the remaining columns show average bound and applied tariffs for agricultural and manufactured imports, along with measures of internal dispersion of the applied rates by country and the margin of difference between the bound and applied tariff rates. There is also a calculation of the mean and standard deviation for the grouped countries' agriculture and manufactures tariffs and of the margin between bound and applied rates. The data is limited for many of the groups, but some general observations can be made regarding the alignment of negotiating positions. In many of the groups, the use of non-tariff barriers to trade varies widely. Based on the available information, only the Andean countries and CACM have reasonably consistent records of non-tariff measures, which are at low levels as measured by their use in HS-2 categories. They would therefore be more likely to start at similar negotiating positions in multilateral trade talks (data on tariff and non-tariff barriers applied by the Caricom customs union, as part of the CACM/Caricom group, were not available). Regarding tariffs, the two general issues are tariff levels and the difference between applied and bound tariffs. Based on table 2, most groups of developing countries have high bound tariffs, but with considerable dispersion around the mean within the group, except for CACM. Since applied tariffs are almost always much lower, the margin between bound and applied tariffs is also large, a potentially important trade bargaining issue. Again, the dispersion of margins within the groups

tends to be large, suggesting that a common negotiating position on tariff cutting and harmonization within the groups would be difficult to achieve in most cases.

The information in tables 1 and 2 suggests that the regionally based representation in the WTO, especially among developing countries, is possible, but limited in scope. This conclusion may be overly pessimistic to the extent that there are many regional negotiating areas on which finding common ground on important issues is possible, for example in terms of setting negotiating agendas on the 'Singapore issues,' TRIPS, special and differential treatment, antidumping reform, etc. Typically, negotiating rounds begin with a broad agreement on the scope of issues, and then proceed towards progressively more detailed and often divisive specifics, where common negotiating positions among countries may require much more extensive cooperation and trust. Based on the history of the GATT/WTO system, regional groupings have had some success in effective joint representation. Blackhurst et al (2000) note that successful cooperation among the Nordic Group (Denmark, Finland, Iceland, Norway and Sweden) in the Kennedy and Uruguay Rounds appears to have been based on geographic proximity, history of political and cultural affinity, and a tradition of cooperation in the region, which together created the necessary social identity and exchange trust. They ceased joint activities after Denmark (1973) and Sweden and Finland (1995) joined the EU. More recently, Mercosur and groups of African countries have each worked jointly on agenda-setting issues for the Doha Round (Schott and Watal, 2000). Narlikar (2003) lists seven regional groupings that have played a role in multilateral trade negotiations: ASEAN, the Latin American Group (with a fluid membership), Mercosur, the group of African countries mentioned above, Caricom, the Paradisus Group,[19] and the African, Caribbean and Pacific Group.[20] In most of these cases, the scope for cooperation was either very broad in terms of setting agenda items, or very narrow in terms of specific negotiating goals. An important caveat appears to

be that cooperation within successful coalitions may include an agreement to support a common position, but not necessarily to speak on each other's behalf. Narlikar (2003, chapter 7) and Blackhurst et al (2000) note that even the relatively successful ASEAN coalition has pursued only a limited agenda in the WTO, with no presumption of joint representation in negotiations. In these, as well as in all other coalitions, a successful coordination of activities and/or negotiating positions among the partners has generally been limited in terms of longevity and the importance of the issues. One general observation emerges from most of the accounts of coalition strategies in the GATT/WTO system: geographical proximity does not necessarily imply an alignment of trade interests. This factor suggests the difficulties of establishing formalized regional representation.

Conclusion: Towards Elective Affinities

The basic problem presented in this paper is that the informal nature of WTO decision making in multilateral negotiations has become increasingly difficult to manage as its membership has swelled and trade issues and negotiating strategies have become more complex. Proposals to formalize WTO representation in green rooms by means of regional groupings and rotating chairs attempt to address this problem by streamlining participation in critical meetings. Yet the prospect of joint representation raises a host of problems that would impede its acceptability to WTO members. In an international organization of sovereign states such as the WTO, any formal scheme of regional trade representation will be of limited usefulness without corresponding deeper economic integration. This is so because of the fundamental problem of agency in trade negotiations. Successful joint representation at critical stages of trade negotiations through coalitions must be based on a strong alignment of interests and disincentives to defect, and it does not appear that regional groupings alone can provide the necessary foundation of trust. Formal regional representation in the WTO would require institutions along the lines of a customs union in order for the partner countries to

enhance bargaining power and establish a system of internal transfers and coordination. A movement towards more customs unions and deeper regional trade integration could provide the framework for such a representation system, but WTO rules under article XXIV may not be able to accommodate them without increased disputes and possible conflict with the MFN principle.

In any case, the WTO membership does not seem to be anywhere close to accepting any formal regional representation scheme in green room deliberations. Effective representation in the WTO will ultimately have to rely on building upon its existing informal processes. According to Robert Wolfe (2005):

> The issues are whether the WTO is able to provide a forum for all members to understand the intentions of all other Members, and where all Members have a voice…when every Member trusts at least one of the people in the room to represent their views accurately, and to report back on what happened. No mechanical formula can solve this puzzle (p. 639).

