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The impact of plurilateral trade agreements on developing countries – to participate or not to participate?

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ABSTRACT

In the wake of the impasse in the Doha Development Round of multilateral trade talks, sector-specific plurilateral trade agreements (PTAs) have been gaining traction. However, PTAs mostly appeal to developed countries, with the uptake among developing countries (including least-developed countries) being very limited. This article investigates the factors contributing to such a phenomenon, whether there is indeed merit in developing countries playing a more active role in PTAs and how they might be encouraged to do so. Both qualitative and quantitative analyses were conducted with specific attention being given to the effects, on a selection of developing countries, of participation in four PTAs: the Trade in Services Agreement, the Government Procurement Agreement, the Environmental Goods Agreement and the Information Technology Agreement II. Among the findings was that although, according to the qualitative analysis, policymakers are generally disinterested in the four PTAs because they are not aligned to the countries' economic interests or they threaten policy space, the quantitative analysis revealed that gains could often be made from more active participation in these agreements. This clearly points to a research gap and highlights the need for more in-depth analysis of the potential of PTAs in the developing world.

KEYWORDS

Doha Development Round (DDR); multilateral trading system; General Agreement on Tariffs and Trade (GATT); World Trade Organization (WTO); plurilateral trade agreement (PTA); Trade in Services Agreement (TiSA); Government Procurement Agreement (GPA); Environmental Goods Agreement (EGA); Information Technology Agreement II (ITA-II); Global Trade Analysis Project (GTAP)

Introduction

Negotiations in the Doha Development Round (DDR) of the World Trade Organization (WTO) have been deadlocked for more than a decade. When the DDR was initiated in 2001, there were high hopes that it would deliver significant benefits to the developing world and the least-developed countries (LDCs) in particular. This was to be achieved by addressing the remaining agricultural and industrial tariffs imposed by developed countries, including a reduction in farming subsidies and non-tariff barriers that were hampering countries' trade and development efforts. From the start the negotiations moved at a snail's pace but they really faltered when the global economic crisis struck in 2008. This prompted a wave of protectionism, especially from developed countries, as countries attempted to safeguard their industries and contain the socioeconomic fallout.

Although the global economy has been showing signs of recovery in recent years, evidenced in stronger economic growth and trade flows in various regions, many developed and developing countries remain economically and ideologically divided, while geopolitical tensions have risen. This tends to play out in very different trade agendas and was once more on display at the WTO Ministerial Conference in Buenos Aires in December 2017 where WTO members failed to agree on a new multilateral trade package that would have broken the stalemate in the DDR.¹ Instead, only a few minor concessions were decided on, with the rift between developed and developing countries appearing to be as pronounced as ever.

Despite the protracted DDR impasse, there has remained an appetite among smaller groups of WTO member states to pursue talks in specific sectors that are aligned to their core interests. This has given rise to various preferential trade agreements, including a number of 'plurilateral trade agreements' (PTAs).² A PTA is intended to liberalise the trade in the sector in question for the benefit of the negotiating parties. PTAs offer alternatives to the WTO multilateral agreements which have become increasingly difficult to negotiate. However, to date it has been developed countries and some wealthier developing countries that have embraced plurilaterals – either as signatories to completed agreements or as participants in negotiations where these are still in progress.

In the light of the above, a number of questions need to be asked. Might plurilateral trade agreements constitute an effective means whereby developing countries (including LDCs) could attain their economic and trade goals, given the lack of progress on the multilateral trade negotiations front? If so, why has the developing world generally displayed a lack of interest in PTAs to date? Is there scope to turn this general apathy into interest and active involvement?

These questions formed the basis of a research study conducted by the authors of this article. The primary purpose of the study, which was commissioned by the Department for International Development (DfID) in the UK, was to identify the factors limiting developing country (including LDC) involvement in four specific PTAs: the Trade in Services Agreement (TiSA), the Government Procurement Agreement (GPA), the Environmental Goods Agreement (EGA) and the Information Technology Agreement II (ITA-II). The study's findings, which are outlined in this article, were intended to inform discussions among policymakers about the perceived value (or otherwise) of PTAs in the developing world and how negotiating parties and other stakeholders might encourage greater developing country engagement, which could help to advance trade talks in key areas.³ This could go some way towards dissolving longstanding tensions between developed and developing country members of the WTO.

Methodology

The study involved a mixed research methodology, incorporating both qualitative and quantitative analyses to ensure comprehensive and balanced findings.

Qualitative analysis

The qualitative analysis began with an extensive literature review on developments in the DDR of the WTO (which provided an important context for the study) and progress with

respect to the negotiation of, or accession to, the four PTAs. The main findings from the literature review are discussed in the third and fourth sections of this article.

Researchers then conducted fieldwork in six different countries which culminated in the writing of three in-depth case studies on Chile, Bangladesh and Malawi and three shorter policy briefs on India, Lesotho and South Africa. The six countries were chosen on the basis of their diversity – in terms of level of development, trade policy and performance and geographical location – which together would broadly convey the developing world's sentiments (favourable or otherwise) about PTAs. For example, Lesotho and Malawi are both LDCs with very small economies; South Africa and India have much larger and more diverse economies, with India being on a strong growth trajectory; Bangladesh is an LDC but is in the process of transitioning into middle-income country status; and Chile has a small but relatively open economy and is already active in certain PTAs.

In the case study countries, researchers interviewed government officials and representatives from academia, research organisations, development institutions and private sector bodies. In the policy brief countries, researchers directed their interviews mainly at government officials to obtain the countries' official stance regarding the PTAs in question and an update on the preparations (if any) that were being made in terms of accession. A questionnaire was also developed to ensure that the same broad topics were covered in the interviews in the six countries. Topics included:

- the general sentiment towards PTAs within the public and private sectors;
- opinions about the costs and benefits of PTAs vs multilateral trade agreements negotiated within the WTO;
- experience in engaging with the PTA negotiation process (where applicable);
- evidence of institutional constraints that hinder developing countries' participation in PTAs, eg, a lack of access or exclusivity exercised by current signatories to the agreements; and
- potential future plurilateral negotiations that may be of particular interest to developing countries.

Quantitative analysis

The quantitative analysis provided objective evidence of the costs and benefits of countries' participation in plurilateral trade agreements. It was intended to supplement the qualitative findings (particularly those gleaned from interviews which were susceptible to unsubstantiated opinions and bias).

Quantitative analysis: modelling approaches

The overarching analytical framework was the GTAP (Global Trade Analysis Project) model.⁴ This is a multi-region and multi-sector computable general equilibrium (CGE) trade model that is widely used for the purpose of regional economic analysis. The latest release of the model (GTAP-9), which was used in the study, features 2004, 2007 and 2011 reference years as well as 140 regions for all 57 GTAP commodities, thereby providing a detailed and consistent representation of the global economy-wide structure of production, demand and international trade, disaggregated at the regional and sectoral level.

