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NEW OCCASIONAL PAPER

Mega-regional Trade Agreements: Implications for the African, Caribbean and Pacific Countries

In the wake of the ninth WTO ministerial conference in Bali, in December 2013, there is renewed optimism that the WTO can deliver something. The time is therefore right for member states to strategically reappraise their positions in the context of their overarching domestic and regional trade strategies.

Central to any appraisal is the new geopolitical reality represented by the free trade agreements (FTAs) being negotiated by the major industrial powers. Led by the U.S., the Trans Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP) are wide in scope and deep in ambition. They are laden with many implications for non-party states and for the global trading system. Partly a product of the impasse in the WTO, these potential agreements have also sucked negotiating energy out of the WTO.

These FTAs are also a product of the geopolitical rise of China, to the point where it is not far from asserting leadership of the global trading system. Therefore, the U.S. and its EU counterparts are also driven by their own geopolitical imperative of locking in access to key markets and regions, a thrust that has direct implications for ACP member states. Not surprisingly, China and other major developing economies are responding with initiatives of their own, such as the Regional Cooperation in Asia and the Pacific negotiations. Hence there is renewed impetus behind FTA negotiations across the world.

Analysing the potential impact of TPP and TTIP, this paper explores the possible economic ramifications for ACP countries. In a full success scenario, the forces of competitive liberalization would march on triumphant. The regulatory agenda would manifest strongly in the WTO and in demands for reciprocity from the ACP in bilateral or regional settings down the line.

In response, ACP countries have different policy options at hand. The thread running through them is that the “do nothing” option does not seem to be available. All possible outcome scenarios from TPP and TTIP entail major changes to the status quo, none that would result in positive gains to inaction. ACP member states will have to adapt to the modern trade diplomacy landscape where regulatory standards negotiations are central.

The authors advocate a policy of constructive engagement in the WTO, through participating in working groups established to explore new regulatory issues. This groundwork is important in order to prepare for the subsequent incorporation of regulatory issues into the multilateral trading system. The process of incorporation is likely to involve plurilateral approaches, the single undertaking principle will thus have to be revisited and potentially abandoned. Recalling that the WTO remains central to defending ACP trade interests, the authors advocate that ACP states conditionally support plurilateral negotiations. ACP countries may ensure that their interests will be accommodated by withholding consent until such time as concrete and enforceable undertakings are in place.

[The study can be downloaded here](#)

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By Peter Draper, Simon Lacey and Yash Ramkolowan; Peter Draper is a Director of Tutwa Consulting and Senior Fellow of ECIPE. Simon Lacey is a Director at UPH Analytics. Yash Ramkolowan is an economist at DNA Economics, ECIPE Occassional Paper No. 02/2014

Media:

For further information, please contact Natalia Macyra at natalia.macyra@ecipe.org.