This process must develop organically. Already, there are indications that green room practice has evolved since Seattle, Doha and Cancun to become more inclusive. Within a more open green room framework, existing coalitions and regional groupings can fill much of the communications gap without formal representation rules. Indeed, formal representation schemes would probably place too much pressure on coalitions to be responsible for proxy representation, when in reality their role is better suited to communicate, consult, cooperate and coordinate. Costantini et al (2007) have already shown that existing WTO coalitions on the specific issue of agriculture have formed along the lines of common economic structure and interest. A greater reliance on coalitions, especially among developing countries, will be necessary in order to give a systematic voice to weaker countries through their affiliations and alliances. Regional associations may provide the foundation for coalitional activity in some cases, based on similarities in economic structure, an alignment of trade interests and shared historical and cultural traditions. In addition, however, coalitions will often require a broader reach based on more pragmatic alliances on particular issues.

In this regard the analysis suggests that it would be best for the WTO as a member-driven institution to avoid any attempts to formalize a representation scheme, since WTO members themselves are best equipped to seek out their trade allies, based on their specific political interests and strategies.

Finding a system to efficiently represent, and negotiate trade-offs among, all WTO members across all the issues is a much more difficult issue. In this regard, systemic reforms of the small group forums may be more successful if they focus on the representation of shared interests and positions professed by groups of WTO members, rather than on formal representation of all the states themselves. Green room representation based in part on the formation of groupings or coalitions of countries along the lines of position platforms on critical issues, for example, would allow the weaker states to achieve more effective representation, and also communicate more clearly the reservation positions of critical factions in working towards consensus. The green room could then be designed to accommodate the widest possible range of interests and declared positions without the burden of a forced and largely irrelevant regional representation of countries. The rules of participation might then be that a given green room meeting would have to include representatives of specific platforms for which a certain threshold of members has declared support. Open forums and internet-facilitated communication could contribute to the process of expeditious platform building. Coalitions could then form more spontaneously, along the lines of economic interest. The bargaining groups identified by Constantini et al (2007) in agriculture, for example, offer a possible framework for “party platforms” on this issue. The analysis of cross-country representation of interests by Narlikar (2003) suggests, to be sure, that viable coalitions would still be difficult to establish, but increased transparency and the introduction of a forum for platform positions may be able to quicken the process of internal coalitional bargaining.

Reconciling trade-offs across issues for all WTO members presents the final challenge, and is likely to remain the main impediment to achieving consensus. Agreement within a coalition on the best agricultural "package" may not imply agreement on what concessions on non-agricultural goods market access or WTO rules, for example, each coalition member would be willing to offer or accept in return. Frantianni and Pattison (2001) have suggested using the OECD to broker deals among its members (or an extended membership), but even if this proposal were successful, there are likely to remain large gaps between the OECD and other countries or coalitions. However, a more open political process of platform-based bargaining, combined with the necessary leadership among key countries and perhaps new incentives[21], may provide the means for finding common ground on a "grand bargain." As long as the world economy offers the potential for significant gains from trade liberalization in general, it should be possible to generate sufficient collective political will to develop a framework for finding multilateral consensus on trade issues in the 21st century.

References

Bagwell, Kyle and Robert W. Staiger (2002), The Economics of the World Trading System, Cambridge, Massachusetts and London: MIT Press.

Blackhurst, Richard (2001), 'Reforming WTO Decision Making: Lessons from Singapore and Seattle,' in Klaus Gunter Deutsch and Bernhard Speyer (eds.), The World Trade Organization Millennium Round: Freer Trade in the Twenty-First Century, London: Routledge.

Blackhurst, Richard, Bill Lyakurwa and Ademola Oyejide (2000), 'Options for Improving Africa's Participation in the WTO,' The World Economy, 23 (4), 491-510.

Chen, Jon-Ren (2004), 'Emerging of International Institutions,' Conference paper, Center for the Study of International Institutions, Innsbruck, Austria, November.

Costantini, Valeria, Riccardo Crescenzi, Fabrizio De Filippis and Luca Salvatici (2007). "Bargaining Colalitions in the WTO Agricultural Negotiations." The World Economy, vol. 30, no. 5, pp. 863-891.

Finger, J. Michael (1993), 'GATT's Influence on Regional Arrangements,' in Jaime de Melo and Arvind Panagariya (eds.), New Dimensions in Regional Integration, Cambridge: Cambridge University Press and Centre for Economic Policy Research.

Finger, J. Michael (2005), 'A Diplomat's Economics: Reciprocity in the Uruguay Round Negotiations,' World Trade Review, 4 (1) (March).

Finger, J. Michael and Philip Schuler (2000), 'Implementation of Uruguay Round Commitments: The Development Challenge,' The World Economy, vol. 23, no. 5, pp. 511-525.

Fratianni, Michele and John Pattison (2001). "International organsations in a World of Regional Trade Agreements: Lessons from Club Theory." The World Economy, vol. 24, no. 3, pp. 333-358.

Herrmann-Pillath, Carsten (2006). E"ndogenous Regionalism," Journal of Institutional Economics, vol. 2, no. 3, pp. 297-318.

Hoekman, Bernard, and Michel Kostecki (2001), The Political Economy of the World Trading System, 2nd edition, Oxford: Oxford University Press.

Jawara, Fatoumata and Aileen Kwa (2003), Behind the Scenes at the WTO: the Real World of International Trade Negotiations, London and New York: Zed Books.

Kenworthy, James (2000), '"Reform" of the WTO: Basic Issues and Concerns," Trade Trends, Washington International Trade Association, Summer/Fall, p. 2. www.nathaninc.com/nathan/files/ccPageContentDOCFILENAME000560705546reform_k.pdf.

Krueger, Anne O. (1999), 'Are Preferential Trading Arrangements Trade-Liberalizing or Protectionist?' Journal of Economic Perspectives, vol. 13, no. 4, pp. 105-124.