A CGE model starts from an assumed equilibrium state in the economy. By introducing policy changes or ‘shocks’ (eg, downward adjustments to tariffs), this equilibrium becomes distorted. The different actors in the economy then respond to the shifts in particular ways until the economy eventually returns to a new equilibrium state. By examining the difference between the initial equilibrium state and the new equilibrium state, one can determine the effects of policy changes.⁵

For the EGA, two analytical approaches were used: (a) the partial equilibrium (PE) approach which used the World Bank’s SMART partial equilibrium modelling tool and focused specifically on trade in those products subject to liberalisation under EGA; and (b) the GTAP model approach which captured the wider economic effects not covered by the PE approach. For the GPA, the newly created public procurement database and modelling extension of the GTAP model were applied whose shock design was based on previous studies.⁶ For ITA-II, two analytical approaches were used: (a) the PE/SMART approach which focused specifically on trade in those products subject to liberalisation under ITA-II; and (b) the GTAP model approach which captured the wider economic effects not covered by the PE approach. Finally, for TiSA, the GTAP model was used, which included trade parameters and policy shocks based on econometric estimates and CGE modelling experiments.

Quantitative analysis: Scenarios modelled

For all four PTAs analysed in the study, two general experiments or scenarios were modelled:

- (1) The first scenario (Scenario A) involved binding each PTA’s specific requirements (ie, applying the relevant shocks) across the countries that are party to the agreement or ongoing negotiations.
- (2) The second scenario (Scenario B) involved an expansion of each PTA to cover more developing countries (including LDCs). (See [Table 1.](#))

The adoption of this general scenario approach enabled the authors to determine the relative benefits and costs (for the selected developing countries) of participating in each PTA. Specifically, Scenario A showed whether the selected countries would experience

Table 1. Countries selected for inclusion in ‘Scenario B’⁹

Selected developing (including least-developed) countries		
Algeria (<i>rest of North Africa: Algeria + Libya + Western Sahara</i>) ¹⁰	India	Peru
Bangladesh	Kenya	Senegal
Botswana	Laos	South Africa
Brazil	Lesotho (<i>rest of SACU: Lesotho + Swaziland</i>) ¹⁰	Sri Lanka
Cambodia	Malawi	Tanzania
Chile	Malaysia	Thailand
Colombia	Mauritius	Tunisia
Costa Rica	Mexico	Uganda
DRC (<i>South Central Africa: Angola + the DRC</i>) ¹⁰	Myanmar (<i>rest of South-East Asia: Myanmar + Timor-Leste</i>) ¹⁰	Vietnam
Ethiopia	Nigeria	
Ghana	Pakistan	

indirect or spill-over benefits by not participating in the PTA. Scenario B showed whether the selected countries would derive any direct benefits from participating in the PTA.⁷

The analysis was dynamic, ie, the effect on the economies of the selected countries was projected to 2025 – the year up to which trade forecast data for most countries is available from the World Economic Outlook database of the International Monetary Fund.⁸

Background

The WTO and the DDR stalemate

From 1948 to 1994, world trade was conducted under the rules of the General Agreement on Tariffs and Trade (GATT). The WTO was established in 1995 as the global trade rules body to oversee the agreements negotiated by its members in the areas of goods (GATT), services (General Agreement on Trade in Services/GATS) and intellectual property (Trade-Related Aspects of Intellectual Property Rights/TRIPS) as well as a programme of progressive trade liberalisation. This was evidenced in the removal of or reduction in tariffs, quotas, subsidies and other measures that distort or impede trade. In the early years of the WTO's existence, the liberalisation programme showed quite strong momentum and many countries scaled back on their use of tariffs and non-tariff barriers according to agreed schedules. The LDCs, in view of their weak economies, were afforded greater concessions and more generous timeframes for meeting their particular liberalisation commitments.

In 2001, the DDR was launched with much fanfare. With its emphasis on the developmental impact of trade reform, the DDR was intended to improve (especially poorer) countries' access to markets and boost their trade and economic performance. The DDR revisited traditional topics, such as agriculture, services, market access for non-agricultural products, intellectual property rights, and trade and the environment, while also adding 'new' issues such as competition policy, transparency in government procurement and trade facilitation.

Seventeen years later, the Round has still not been concluded, with the WTO membership having repeatedly failed (at successive ministerial conferences) to reach consensus on the various trade issues up for debate. In particular, agriculture-dependent countries have become increasingly frustrated that agricultural protectionism is still widespread in the world, particularly in the developed countries. In turn, countries wanting to expand their global reach through the export of technology products and services are often confronted by trade and investment barriers, particularly in developing countries.

The intransigence in many quarters has produced a virtual stalemate in the WTO's multilateral negotiating process. Admittedly, some concessions have been made. For example, at the WTO Ministerial Conference in Nairobi in 2015, WTO members undertook to abolish specified export subsidies for farm products, fast-track a decision on public stockholding for food security purposes and adopt a special safeguard mechanism allowing developing countries to temporarily increase tariffs on agricultural products in the event of unexpected surges in imports or price declines.¹¹ More recently, the ratification of the Trade Facilitation Agreement (TFA) by more than two-thirds of the WTO membership has been a positive sign and will hopefully lead to the streamlining of logistics and cross-border trade in congested regions. However, for the most part, the impasse over substantive issues on the multilateral trade agenda persists.

According to the WTO, the Doha stalemate has been induced by the highly complex nature of the WTO negotiations, considering the wide range of topics that are up for debate, and the varying interests not only between countries and regional groupings but also *within* such countries and groupings. The complexity of the negotiations has been exacerbated by two key principles underpinning WTO decision-making: members must reach consensus before a deal can be struck, and ‘nothing is agreed unless everything is agreed’ (the single undertaking rule). In other words, all aspects of a negotiation form part of an indivisible package agreement which cannot be negotiated separately.¹²

Nakatomi¹³ has dug a little deeper into the circumstances surrounding the Doha stalemate and identified additional factors such as: developing countries’ dissatisfaction with having to accept a wide range of WTO rules dating back to when the organisation was first established; the growing heterogeneity and diverging economic paths of WTO members; the spike in protectionism following the global financial crisis of 2008; the partiality shown to some countries in the form of ‘special and differential treatment’¹⁴ (largely aimed at LDCs) which can contribute to trade imbalances; and the WTO Secretariat’s lack of regulatory authority.

Furthermore, according to Hoekman and Mavroidis, ‘the lack of progress in the Doha Round reflects the assessment of major players that what has emerged on the table is not of sufficient interest to them – it is not that a small group of small countries are holding up the deal. Trade agreements are self-enforcing treaties: if the large players do not see it in their interest to deal, no amount of fiddling with alternative institutional arrangements will make a difference.’¹⁵

Different types of plurilateral trade agreement

With the multilateral negotiation process having effectively run aground, other types of preferential trade agreement have been gaining traction, including regional trade agreements, megaregional free trade agreements and PTAs.