Marceau, Gabrielle (2001), 'When and How is a Regional Trade Agreement Compatible with the WTO?' Legal Issues of Economic Integration, vol. 28 (3), pp. 297-336.

Michalopoulos, Constantine (2001), Developing Countries in the WTO, London and New York: Palgrave.

Narlikar, Amrita (2003), International Trade and Developing Countries: Bargaining Coalitions in the GATT and WTO, London and New York: Routledge.

Odell, John S. (2000), Negotiating the World Economy, Ithaca, NY: Cornell University Press.

Rivera-Batiz, Luis A. and Maria-A. Oliva (2003), International Trade: Theory, Strategies, and Evidence. Oxford and New York: Oxford University Press.

Schott, Jeffrey J. and Jayashree Watal (2000), 'Decision Making in the WTO,' in Schott (ed.), The WTO After Seattle, Washington, D.C: Institute for International Economics.

Selten, Reihard (1987), 'Equity and Coalition Bargaining in Experimental Three-Person Games' in Alvin e. Roth (ed.) Laboratory Experimentation in Economics: Six Points of View, Cambridge and New York: Cambridge University Press.

Simon, Herbert (1957), Models of Man, New York: John Wiley and Sons.

Sutherland, Peter, et al (2005), The Future of the WTO: Addressing Institutional Challenges in the New Millennium, Geneva: World Trade Organization.

Tussie, Diana (1993), 'Holding the Balance: The Cairns Group in the Uruguay Round' in Diana Tussie and David Glover (eds.), The Developing Countries in World Trade: Policies and Bargaining Strategies, Boulder and London: Lynne Renner Publishers.

Williamson, Oliver E. (1985), The Economic Institutions of Capitalism, New York: Free Press.

Wolfe, Robert (2005), 'Decision-Making and Transparency in the 'Medieval' WTO: Does the Sutherland Report Have the Right Prescription?' Journal of International Economic Law vol. 8, no. 3, pp. 631-645.

World Trade Organization (2005), Trade database, www.wto.org.

World Trade Organization (1995-1999) Trade Policy Reviews, various countries.

Yarbrough, Beth and Robert M. Yarbrough (1992), Cooperation and Governance in International Trade: The Strategic Organizational Approach, Princeton: Princeton University Press.

Zoellick, Robert B. (2003), Final Press Conference: World Trade Organization Fifth Ministerial Meeting, The Soy Daily, September 14, 2003. www.thesoydaily.com, accessed June 15, 2004.

Table 1: GDP per Capita, Trade Openness and RCA Calculations For Proposed WTO Regional Groupings[a]

				RCA Calculations[c]						
	Country	**GDP/cap[b]**	**Trade/gdp**	**Ag**	**Fuel/Min**	**Iron/Stl**	**Chem**	**Mchn**	**Txtl**	**Clthg**
1	**United States**	**35566**	**19**	**1.18**	**0.31**	**0.39**	**1.20**	**1.27**	**0.67**	**0.26**
2	**Japan**	**38222**	**20**	**0.11**	**0.13**	**1.58**	**0.79**	**1.74**	**0.61**	**0.04**
3	**Canada**	**24222**	**60**	**1.38**	**1.61**	**0.52**	**0.60**	**0.93**	**0.37**	**0.24**
4	**Korea, Republic of**	**12232**	**62**	**0.24**	**0.37**	**1.54**	**0.83**	**1.71**	**2.33**	**0.62**
5	**Mexico**	**5792**	**55**	**0.68**	**0.98**	**0.49**	**0.34**	**1.49**	**0.57**	**1.48**
6	**Israel**	**17298**	**62**	**0.64**	**0.13**	**0.09**	**1.38**	**0.70**	**0.86**	**0.51**
7	**South Africa**	**3026**	**49**	**0.99**	**1.92**	**4.31**	**0.61**	**0.46**	**0.36**	**0.28**
8	**Taipei, China (Taiwan)**	**23400**	**N/A**	**0.28**	**0.27**	**1.62**	**0.77**	**1.46**	**2.76**	**0.47**
9	**European Union**									
	Austria	24217	77	0.93	0.38	1.75	0.94	1.14	0.98	0.56
	Belgium	22544	172	1.13	0.59	1.64	2.69	0.62	1.21	0.70
	Bulgaria	1835	93	1.40	1.26	3.07	0.72	0.34	1.44	6.65
	Cyprus	12647	47	3.27	1.00	0.04	1.08	0.79	1.03	0.96
	Czech Republic	5866	111	0.60	0.36	1.64	0.56	1.31	1.51	0.50
	Denmark	30262	59	2.51	0.65	0.49	1.53	0.72	0.75	1.11
	Estonia	4841	149	2.18	0.52	1.04	0.60	0.77	1.75	1.67
	Finland	24225	59	0.91	0.53	2.30	0.58	1.11	0.34	0.15
	France	22723	44	1.31	0.31	1.24	1.44	1.17	0.80	0.59
	Germany	22868	56	0.55	0.25	0.94	1.10	1.34	0.71	0.43
	Greece	11449	33	2.71	1.20	1.12	1.16	0.33	2.01	4.20
	Hungary	5103	109	0.89	0.26	0.44	0.63	1.59	0.56	1.12
	Ireland	27932	95	0.99	0.10	0.03	4.31	0.74	0.18	0.13
	Italy	19090	40	0.82	0.27	1.18	0.97	0.95	2.02	1.81
	Latvia	4116	73	4.02	0.42	2.74	0.58	0.24	2.40	2.80
	Lithuania	4078	94	1.76	1.63	0.24	0.71	0.68	1.77	3.05
	Luxembourg	46067	N/A	0.76	0.27	6.12	0.43	1.14	1.51	0.31
	Netherlands	22973	109	2.13	0.90	0.69	1.28	0.85	0.47	0.42
	Poland	4634	58	1.04	0.63	1.04	0.60	0.97	0.94	1.29
	Portugal	10284	52	1.10	0.31	0.55	0.51	0.93	2.54	3.40
	Romania	1963	73	0.71	0.85	3.07	0.45	0.56	1.12	7.71
	Slovak Republic	4235	137	0.52	0.59	3.31	0.49	1.22	0.96	1.07
	Slovenia	10411	96	0.53	0.40	1.27	1.29	0.95	1.36	0.90
	Spain	14691	42	1.83	0.42	1.17	1.00	1.07	1.02	0.71
	Sweden	27998	61	0.87	0.43	1.95	1.29	1.10	0.41	0.27
	United Kingdom	25742	39	0.74	0.83	0.74	1.62	1.10	0.70	0.48
	Mean	***17843***	***56***	***1.39***	***0.59***	***1.53***	***1.10***	***0.91***	***1.17***	***1.65***
	Std Dev.	***11330***	***37***	***0.91***	***0.37***	***1.32***	***0.82***	***0.33***	***0.63***	***1.95***
				(Insufficient data for Malta)						
10	**China Group**									
	China	1067	60	0.57	0.32	0.46	0.42	1.12	2.73	3.97
	Hong Kong, China	25633	295	0.23	0.11	0.40	0.45	1.20	2.55	3.38
	Macao, China	N/A	N/A	0.25	0.13	0.01	0.10	0.13	5.23	23.73
	Mean	***1200***	***84***	***0.35***	***0.19***	***0.29***	***0.32***	***0.81***	***3.50***	***10.36***
	Std Dev.	***17370***	***166***	***0.19***	***0.12***	***0.24***	***0.20***	***0.60***	***1.50***	***11.58***

11	**ASEAN- Plus**									
	Brunei Daruss.	N/A	N/A	0.01	6.90	0.05	0.01	0.14	0.03	1.76
	Cambodia	313	81	0.00	0.00	0.00	0.00	0.00	0.00	26.12
	Fiji	2328	82	4.21	0.02	0.14	0.10	0.01	0.39	6.50
	Indonesia	781	45	1.82	2.47	0.36	0.53	0.42	2.13	2.25
	Malaysia	4011	175	1.18	0.83	0.48	0.49	1.48	0.43	0.65
	Papua N.Guinea	645	109	2.55	5.44	0.02	0.01	0.08	0.00	0.00
	Philippines	1047	94	0.67	0.24	0.02	0.11	1.14	0.33	2.43
	Singapore	21941	298	0.25	0.75	0.18	1.11	1.59	0.22	0.41
	Thailand	2276	109	2.10	0.29	0.54	0.62	1.14	1.20	1.50
	Viet Nam	470	115	N/A	N/A	N/A	N/A	N/A	N/A	5.88
	Mean	***1297***	***128***	***1.42***	***1.88***	***0.20***	***0.33***	***0.67***	***0.53***	***4.75***
	Std Dev.	***6924***	***74***	***1.40***	***2.57***	***0.21***	***0.38***	***0.66***	***0.71***	***7.82***
			(Insuffificient data for Solomon Islands)							
12	**EFTA- Plus**									
	Iceland	30952	49	7.19	1.51	1.37	0.34	0.10	0.27	0.03
	Norway	40482	48	0.74	5.30	0.51	0.53	0.29	0.12	0.04
	Switzerland	33765	61	0.34	0.27	0.43	3.22	0.69	0.65	0.36
	Turkey	2977	48	1.20	0.31	2.89	0.35	0.68	4.94	7.02
	Mean	***7869***	***53***	***2.37***	***1.85***	***1.30***	***1.11***	***0.44***	***1.50***	***1.86***
	Std Dev.	***16535***	***6***	***3.24***	***2.37***	***1.14***	***1.41***	***0.29***	***2.31***	***3.44***
			(Insufficient data for Liechtenstein)							
13	**Australia- NZ**									
	Australia	21688	31	2.56	2.96	0.34	0.45	0.30	0.19	0.10
	New Zealand	19243	44	6.51	0.38	0.43	0.58	0.29	0.59	0.34
	Mean	***21236***	***32***	***4.54***	***1.67***	***0.38***	***0.52***	***0.29***	***0.39***	***0.22***
	Std Dev.	***1729***	***9***	***2.80***	***1.82***	***0.06***	***0.09***	***0.01***	***0.28***	***0.17***
14	**Transition Economies**									
	Albania	1392	38	1.19	0.40	1.69	0.05	0.09	0.15	11.31
	Armenia	884	69	1.39	1.20	0.93	0.04	0.09	0.51	1.11
	Croatia	4751	70	1.83	0.93	0.37	0.91	0.76	0.80	3.21
	Georgia	729	38	4.23	2.35	2.68	0.59	0.34	0.03	0.22
	Kyrgyz Republic	305	68	2.06	1.15	0.05	0.12	0.19	0.73	0.85
	Moldova	370	112	7.08	0.26	0.45	0.12	0.14	0.60	5.01
	Mongolia	424	102	1.40	2.80	0.24	0.01	0.02	0.24	6.31
	Russian Federation[d]	2138	48	0.77	5.01	2.53	0.64	0.26	0.18	0.08
	Mean	***2007***	***50***	***2.49***	***1.76***	***1.12***	***0.31***	***0.24***	***0.40***	***3.51***
	Std Dev.	***1498***	***28***	***2.13***	***1.58***	***1.05***	***0.35***	***0.23***	***0.29***	***3.90***
			(Insufficient data for FYR Macedonia)							