The origin of PTAs can in fact be traced to the GATT. During the Tokyo Round of the GATT, a number of agreements or ‘codes’ were produced that attracted fewer signatories than the full GATT membership and were not subject to the single undertaking rule. These became known as plurilateral trade agreements. One of these was the GPA which came into effect in 1981. Others centred on civil aircraft, dairy products and bovine meat. Another plurilateral, the Information Technology Agreement (ITA), was adopted in 1996 after the establishment of the WTO.¹⁶ The other two plurilaterals in this study, ie, the TiSA and EGA, are more recent phenomena.

There are three different types of PTA:

- Inclusive PTAs (like EGA and ITA-II) – an inclusive PTA is negotiated under WTO structures and its provisions or benefits extend to all WTO members (even those that are not signatories to the PTA) because of the most-favoured-nation (MFN) rule that stipulates that preferences granted to one WTO member are automatically extended to all members. However, for this agreement to take effect, a ‘critical mass’¹⁷ is required which means that participating countries’ share of global trade must reach a certain level – customarily 90%.

- Exclusive PTAs (like GPA) – an exclusive PTA is also negotiated under WTO structures but the MFN rule does not apply and therefore its provisions or benefits extend to PTA signatories only.
- PTAs that are negotiated outside of WTO structures completely (like TiSA) and therefore only signatories to the PTA benefit from its provisions (and the MFN rule naturally does not apply). TiSA participants have indicated that the aim is to ‘multilateralise’¹⁸ the agreement by bringing it within the WTO framework. This would ensure that TiSA is subject to the WTO rules and mechanisms, including its dispute settlement process. It would also widen participation in the agreement, allowing for global coverage which takes into account the concerns of all WTO members. Quite how this would play out is uncertain as there are a number of avenues that could be followed in terms of multilateralising the agreement.¹⁹

Arguments for and against PTAs

Those countries that have signed or are actively participating in PTAs are mainly developed countries. Much of the appeal of PTAs for developed countries lies in the fact that they cover a range of new-generation issues that have not been given attention in the DDR.²⁰ However, PTAs, by deviating from the consensus and single undertaking rules of the WTO, create a dynamic that tends to divide developed and developing countries. PTAs are negotiated among select groups of countries focusing on very specific (sectoral) issues drawn from the broader multilateral agenda.

There has been much debate over the years, both in research and trade policy circles, about PTAs and whether they complement or pose a threat to the WTO’s trade negotiation framework and thus the multilateral trading system.²¹

One of the strongest arguments in favour of PTAs is that they represent a means of helping Doha out of its gridlock position – particularly as they can circumvent the consensus-driven decision-making approach of the WTO and its single undertaking rule.²² Draper and Dube,²³ Low,²⁴ Nakatomi²⁵ and Vickers²⁶ argue that PTAs are complementary to the WTO because they serve as a driver of liberalisation and rule-making which still keep the WTO at the centre of the global trading system. For example, the Technical Barriers to Trade and Subsidies Code from the Tokyo Round of the GATT negotiations were integrated into the GATT of 1994, showing that plurilateral processes can lead to the formulation of multilateral rules.²⁷

It is also said that PTAs could help to reduce the potentially harmful effects of increased reliance on bilateral and regional trade agreements by ensuring that consideration is given to the interests and technical capacity of a diverse group of countries – particularly those that are less developed and which might otherwise find themselves in a weaker negotiating position.²⁸ PTAs are moreover seen to provide a mechanism for achieving greater efficiency, at lower cost, in the broader WTO negotiations, acting as a kind of ‘subset’ thereof.²⁹ If a PTA is part of the WTO system (eg, ITA-II and GPA), they provide access to the WTO’s dispute settlement body, which enhances their transparency.³⁰ Importantly, too, PTAs can address changing industry and business needs within more practical timeframes than the more elongated WTO multilateral processes.³¹

The strongest argument against plurilateralism is that it has the potential to fragment and polarise the multilateral trading system and erode one of the WTO’s foundation

stones, the MFN rule.³² However, as indicated earlier, certain PTAs are MFN friendly. To some extent, PTAs compete with and distract members from WTO protocols and the DDR.³³ From a negotiations perspective, PTAs may end up serving the interests of only the initial signatories, which may not be in line with the interests of other countries that may wish to actively participate at a later stage. In other words, the initial signatories could form 'clubs' which define the rules of the game and make it difficult for later participants.³⁴ (Admittedly, this 'club' mentality was evident in the early years of GATT as well.) According to Hoekman and Mavroidis,³⁵ concerns have also been expressed that asymmetrical negotiating capacity will bias outcomes towards what powerful countries want. Certain PTAs have shown that the gains have been unequally distributed among signatories as a result of different comparative advantages and levels of development. Almost by default, therefore, PTAs discriminate against LDCs.³⁶ Furthermore, such agreements could be used to advance controversial trade practices and labour standards.

Even where the provisions or benefits of an inclusive PTA (like ITA-II) are automatically extended to the full WTO membership through the MFN rule, the fact that many countries are passive bystanders in the negotiation process can produce less-than-satisfactory outcomes for non-participants. There is a school of thought that (insofar as inclusive PTAs are concerned), since exporters in non-participating countries enjoy the same treatment in foreign markets as exporters in participating countries because of the MFN rule, there is no need for developing countries to play an active role in PTAs, which would in any case demand considerable resources. However, this ignores the potential developmental benefits that could accrue to developing countries if they were to formally liberalise their markets under the PTA protocols and clear the way for more growth-enhancing foreign imports. Moreover, developing countries – even LDCs – need the negotiations exposure; otherwise they will never learn and will forever be left out of the game. As Wolf³⁷ puts it, if left out, they (developing countries) will 'not be playing their part in the continual evolution of the system and in the development of consensual knowledge about the system'. Therefore, it is about far more than just the negotiation of specific rules and commitments.

How developed and developing countries view PTAs

From the literature review and fieldwork it became evident that whereas the majority of developed countries favour PTAs, developing countries are generally averse to them. A key thrust of the PTA initiative is to convince all WTO member countries to sign up with a view to freeing up trade in the applicable sectors under the existing WTO architecture.

However, this is not an appealing option for many developing countries as they would be unable to change the scope and possibly even the content of an agreement if they were to join now or in the future as latecomers. LDCs are particularly apprehensive that the current preoccupation with PTAs could trigger a permanent deviation from the DDR – which is underpinned by the WTO principles of inclusiveness, clear rules and transparent negotiating processes – and that developed countries could then cherry-pick issues around which to negotiate agreements.³⁸

PTAs could, however, be responsive to poor country concerns if such concerns were explicitly covered in the negotiations. It is for this reason that there is strong support

among developing countries (and some developed countries) for an LDC Package, which could resemble a plurilateral initiative.³⁹

On the other hand there are some, such as Vickers,⁴⁰ who assert that it is domestic political and economic factors that currently constrain WTO members more than anything else. If that is the case, then the role that PTAs could play in moving ahead with the market access issues that lie at the heart of the DDR deadlock is inherently limited.