15	**North Africa/Middle East**									
	Bahrain	N/A	..	0.11	6.61	0.05	0.28	0.06	0.52	1.04
	Egypt	1622	21	1.72	3.63	2.54	0.71	0.02	2.01	1.26
	Morocco	1278	52	2.60	0.76	0.20	1.05	0.38	0.66	10.83
	Oman	..	..	0.54	5.31	0.29	0.10	0.21	0.35	0.32
	Tunisia	2214	76	0.86	0.72	0.18	0.84	0.41	1.49	11.33
	Mean	***1589***	***35***	***1.17***	***3.41***	***0.65***	***0.60***	***0.22***	***1.00***	***4.96***
	Std Dev.	***474***	***28***	***0.99***	***2.65***	***1.06***	***0.40***	***0.18***	***0.71***	***5.60***
	(Insufficient data for: Jordan, Kuwait, Qatar, United Arab Emirates)									
16	**South Asia**									
	Bangladesh	395	32	0.75	0.04	0.05	0.02	0.01	3.22	20.67
	India	511	21	1.56	0.88	2.09	1.22	0.28	5.34	3.88
	Maldives	2548	82	5.63	0.02	0.00	0.00	0.00	0.00	7.94
	Pakistan	546	30	1.38	0.20	0.08	0.22	0.03	21.70	7.59
	Sri Lanka	921	65	2.51	0.09	0.01	0.07	0.14	1.79	17.49
	Mean	***510***	***24***	***2.37***	***0.24***	***0.45***	***0.31***	***0.09***	***6.41***	***11.51***
	Std Dev.	***896***	***26***	***1.93***	***0.36***	***0.92***	***0.52***	***0.12***	***8.77***	***7.18***
	(Insufficient data for: Myanmar, Nepal)									
17	**Mercosur**									
	Argentina	7165	33	5.25	1.63	1.70	0.73	0.27	0.33	0.07
	Brazil	3510	25	3.71	1.08	2.84	0.57	0.61	0.68	0.14
	Paraguay	1407	56	9.61	0.03	0.31	0.30	0.01	0.47	0.37
	Uruguay	5235	39	7.14	0.17	0.31	0.53	0.07	1.06	0.91
	Mean	***4080***	***28***	***6.43***	***0.73***	***1.29***	***0.53***	***0.24***	***0.64***	***0.37***
	Std Dev.	***2454***	***13***	***2.55***	***0.76***	***1.22***	***0.18***	***0.27***	***0.32***	***0.38***
18	**Andean Community**									
	Bolivia	1017	41	3.71	3.95	0.01	0.12	0.11	0.20	0.91
	Chile	5196	56	3.97	3.24	0.19	0.61	0.05	0.18	0.05
	Colombia	2017	34	2.65	3.10	1.70	0.91	0.09	0.80	1.68
	Ecuador	1368	46	5.19	3.41	0.07	0.18	0.08	0.31	0.16
	Peru	2131	29	2.51	2.94	0.16	0.25	0.02	0.59	2.43
	Venezuela	4009	39	0.14	6.30	1.80	0.31	0.07	0.03	0.01
	Mean	***2663***	***40***	***3.03***	***3.82***	***0.66***	***0.40***	***0.07***	***0.35***	***0.87***
	Std Dev.	***1631***	***10***	***1.72***	***1.26***	***0.85***	***0.30***	***0.03***	***0.29***	***1.00***
19	**Africa 1**									
	Kenya	341	43	6.00	1.75	1.02	0.46	0.08	0.54	0.10
	Malawi	157	68	9.82	0.01	0.01	0.09	0.02	0.19	2.49
	Namibia	1845	76	5.58	0.65	0.25	0.09	0.23	0.25	0.06
	Tanzania	309	33	5.07	0.57	0.24	0.12	0.04	0.74	0.14
	Uganda	277	29	2.78	0.01	0.20	0.06	0.02	0.03	0.05
	Mean	***319***	***42***	***5.85***	***0.60***	***0.35***	***0.16***	***0.08***	***0.35***	***0.57***
	Std Dev.	***707***	***21***	***2.54***	***0.71***	***0.39***	***0.17***	***0.09***	***0.29***	***1.07***
	(Insufficient data for: Angola, Botswana, Burundi, Gambia, Lesotho, Mozambique, Nigeria, Sierra Leone, Swaziland, Zambia, Zimbabwe)									

20	**Africa 2**									
	Cameroon	634	37	4.42	4.21	0.05	0.08	0.03	0.05	0.00
	Centr African Rep	229	20	1.61	1.53	0.00	0.01	0.00	0.08	0.00
	Côte d'Ivoire	597	75	6.82	0.96	0.17	0.36	0.24	0.30	0.05
	Madagascar	233	34	5.93	0.13	0.00	0.09	0.01	0.53	9.21
	Mauritius	4161	83	2.83	0.02	0.07	0.16	0.11	1.77	17.02
	Niger	178	33	2.42	2.70	0.00	0.02	0.02	1.54	0.00
	Rwanda	260	18	5.85	2.07	0.01	0.04	0.15	0.42	0.01
	Senegal	485	57	3.93	1.60	0.40	1.86	0.09	0.28	0.02
	Togo	292	57	2.71	0.53	1.90	0.15	0.47	0.37	0.03
	Mean	***432***	***53***	***4.06***	***1.53***	***0.29***	***0.31***	***0.13***	***0.59***	***2.93***
	Std Dev.	***1277***	***23***	***1.82***	***1.34***	***0.62***	***0.59***	***0.15***	***0.62***	***6.10***

(Insufficient data for: Benin, Burkina Faso, Chad, Congo, Democratic Rep. of Congo, Djibouti, Gabon, Ghana, Guinea, Guinea Bissau, Mali, Mauritania)

21	**CACM/Caricom**									
	Barbados	9256	51	3.64	1.09	0.06	1.45	0.36	0.36	0.17
	Belize	3635	77	3.86	0.00	0.00	0.00	0.00	0.00	0.00
	Costa Rica	4410	79	3.53	0.09	0.29	0.65	0.84	0.25	1.65
	Dominica	3447	64	4.01	0.34	0.00	5.60	0.03	0.00	0.01
	El Salvador	2129	60	1.55	0.26	0.87	0.53	0.04	1.03	20.92
	Grenada	3861	64	6.05	0.02	0.76	0.23	0.76	0.05	0.49
	Guatemala	1675	38	6.05	0.71	1.45	1.66	0.11	0.94	1.39
	Guyana	942	147	5.46	0.37	0.03	0.13	0.09	0.05	0.77
	Honduras	927	66	4.98	0.37	0.50	0.42	0.05	0.43	12.78
	Nicaragua	767	61	8.61	0.15	0.38	0.33	0.03	0.09	0.03
	Panama	4167	30	8.89	0.19	0.02	0.25	0.00	0.00	0.43
	Saint Lucia	N/A		8.08	1.24	0.01	0.22	0.90	1.18	2.06
	St Vincent&Grenadines	N/A		8.25	0.01	1.19	0.05	0.35	0.22	0.42
	Trinidad&Tobago	7520	78	0.64	4.15	3.15	1.39	0.06	0.23	0.08
	Mean	***2148***	***57***	***5.26***	***0.64***	***0.62***	***0.92***	***0.26***	***0.35***	***2.94***
	Std Dev.	***2637***	***29***	***2.59***	***1.08***	***0.87***	***1.45***	***0.33***	***0.41***	***6.14***

(Insufficient data for: Antigua/Barbuda, Dominican Republic, Haiti, Jamaica, St.Kitts/Nevis, Suriname)

Notes: a) All WTO members are included in the available groupings, with the exception of Cuba (see text) and the two most recent members, Tonga (which could join ASEAN-Plus, for example) and Saudi Arabia, which would fall in the North Africa/Middle East group). Russia, currently negotiating WTO accession, is also included (note d).

b) constant 2000 US$

c) RCA = ratio of a country's share of exports of a product in its overall exports, to the share of world exports of the product in overall world exports. An index measure greater than unity therefore shows that the country exports the product in a greater proportion than the product's world share of exports.

d) currently negotiating WTO accession

Means are weighted by population share for GDP/cap and by GDP share for Trade/GDP; means are simple averages for RCA calculations

Sources: GDP/cap: World Bank, WDI. RCA calculations: WTO on-line database

Table 2

NON-TARIFF AND TARIFF INFORMATION, SELECTED COUNTRIES

	Core non-tariff measures (%)[a] 1995-98		Tariff rates, by sector (%) HS2	Bound	Applied	SD	CV	Margin
AFRICA 1 Group								
Kenya	N/A		Agriculture	98	40	7.1	0.2	59
			Manufactures	84	35	7.7	0.2	49
Nigeria*	11.5		Agriculture	150	N/A	N/A	N/A	N/A
			Manufactures	46	N/A	N/A	N/A	N/A
Uganda	3.1		Agriculture	61	23	5.6	0.2	38
			Manufactures	63	15	4.4	0.3	48
Zambia	1.0		Agriculture	118	18	4.0	0.2	100
			Manufactures	80	15	4.0	0.3	64
Zimbabwe	N/A		Agriculture	134	15	6.4	0.4	119
			Manufactures	106	18	6.4	0.4	88
		Mean	*Agriculture*	*112.2*	*24.0*			*79.0*
		SD	*Agriculture*	*34.5*	*11.2*			*37.1*
		Mean	*Manufactures*	*75.8*	*20.8*			*62.3*
		SD	*Manufactures*	*22.6*	*9.6*			*18.7*
AFRICA 2 Group								
Benin*	1.0		Agriculture	79	N/A	N/A	N/A	N/A
			Manufactures	119	N/A	N/A	N/A	N/A
Cameroon	N/A		Agriculture	80	23	4.9	0.2	57
			Manufactures	79	20	4.6	0.2	59
Cote d'Ivoire	30.9		Agriculture	15	17	0.2	0.0	-2
			Manufactures	13	22	0.3	0.0	-9
Ghana	N/A		Agriculture	87	20	3.9	0.2	67
			Manufactures	67	16	4.0	0.3	52
Mauritius*	16.7		Agriculture	119	18	N/A	N/A	101
			Manufactures	65	30	N/A	N/A	35
Senegal**	N/A		Agriculture	30	0	0.0	0.0	30
			Manufactures	12	13	N/A	N/A	0
		Mean	*Agriculture*	*68.3*	*15.6*			*50.6*
		SD	*Agriculture*	*38.7*	*9.0*			*38.9*
		Mean	*Manufactures*	*59.2*	*20.2*			*27.4*
		SD	*Manufactures*	*41.0*	*6.5*			*30.6*
ANDEAN COUNTRIES								
Bolivia	N/A		Agriculture	40	10	0.0	0.0	30
			Manufactures	40	10	0.1	0.0	30
Chile	5.2		Agriculture	32	11	0.0	0.0	21
			Manufactures	25	11	0.2	0.0	14
Colombia	1.3		Agriculture	85	14	3.0	0.2	71
			Manufactures	40	12	3.5	0.3	28
Peru	N/A		Agriculture	38	18	2.5	0.1	20
			Manufactures	30	19	2.2	0.1	11