The four plurilateral trade agreements covered in the study

The basic features of the four plurilateral trade agreements covered in the study are compared in Table 2.

TISA

A key sticking point in the DDR arose some years ago when a number of countries called for the scope of the GATS to be widened but were met with retaliatory demands from agriculture-dependent countries that progress first be made in removing the obstacles to agricultural trade. The countries supporting the GATS expansion deemed these demands unreasonable and as a result services-related talks under the WTO ran aground.⁴¹ The deadlock provided the motivation for the United States and Australia to initiate negotiations on

Table 2. Composition of the four PTAs

Agreement	Signatories/participating countries	State of play
TISA Trade in Services Agreement	EU members (28), Australia, Canada, Chile, Taiwan, Colombia, Costa Rica, Hong Kong, Iceland, Israel, Japan, South Korea, Liechtenstein, Mauritius, Mexico, New Zealand, Norway, Pakistan, Panama, Peru, Switzerland, Turkey and the United States.	Negotiations launched: 2013 Progress review commenced: 2017
EGA Environmental Goods Agreement	EU members (28), Australia, Canada, China, Costa Rica, Taiwan, Hong Kong (China), Iceland, Israel, Japan, Korea, New Zealand, Norway, Switzerland, Singapore, Turkey and the United States. EGA membership outreach (to encourage other WTO members to participate in the EGA processes) is currently under way, eg, Chile, Mexico, Thailand, Malaysia, Vietnam, Morocco, Tunisia, Brazil and Pakistan.	Negotiations launched: 2014 Negotiations ongoing
GPA Government Procurement Agreement	EU members (28), Armenia, Canada, Hong Kong (China), Iceland, Israel, Japan, South Korea, Liechtenstein, Netherlands (with respect to Aruba), Norway, Singapore, Switzerland, Taiwan and the United States. Another nine WTO members are in the process of acceding to the GPA.	Negotiations launched: 1981 Original agreement took effect: 1994 Revised agreement took effect: 2014
ITA-II Information Technology Agreement II	79 WTO members, including EU members (28), Australia, Canada, China, Costa Rica, Hong Kong (China), India, Japan, South Korea, Mauritius, New Zealand, Norway, Philippines, Seychelles, Singapore, UAE and the United States.	Negotiations for the second ITA commenced in June 2012 amongst 33 WTO member states, with the desire to expand the product coverage of ITA-I. Original agreement took effect: 1996 Revised agreement took effect: 2015

Source: authors.

Note: the information in this table reflects the status of the negotiations in 2016 and informed the GTAP modelling.

a plurilateral TiSA, which would allow countries to expand their services liberalisation efforts without having to accede to the agricultural demands from other members.

TiSA took effect in April 2013 and by 2016 comprised 50 (mostly developed) WTO member countries, together representing about 70% of the international trade in services.⁴² In theory, negotiations are open to all countries interested in participating, but no specific set of criteria has been agreed against which potential new participants are judged. As a result, many have cited problems of exclusiveness and a lack of transparency in the TiSA negotiation process. Although trade in services contributes about 51% of gross domestic product (GDP) in developing countries,⁴³ none of the largest emerging economies (including China, Brazil and India) is a party to the TiSA negotiations. If the BRICS grouping were included, for example, TiSA would cover about 85% of global trade in services.

As of November 2016, 21 rounds of negotiations had taken place, with no deadline having been set for the conclusion of the process.⁴⁴ Formal negotiations were suspended in 2017 so that participants could institute a review of progress made. Despite TiSA having an accession clause for WTO members in the future, the agreement would not necessarily contain rules and provisions that take into account the concerns of developing countries. This is because additional inputs to the negotiation process have been blocked by the 'Really Good Friends of Services'⁴⁵ (ie, the parties to the TiSA negotiations)⁴⁶ which have chosen to conduct their negotiations without allowing observers from other countries.⁴⁷ This perceived secrecy has garnered much criticism from developing countries. The negotiations are thus left devoid of insight into many of the services needs of developing countries (especially LDCs),⁴⁸ which include capacity-building, business development, regulatory coherence and competitiveness.⁴⁹ Developing country governments have also voiced their concerns that TiSA may not permit them sufficient policy space in the area of public services.⁵⁰ Furthermore, incorporating TiSA into the WTO system would be challenging as it would deviate from the current GATS provisions.⁵¹

EGA

The deadlock between developed and developing countries over which tariffs to liberalise and how to define an environmental good prompted the launch of the EGA negotiations in June 2014. Environmental goods can take many different forms – from natural fibres used in clothing and textiles, to solar- and wind-powered electricity generators and industrial waste removal products. The EGA negotiations are an attempt (albeit rather piecemeal) to advance discussions on environmental goods liberalisation within the WTO, which had come to a halt in the face of the DDR impasse. Improving access to high-quality environmental goods would be particularly beneficial to participating countries and the world as a whole.

By 2016, 44 WTO member countries were participating in the EGA negotiations. In addition, an outreach initiative has been under way to try to swell the number of participants in the agreement. Target countries include Chile, Mexico, Thailand, Malaysia, Vietnam, Morocco, Tunisia, Brazil and Pakistan.

Some reports suggest that trade in renewable energy products and other environmental goods is one of the most dynamic trade categories between countries in the South, and that developing countries have the greatest prospects for market growth.⁵²

However, there remains little appetite among developing countries for participation in EGA as their key concerns and trading opportunities do not lie in environmental goods. Also, developing countries have always had misgivings about the 'list' approach to environmental goods negotiations as it has the potential to restrict countries' policy space. A list approach involves arriving at an agreed list of environmental goods that will attract special treatment, such as tariff reductions. A project approach, on the other hand, affords special treatment to goods and services associated with a specified environmental project approved by a designated national authority.

GPA

The original GPA was signed in 1994 during the Marrakesh Round of the GATT. However, negotiations were reignited in 1996 for a revised GPA aimed at creating more transparency and liberalisation of procurement markets in signatory countries. The revised GPA entered into force in April 2014.⁵³ The 1994 GPA still remains in force for those parties still in the process of ratifying the 2014 GPA.⁵⁴ The latter addresses new issues such as sustainable procurement, the inclusion of small and medium enterprises, participation in procurement markets, and the creation of new electronic tools to make information on market access opportunities under the GPA more accessible to business.⁵⁵

In 2016, 42 WTO member countries were signatories to the GPA, while another nine were engaged in accession formalities.⁵⁶

In general, developing countries have shown little interest in signing the GPA. Although the revisions in the 2014 GPA were designed to attract developing countries by making provision for special and differential treatment, the principles of national treatment⁵⁷ and non-discrimination⁵⁸ could sit uncomfortably with some developing countries. Accession to the GPA would also require many developing countries to overhaul their regulations and infrastructure, and to enhance their technical expertise in new areas. Accession could also lead to developing countries losing policy space to tackle their socioeconomic challenges and priorities.⁵⁹

ITA-II

The original ITA was signed in 1996 during the Singapore Round of the GATT. By 2012 it had become clear that a host of new categories of information technology (IT) products had been developed which did not fall within the scope of the ITA. Negotiations around a revised ITA began and ITA-II came into effect in 2015, adding 201 products to the original list (eg, smartphones, global positioning system devices and medical diagnostic tools) which are subject to tariff liberalisation.