Venezuela	17.7		Agriculture	50	15	2.7	0.2	35
			Manufactures	35	14	2.7	0.2	22
		Mean	*Agriculture*	*49.0*	*13.6*			*35.4*
		SD	*Agriculture*	*21.1*	*3.2*			*20.9*
		Mean	*Manufactures*	*34.0*	*13.2*			*21.0*
		SD	*Manufactures*	*6.5*	*3.6*			*8.4*
ASEAN-PLUS								
Fiji*	2.5		Agriculture	41	12	N/A	N/A	29
			Manufactures	40	13	N/A	N/A	27
Indonesia*	31.3		Agriculture	47	9	24.3	2.8	39
			Manufactures	37	10	15.7	1.6	27
Malaysia	19.6		Agriculture	17	5	8.3	1.7	12
			Manufactures	20	9	14.9	1.6	10
Phillippines	N/A		Agriculture	35	35	12.6	0.4	0
			Manufactures	26	29	9.2	0.3	-3
Singapore	2.1		Agriculture	10	0	0.0	0.0	10
			Manufactures	8	0	0.0	0.0	8
Thailand	17.5		Agriculture	34	38	8.0	0.2	-4
			Manufactures	27	21	9.1	0.4	6
		Mean	*Agriculture*	*30.7*	*16.5*			*14.3*
		SD	*Agriculture*	*14.3*	*16.0*			*16.7*
		Mean	*Manufactures*	*26.3*	*13.7*			*12.5*
		SD	*Manufactures*	*11.6*	*10.1*			*12.1*
CACM								
Costa Rica	6.2		Agriculture	44	17	9.9	0.6	27
			Manufactures	45	11	4.1	0.4	34
Dominican Republic	6.2		Agriculture	40	21	4.8	0.2	19
			Manufactures	40	20	5.1	0.3	20
El Salvador	5.2		Agriculture	47	14	6.0	0.4	33
			Manufactures	37	9	4.9	0.5	27
		Mean	*Agriculture*	*43.7*	*17.3*			*26.3*
		SD	*Agriculture*	*3.5*	*3.5*			*7.0*
		Mean	*Manufactures*	*40.7*	*13.3*			*27.0*
		SD	*Manufactures*	*4.0*	*5.9*			*7.0*
MERCOSUR								
Argentina	2.1		Agriculture	23	9	1.4	0.2	14
			Manufactures	31	14	2.4	0.2	18
Brazil	21.6		Agriculture	36	11	2.4	0.2	30
			Manufactures	32	13	3.0	0.2	26
Paraquay	0.0		Agriculture	0	10	2.6	0.3	-10
			Manufactures	0	11	3.7	0.3	-11
Uruguay	0.0		Agriculture	35	13	7.3	0.6	22
			Manufactures	30	12	5.4	0.4	18
		Mean	*Agriculture*	*23.5*	*10.8*			*14.0*
		SD	*Agriculture*	*16.7*	*1.7*			*17.3*
		Mean	*Manufactures*	*23.3*	*12.5*			*12.8*
		SD	*Manufactures*	*15.5*	*1.3*			*16.3*

NORTH AFRICA-MIDDLE EAST								
Egypt	N/A		Agriculture	92	34	24.6	0.7	58
			Manufactures	33	31	13.5	0.4	1
Morocco	13.4		Agriculture	44	29	13.8	0.5	16
			Manufactures	42	24	12.9	0.5	18
Tunisia	N/A		Agriculture	115	35	7.4	0.2	80
			Manufactures	49	30	7.5	0.3	19
		Mean	*Agriculture*	*83.7*	*32.7*			*51.3*
		SD	*Agriculture*	*36.2*	*3.2*			*32.5*
		Mean	*Manufactures*	*41.3*	*28.3*			*12.7*
		SD	*Manufactures*	*8.0*	*3.8*			*10.1*
SOUTHEAST ASIA								
Bangledesh	N/A		Agriculture	84	30	14.5	0.5	54
			Manufactures	84	27	14.9	0.6	56
India*	93.8		Agriculture	112	N/A	N/A	N/A	N/A
			Manufactures	44	N/A	N/A	N/A	N/A
Pakistan	N/A		Agriculture	101	71	16.6	0.2	30
			Manufactures	51	67	16.2	0.2	-16
Sri Lanka	22.7		Agriculture	50	35	10.6	0.3	15
			Manufactures	50	20	7.2	0.4	30
		Mean	*Agriculture*	*86.8*	*45.3*			*33.0*
		SD	*Agriculture*	*27.1*	*22.4*			*19.7*
		Mean	*Manufactures*	*57.3*	*38.0*			*23.3*
		SD	*Manufactures*	*18.1*	*25.4*			*36.5*
Turkey	19.8		Agriculture	53	18	10.1	0.6	35
			Manufactures	21	8	3.1	0.4	12
Average			Agriculture	59	21	12.2	0.6	34
			Manufactures	42	17	6.3	0.4	23

Notes: [a] frequency ratio (%) relative to 97 product categories at the Harmonized Standard- (HS-) 2 level
N/A = not available; SD = standard deviation; CV = coefficient of variation = SD/Mean of bound tariffs
Agriculture products: HS 1-24; Manufactured products: HS25-97
*WTO, TPRs. **Import weighted
Sources: WTO, IDB, TPRs (1995-99); Finger et al. (1996); Based on Michalopoulos (2001), tables 4.2, 4.5, and 4.7

[1] See Hoekman and Kostecki (2001), pp. 56-57. Under WTO rules, formal votes are generally allowed on the following items: 1) amendment of the general principle of non-discrimination (MFN clause)—unanimity required; 2) interpretation of WTO provisions and waivers of disciplines—three-quarters majority required; and 2) amendments of other WTO rules, and new member accession votes—two-thirds majority required. All other business formally requires consensus.

[2] Another type of informal meeting, outside the official negotiating framework, is the "mini-ministerial." See Wolfe (2005, pp. 640-641) for a discussion of the distinction between mini-ministerial and green room meetings.

[3] See Blackhurst (2003), Schott and Watal (2001) and Michalopoulos 2001 for additional background.

[4] Major trading countries have used PTAs with selected trading partners as a device to wring additional concessions from other countries in multilateral negotiations. U.S. Trade Representative Robert Zoellick (2003) has made plain the alternative U.S. strategy of concluding preferential trade agreements in attempting to motivate recalcitrant WTO trading partners to continue multilateral trade negotiations. It is important to add that most other PTAs, especially among smaller developing countries, have had little impact on multilateral bargaining power. For a general discussion see De Melo and Panagariya (1993).
[5] See Bagwell and Staiger (2002), pp. 36-39 and 68-70. Their approach is, however, to treat the GATT/WTO rules system as a method of minimizing power-based bargaining by dominant countries. Odell (2000, chapter 2) emphasizes the "resistance points" that set the boundaries of the "zone of agreement," especially in bilateral negotiations.
[6] See Blackhurst (2001) for an account of the disastrous green room meeting convened to attempt to salvage the Seattle Ministerial meeting.
[7] These views are based on the author's correspondence with a former Quad trade official and with a current WTO official.
[8] The mercantilist nature of WTO bargaining typically means that countries seek to maximize exports subject to an allowable political "price" of increased imports. Bagwell and Staiger (2003) model WTO bargaining equilibrium on the concept of balanced concessions in terms of the value of increased exports and imports for each country.
[9] See Tussie (1993). Narlikar (2003, chapter 6) evaluates the effectiveness of the Cairns group, and concludes that it has had mixed results, with success at times depending on favorable external and bargaining circumstances.
[10] See Simon (1957), p. xxiv, and Williamson (1985), pp. 30-32 and 44-47. Yarbrough and Yarbrough (1992) apply the concept to various aspects of trade relations and the GATT system.
[11] As Chen (2004) notes, the EU is a coalition operating in the WTO based on the Treaty of Rome, but does not fit the negotiating model of power transformation (see Selten 1987) as described above, since the member countries did not bargain with each other specifically to form a WTO-based coalition. Even so, the enhanced trade bargaining power of the EU, as compared with what influence the 27 individual members would have separately, is certainly an enticement for potential coalition partners, whose bargaining incentives are shaped by the power transformation scenario.
[12] Most preferential trade agreements (PTAs) reported to the WTO are free-trade areas, that is, reciprocal agreements to eliminate trade barriers among PTA members, but with each member retaining its own trade policies regarding other countries outside the PTA. In contrast, a customs union establishes common external tariffs and more generally, a unified trade policy with all non-member countries. Aside from the EU, the only other customs unions reported to the WTO include the Caribbean Community (Caricom) and the East African Cooperation Treaty. See www.wto.org.
[13] See GATT art. XXIV, paragraphs 5 and 8. The consensus rule has prevented the WTO General Council from passing judgment on the many PTAs that have been notified to the WTO. However, Marceau (2001) notes that nullification and impairment complaints by third parties are subject to review under the Dispute Settlement Understanding.
[14] See Anne O. Krueger (1999) for a discussion of the debate over preferential trading agreements.
[15] Schott and Watal (2001) have a seat for the Central European Free Trade Area, all of whose members joined the EU in 2004. Table 1 thus places those countries with the EU, and uses the CEFTA seat for other transition economies.
[16] The GDP/cap and Trade/GDP means are weighted by population and GDP shares, respectively. Means for the RCA calculations are simple averages.
[17] The Like-Minded Group, founded in 1996, includes Cuba, Egypt, India, Indonesia, Malaysia, Pakistan, Tanzania, and Uganda. See Narlikar (2003), chapter 8.
[18] The group of African cotton exporters—Mali, Burkina Faso, Benin and Chad—form a subgroup of Africa-2 as shown in table 1. They pushed for the elimination of US and other export subsidies on cotton, which played a role in the final collapse of the Cancun talks. Their principal ally on this issue has been Brazil, another cotton exporter.
[19] Members included the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama, and focused on procedural issues of WTO institutional reform during the early Doha round negotiations. See Narlikar (2003), chapter 8.
[20] This group included a large number of former EU colonies that banded together to press for an MFN waiver on the Cotonou Agreement on preferential access to EU markets. See Narlikar (2003), chapter 8.
[21] Funding arrangements for capacity building to meet WTO obligations or to replace foregone tariff revenue could play such a role, for example, but would require close coordination with the World Bank or other aid institutions.