In 2016, 79 WTO member countries were signatories to ITA-II, together accounting for about 90% of global trade in IT products. However, developing country participation in ITA-II is meagre. Few developing countries actually export IT goods and so the provision that exported IT goods enjoy tariff- and quota-free access would be of little benefit to the majority of these countries. The liberalisation of IT imports, in turn, could pose a competitive threat to infant industries trying to get established in the IT sector in the local market.⁶⁰ Brazil, Mexico and South Africa are among the larger developing countries that have not signed the agreement.⁶¹

Main findings from the fieldwork

The fieldwork conducted in the three case study countries (Chile, Bangladesh and Malawi) and policy brief countries (India, Lesotho and South Africa) constituted a valuable component of the study because it largely confirmed what had been revealed in the literature review and also threw light on the particular sensitivities and perceived vulnerabilities of the countries under the spotlight.

The main reasons, as revealed from the fieldwork, for developing countries' generally lukewarm attitude towards PTAs⁶² can be summed up as follows:

- There is a general perception that it is not in developing countries' economic interests to participate in PTAs.

For example, relatively few developing countries export environmental goods or IT goods because they have limited industrial/productive capacity and various related supply-side constraints. Thus, they would derive little benefit from the tariff- and quota-free provisions afforded to exporters under EGA and ITA-II. In any case, LDCs already enjoy preferential (tariff- and quota-free) access into many foreign markets, so they would not feel compelled to participate in PTAs.

Furthermore, by opening up their markets to foreign goods and services, many developing countries would be exposed to unwelcome levels of competition from foreign producers and service providers, making it difficult to establish viable local industries. In addition, many developing countries still use tariffs as a form of government revenue and are reluctant to participate in PTAs as this would lead to the erosion of such revenue.

Interestingly, in Bangladesh, the private sector appears to be much less conservative in its outlook than the government, with a number of respondents indicating that the country should participate in PTAs like TiSA and EGA, failing which it would fall increasingly behind other trading nations that are taking advantage of inward investment opportunities and the shift towards global value chain production.

- Developing countries are concerned that by participating in PTAs they would lose policy space, ie, they would not have the flexibility to impose tariffs and other measures to protect local producers in line with the countries' socioeconomic development challenges and priorities. This is a particular concern in countries like South Africa and Lesotho.
- The PTAs have been negotiated largely without developing country input. This has left many developing countries with the impression that the agreement agendas have been designed to suit the needs and economic circumstances of developed countries and that the latter are not really interested in including developing countries in the process. Even if non-inclusive PTAs were eventually multilateralised and brought into the WTO system through the achievement of critical mass, developing countries feel they would remain at a disadvantage. Bangladesh, for example, is generally averse to TiSA because it deviates from the GATS provisions, which the country has long supported.
- There is growing concern among developing countries about the prevalence of non-tariff barriers in international trade, which add significantly to the cost and complexity of countries' export activities. However, non-tariff barriers are not the focus of PTAs, thus calling these agreements' relevance into question.

- Many developing countries are unhappy about the way in which TiSA is being negotiated (ie, shrouded in secrecy), which has tended to arouse general suspicions about the PTA negotiation process as a whole and the motives of developed country participants. Of significant concern is the lack of participation by some of the world's largest economies, such as China and India. Even where certain countries have expressed an interest in participating in a PTA, their eligibility is at the discretion of existing participants. LDCs like Bangladesh and Malawi advocate the multilateral approach to negotiations under the auspices of the WTO as it is transparent, rules-based and inclusive, and disputes can be referred to the WTO's dispute settlement body. This preference is reinforced by the fact that LDCs also enjoy preferential (tariff- and quota-free) access into most foreign markets under WTO rules.
- The decision by some developing countries (such as Chile) not to participate in certain PTAs is part of a strategy to try and extract concessions from developed countries by using political leverage. In the agricultural domain, for example, the fact that many developed countries continue to subsidise their farmers is a major source of contention (and has triggered much strife in the DDR), particularly as agriculture represents the natural competitive advantage of many developing countries. Deliberately resisting PTA participation may, it is felt, persuade developed countries to introduce long hoped-for trade reforms, which could even help to put the DDR back on track.
- Many developing countries (especially LDCs like Malawi and Lesotho) simply lack the human resources, and technical and financial capacity within government to participate productively in PTA negotiations. Furthermore, for a country like Malawi, the potential benefits of participating in the PTAs are too small to warrant limited resources being channelled into the negotiation exercise.

Main findings from the modelling exercise

Drawing on various metrics/indicators in the model, the modelling exercise provided results on the following broad categories of effects:

- macroeconomic effects, eg, the impact on GDP, household income and wages, trade flows, employment, factor price effects, prices of commodities and services, government revenue, consumption and aggregate welfare (real absorption),⁶³
- effects on third countries, ie, the impact on those countries not participating in the various PTA negotiations;
- sectoral effects, ie, the expected changes in sectoral growth, employment, wages, output and prices, among others;
- social impact, ie, measured indirectly through changes in economic indicators such as wages, sectoral employment, production patterns, consumption, prices and other phenomena.

The results from the GTAP modelling exercise are summarised in [Table 3](#) (refer again to [Table 1](#) for the list of countries).

The results show that the structural and distributional effects are relatively significant, whereas the aggregate welfare effects are relatively less pronounced. Overall the results

Table 3. GTAP modelling results for the selected countries

PTA	Results
TISA	<ul style="list-style-type: none"> The aggregate GDP of all selected countries that choose to participate in TISA is projected to increase by between 0.01 and 0.02 percentage points from 2017 to 2025. Investment (largely in the services sector) is projected to rise by between 0.0004 and 0.035 percentage points. There is a projected increase in welfare of \$1.5 billion in Scenario B. The total opportunity cost of countries not participating in TISA is a loss in additional GDP growth of about 0.01 percentage points, \$1.2 billion in foregone welfare gains and 0.004 percentage points in foregone investment growth from 2011 to 2025. Most of the economic gains are driven by the reduction in the binding overhang⁶⁴. TISA presents net economic benefits to most countries that choose to participate, but there will be adjustment costs arising from increased competition and cross-sectoral obligations. Most benefits are concentrated in maritime transport, with most other sectors experiencing limited growth.
EGA	<ul style="list-style-type: none"> The aggregate GDP of all selected countries that choose to participate in EGA is projected to increase by between 0.1 and 0.43 percentage points from 2017 to 2025. Investment (largely in the environmental goods sector) is projected to rise by between 0.23 and 6.67 percentage points. There is a projected increase in welfare of \$2.9 billion in Scenario B. The total opportunity cost of not participating in EGA is a loss in additional GDP growth of about 0.33 percentage points, \$2.8 billion in terms of foregone welfare gains and 0.9 percentage points in foregone investment growth from 2011 to 2025. Most countries will experience increased real spending on environmental goods, resulting in gains in economic benefits linked to improved environmental quality.
GPA	<ul style="list-style-type: none"> The aggregate GDP of all selected countries that choose to participate in the GPA is projected to increase by between 0.21 and 1.75 percentage points from 2017 to 2025. Investment is projected to rise (largely due to a decrease in home bias) by between 0.11 and 10.36 percentage points. There is a projected increase in welfare of \$56 billion in Scenario B. The total opportunity cost of countries not participating in the GPA is a loss in additional GDP growth of about 0.52 percentage points, \$4 billion in terms of foregone welfare gains and a loss of 2.11 percentage points in foregone investment growth from 2011 to 2025. Most economic gains are driven by the reduction in the home bias and resultant changes in government procurement or linked sectors.
ITA-II	<ul style="list-style-type: none"> The aggregate GDP of all selected countries that choose to participate in ITA-II is projected to increase by between 0.002 and 0.005 percentage points from 2017 to 2025. Investment (largely in IT-related sectors) is projected to rise from 0.01 to 0.03 percentage points. There is a projected increase in welfare of \$213 million in Scenario B for the upper bound scenario using GTAP and a projected increase of \$441 million for the upper bound scenario using SMART. The total opportunity cost of countries not participating in ITA-II is a loss in additional GDP growth of about 0.001 percentage points for both the lower and upper bound scenarios, \$13 million for the lower bound and \$50 million for the upper bound scenario in terms of foregone welfare gains, and a loss of 0.06 percentage points for the lower bound and 0.1 percentage points for the upper bound scenario in foregone investment growth from 2011 to 2025.

Source: authors.

show small to moderate positive gains from participation in some cases, but these are (on aggregate) not significant. However, it should be borne in mind that [Table 3](#) provides a consolidated view spanning the full range of countries investigated. Therefore, policy-makers in individual countries would need to arrive at, and be guided by, more focused, country-specific findings when drawing conclusions about the merits of participating in each of the four PTAs.

By way of a simple example, [Table 4](#) provides a summary of how each of the six countries would gain from their participation in the four PTAs where the real GDP growth rate is used as the indicator of the potential of each agreement. A country's

Table 4. Potential gains for the six countries from participating in the four PTAs, using the real GDP growth rate as the indicator

Country	TISA	EGA	GPA	ITA-II
Chile	Moderate	Moderate	Large	Very small, bordering on negative
Bangladesh	Very small	Small	Large	Very small
Malawi	Very small	Small	Large	Very small
South Africa	Moderate	Large	Large	Moderate
Lesotho	Very small	Small	Moderate	Very small
India	Moderate	Large	Large	Moderate

Source: GTAP analysis (2017).

whole economy rests on GDP (and GDP growth) and it is therefore a critical indicator in a quantitative study of this nature. GDP also influences other measurements.

For this type of analysis to be meaningful, it is important to take the size of the economy into account when assessing the percentage growth rate. For example, when a relatively large economy such as South Africa or India achieves a very modest growth rate, it could still realise moderate gains from participating in a particular PTA. On the other hand, when a small economy like Lesotho achieves the same growth rate (which would be off a comparatively low base), the gains from participating in the PTA are likely to be much smaller.

Bearing the above in mind, two different scales were used in determining the nature of the gains to be realised by the six countries from participating in each of the PTAs.

For the small economies (Lesotho, Malawi and Bangladesh), the gains from participation would be: (a) very small if the opportunity cost (the difference between joining and not joining the agreement) is negative or the growth rate is less than 0.05%; (b) small if the growth rate is between 0.05 and 0.2%; (c) moderate if the growth rate is between 0.2 and 0.4%; and (d) large if the growth rate is higher than 0.4%. For the larger economies (Chile, India and South Africa), the gains from participation would be (a) very small if the opportunity cost is negative; (b) moderate if the growth rate is between 0.0009% and 0.3%; and (c) large if the growth rate is higher than 0.3%.⁶⁵

Conclusions and recommendations

Is there merit in developing countries becoming more active in PTAs?

While the qualitative analysis revealed that most developing countries, for a variety of reasons, have little appetite for participating actively in PTAs, the quantitative analysis suggested that there are some potential gains to be realised. Indeed, the illustration of how GDP would be affected if the six countries participated in each of the four PTAs indicated moderate gains in several cases, with a sprinkling of large gains recorded as well. Are the developing countries (including LDCs) missing an important opportunity when it comes to PTA participation?

Many developing countries' non-participation in PTAs has both an attitudinal and a practical dimension, with countries' existing economic structure and composition being major influencing factors. According to those interviewed during the fieldwork, the most frequent reason given for countries' reluctance to join PTAs was that such agreements were of little economic interest to them. However, the quantitative results of the study painted a different picture, with several of the selected countries standing to gain

economically from active participation. None of the people interviewed were able to back up their views in a quantitative sense, which points to insufficient concrete analysis on the part of policymakers.

This lack of quantitative research (which is fairly scarce even at a global level) can be attributed to a combination of concerns and constraints. Countries like Malawi and Lesotho, for example, currently lack the technical and financial capacity required to play a meaningful role in PTA-related research and negotiations. Bangladesh is similarly affected, although to a lesser extent, while South Africa is particularly concerned about the intrusion into its policy space that active participation in PTAs would entail. Of the six countries investigated, Chile displayed the greatest acceptance of PTAs but it too is pre-occupied with preserving policy space in order to drive growth and development in key economic sectors.

The desire to protect policy space has strong political undertones and should not be downplayed. While developing countries should be given the necessary freedom to protect and build competitiveness in their infant industries, the problem with the policy space argument is that many countries (like South Africa) tout it as a generic reason for resisting trade reform. As a result, trade agreements that might have reasonable potential (such as, in South Africa's case, three of the four PTAs covered in this study) are not even considered owing to preconceived notions about the need to look after the interests of particular sectors. If more people in these countries were made aware of what they could gain from participation in these agreements, they might reconsider the assumed need for generous policy space which often flies in the face of greater trade liberalisation.

PTAs, besides providing market access benefits to exporters, constitute a vehicle for participating countries to gain from the liberalisation of individual sectors (such as services or technology goods), which in turn can aid the local development of such sectors while also providing an additional stimulus to the economy as a whole. For example, if South Africa became a signatory to ITA-II, the country would be required to bind import tariffs at zero level for all products specified in the agreement, thus affording businesses and individual consumers access to a greater array of technology products (which are also likely to be more affordable because of competition). This would force producers to become more competitive and enable them to integrate more deeply into IT-related global value chains. Tariff losses could be offset by new tax revenues that would be generated from a more technologically agile economy. Furthermore, the sharp, sectoral focus in a PTA is arguably less threatening for local industry in general than the broader liberalisation requirements of a more all-embracing trade agreement.

Active participation in a PTA would also help to ensure that developing countries' economic and trade interests are taken into consideration at the negotiating table, including the impact of non-tariff barriers. Taking advantage of an inclusive agreement like ITA-II through the MFN rule is really only half the story. If countries do not get involved in shaping the agenda, it is inevitable that the contours of the agreement (in the form of rules and commitments⁶⁶) will favour those countries that *are* actively participating. Naturally, in such circumstances, the longer countries wait to get on board, the more unsavoury the prospect becomes. It might appear to be a foregone conclusion that LDCs are not good candidates for PTAs because of their capacity limitations and the fact that they already enjoy tariff- and quota-free market access by virtue of their LDC status.

However, it should be within their sights to graduate out of LDC status at some stage, which will require them to adopt more competitive export and market-opening strategies.

The concern expressed by a number of developing countries that the TISA negotiations have been conducted under a veil of secrecy should not be airbrushed away. TISA participants already include a number of middle- to high-income developing countries and the perceived lack of transparency in terms of eligibility criteria, for example, should not end up being a constraint to an expanded membership.

Clearly, then, the reputation of PTAs needs to be improved in the eyes of many countries in the developing world if they are to more enthusiastically embrace the potential of these agreements. Developed countries and global organisations have an important role to play in this regard. Organisations such as the United Nations, WTO, Organisation for Economic Co-operation and Development and the global research community as well as the GTAP network are valuable sources of practical assistance for countries wishing to quantify the impact of PTAs on their economies. Such organisations could also help developing countries to devise national development strategies that, given the right policy environment, could help to build the necessary knowledge, skills and productive capacity to tackle existing supply-side constraints that are posing obstacles to fuller economic engagement at the local, regional and international level. The technical assistance offered under the WTO's Aid for Trade programme is a particularly worthwhile intervention geared specifically for developing countries. Besides productive capacity there is a strong need for negotiating capacity which is very weak in many developing countries, even those with fairly large and diverse economies.

With trading relationships increasingly resting on regional and bilateral interests, it is unlikely that the deadlock in the DDR will be resolved. It is too ambitious a project at this stage. PTAs have the potential to advance countries' trade agendas through a more specialised and focused approach, in line with countries' sectoral interests and strengths. They also provide an opportunity for developing countries, including LDCs, to be part of the negotiations process and to stay in the front line of global trade developments.

The broad conclusion that can be drawn is that there is merit in developing countries (including LDCs) playing a more active role in PTAs, but only if they are committed to addressing the policy-related and supply-side shortcomings that to a greater or lesser extent are impeding their economic development and trade efforts. The conversation about how developing countries can be encouraged to participate more fully in PTAs has only really just started. There is much scope for further research, aimed at developed and developing country policymakers alike, on how the benefits of PTAs can be distilled and optimised at individual country level. However, the trade research constraints in the developing world should not be underestimated, and developed countries and international bodies can play a valuable role in addressing information and other resource gaps.

Notes

1. WTO, 'MC 11, Closing ceremony, accessed 24 February 2018, <https://www.wto.org/english/news_e/news17_e/malcora_13dec17_e.htm>.
2. In trade policy circles, the abbreviation 'PTA' is typically associated with a preferential trade agreement. However, the abbreviation is also sometimes used when referring to a plurilateral

trade agreement, which can be confusing. Note that for the purpose of this study, the abbreviation 'PTA' is used to denote a 'plurilateral trade agreement'.

3. To view the final report on the study, go to the following link: <https://assets.publishing.service.gov.uk/media/5a33d23fe5274a7908e350d7/PO_40104262_-_DFID_-_FINAL_REPORT.pdf>.
4. See, for example, <<https://www.gtap.agecon.purdue.edu/databases/v9/default.asp>> for more detail on the GTAP model and database.
5. See <https://www.gtap.agecon.purdue.edu/models/cge_gtap_n.asp> for more detail on the CGE model.
6. Previous work on this include: Aguiar A, B Narayanan & R McDougall, 'An overview of the GTAP 9 data base', *Journal of Global Economic Analysis*, 1, 1, 2016, pp. 181–208; Kutlina-Dimitrova Z, The economic impact of eliminating domestic preference margins in GPA countries: a 'phantom' tax modelling assessment, paper presented at the 19th Annual Conference on Global Economic Analysis, Washington DC, USA, 2016; Kutlina-Dimitrova Z, *Can we put a Price on Extending the Scope of the GPA? First Quantitative Assessment*, DG TRADE Chief Economist Notes 2017-1, Directorate General for Trade, European Commission, pp. 1–26, accessed 9 April 2017, <http://trade.ec.europa.eu/doclib/docs/2017/ march/tradoc_155456.pdf>.
7. Scenario A = indirect or spill-over benefits for developing countries and LDCs from not participating, and Scenario B = direct benefits for developing countries and LDCs from participating. The opportunity cost for developing countries and LDCs from not participating is therefore [B] - [A].
8. International Monetary Fund, *World Economic Outlook*, January 2017. Washington, DC: International Monetary Fund.
9. The countries listed in Table 1 were selected on the basis of a discussion among the research team members regarding which countries would be a representative mix of developing countries, including LDCs. These are also the countries on which the spill-over effects from Scenario A were measured.
10. These countries are only available as part of regional groupings in the GTAP-9 database. The Southern African Customs Union countries comprise South Africa, Botswana, Lesotho, Namibia and Swaziland.
11. WTO, 'Briefing Note – Agricultural Issues', accessed 9 February 2018, <https://www.wto.org/english/thewto_e/minist_e/mc10_e/briefing_notes_e/brief_agriculture_e.htm>.
12. WTO, 'Doha Round: What are they negotiating?', accessed 18 January 2018, <https://www.wto.org/english/tratop_e/dda_e/update_e.htm>.
13. Nakatomi M, *Toward the Reform of the WTO and the Early Conclusion of the Doha Round (Proposal)*. Tokyo: Research Institute of Economy, Trade and Industry, 2011, p. 9, accessed 6 April 2017, <https://www.rieti.go.jp/users/nakatomi-michitaka/policy-recommendation_en.pdf>.
14. The WTO agreements contain special provisions giving developing countries special rights which make them eligible for more favourable treatment from developed countries than is afforded to other WTO members. These special provisions include more extended timeframes for implementing agreements and capacity-building support and, in the case of LDCs, tariff- and quota-free market access.
15. Hoekman B & P Mavroidis, 'WTO "à la carte" or "menu du jour"? Assessing the case for more plurilateral agreements', *European Journal of International Law*, 26, 2, 2015, pp. 319–43.
16. WTO, 'Pre-WTO legal texts', accessed 2 February 2018, <https://www.wto.org/english/docs_e/legal_e/prewto_legal_e.htm>.
17. Critical mass exists when a 'sufficient number of parties that do not represent the entire membership agree upon a common cause of cooperative action to be taken under the auspices of the WTO. In plurilateral negotiations, the critical mass provision has relaxed the single undertaking rule, evidenced in countries being allowed to reach agreement on cherry-picked items. Once a critical mass is reached in an agreement, the provisions associated with the agreement would be extended to all WTO members – regardless of whether they participated or not. Thus all members would enjoy the benefit of tariff- and quota-free entry into foreign markets, while not being expected to reduce their own tariffs if they did not participate in the agreement.

This gives rise to the 'free-rider' phenomenon, which has become a contentious issue in trade negotiations.

18. If an agreement is 'multilateralised', (a) it is accepted by the wider WTO membership (upon consensus); (b) it is incorporated into the wider WTO structures and given legal status; and (c) its provisions begin to apply to the entire WTO membership. The precise steps involved would depend on the specific type of PTA.
19. There are four possible ways in which TiSA could be multilateralised: (a) TiSA participants could incorporate their new commitments into their existing GATS schedules by means of a protocol. Under this arrangement MFN benefits would extend to all WTO members. (b) TiSA participants could unilaterally improve their existing GATS commitments via individual certification procedures. WTO members would have to approve individual requests from TiSA participants for amendments to be made to their existing schedules. Once approved, the new commitments would be incorporated into the schedules of all other WTO members, who would benefit under the MFN rule. (c) TiSA could be adopted as a PTA, similar to the GPA, where the benefits accrue to participating countries only; or (d) TiSA could remain outside WTO structures and other WTO members would be excluded from its provisions and benefits. For more information on this topic, see Smeets, M, 'The WTO multilateral trading system in a globalizing world: Challenges and opportunities', Oisterwijk, Netherlands: Wolf Legal Publishers (WLP), 2017. DOI: [10.26481/dis.20170627ms](https://doi.org/10.26481/dis.20170627ms).
20. Hoekman B & P Mavroidis, 'Embracing diversity: Plurilateral agreements and the trading system', *World Trade Review*, 14, 1, 2015, pp. 101–16.
21. WTO, 'Are plurilateral trade agreements strengthening or weakening the multilateral trading system?', accessed 2 February 2018, <https://www.wto.org/english/forums_e/debates_e/debate46_e.htm>. See the following: Bhagwati J & P Sutherland, *World Trade and the Doha Round*. Final Report of the High Level Trade Experts Group, co-chaired by J. Bhagwati and P. Sutherland, 2011, <https://voxeu.org/sites/default/files/file/__Trade-experts-group-final%20report-26-05-2011.pdf> and The 2012 WTO Public Forum debate on 'Is multilateralism in crisis', video available at <https://www.wto.org/english/forums_e/debates_e/debate45_e.htm>. See also: Decreux Y & L Fontagne, 'What next for multilateral trade talks? Quantifying the role of negotiation modalities', *World Trade Review*, 14, 1, 2015, pp. 29–43; Dupuy M, 'Plurilateralism, the key to saving the World Trade Organisation and boosting global trade liberalism', *Journal of International Organizations Studies*, 6, 1, 2015 pp. 46–61; Draper P, & M Dube, 'Plurilaterals and the multilateral trading system', ICTSD E15 background paper, 2013, pp. 1–6; Evenett S, 'The Doha Round impasse: A graphical account', *Review of International Organizations*, 9, 2, 2013, pp. 143–62; Hoekman B, 'Sustaining multilateral trade cooperation in a multipolar world economy', *Review of International Organizations*, 9, 2, 2014, pp. 241–60; Hoekman B & P Mavroidis, 'WTO "à la carte" or "menu du jour"? Assessing the case for more plurilateral agreements', *European Journal of International Law*, 26, 2, 2015, pp. 319–43.
22. Nakatomi M, 'Plurilateral agreements: A viable alternative to the World Trade Organization?' ADBI Working Paper no. 439, 2013. Tokyo: Asian Development Bank Institute, accessed 15 January 2018, <<http://www.adbi.org/working-paper/2013/10/24/5914.plurilateral.agreements.alternative.wto/>>.
23. Draper P & M Dube, 'Plurilaterals and the multilateral trading system', ICTSD E15 background paper, 2013.
24. Low P, 'WTO Decision-making for the future'. Background paper prepared for the inaugural conference of Thinking Ahead on International Trade (TAIT), Geneva, 17–18 September 2009, pp. 1–13.
25. Nakatomi M, 'Plurilateral agreements: A viable alternative to the World Trade Organization?' ADBI Working Paper no. 439, 2013. Tokyo: Asian Development Bank Institute, accessed 15 January 2018, <<http://www.adbi.org/working-paper/2013/10/24/5914.plurilateral.agreements.alternative.wto/>>.
26. Vickers B, *The Relationship between Plurilateral Approaches and the Trade Round*, E15 Initiative. Geneva: International Centre for Trade and Sustainable Development (ICTSD) & World Economic Forum, 2013, pp. 1–11, accessed 5 May 2017, <<http://e15initiative.org/>>.

27. See the following work: Decreux Y & L Fontagne, 'What next for multilateral trade talks? Quantifying the role of negotiation modalities', *World Trade Review*, 14, 1, 2015, pp. 29–43; Dupuy M, 'Plurilateralism, the key to saving the World Trade Organisation and boosting global trade liberalism', *Journal of International Organizations Studies*, 6, 1, 2015 pp. 46–61; Draper P & M Dube, 'Plurilaterals and the multilateral trading system', ICTSD E15 background paper, 2013, pp. 1–6; Evenett S, 'The Doha Round impasse: A graphical account', *Review of International Organizations*, 9, 2, 2013, pp. 143–62; Hoekman B, 'Sustaining multilateral trade cooperation in a multipolar world economy', *Review of International Organizations*, 9, 2, 2014, pp. 241–60; Hoekman B & P Mavroidis, 'WTO "à la carte" or "menu du jour"? Assessing the case for more plurilateral agreements', *European Journal of International Law*, 26, 2, 2015, pp. 319–43.
28. Nakatomi M, 'Plurilateral agreements: A viable alternative to the World Trade Organization?' ADBI Working Paper no. 439, 2013. Tokyo: Asian Development Bank Institute, accessed 15 January 2018, <<http://www.adbi.org/working-paper/2013/10/24/5914.plurilateral.agreements.alternative.wto/>>.
29. Low P, 'WTO decision-making for the future'. Background paper prepared for the inaugural conference of Thinking Ahead on International Trade (TAIT), Geneva, 17–18 September 2009, pp. 1–13.
30. Houston-McMillan J, 'An argument for more plurilateral agreements and their value for developing countries: Stemming the tide of preferential trade agreements, Post-Doha'. A Research Dissertation submitted in partial fulfilment of the requirements for the degree Master of Laws, Specialising in International Trade Law, at the University of Cape Town.
31. Nakatomi M, 'Plurilateral agreements: A viable alternative to the World Trade Organization?' ADBI Working Paper no. 439, 2013, Tokyo: Asian Development Bank Institute, accessed 15 January 2018, <<http://www.adbi.org/working-paper/2013/10/24/5914.plurilateral.agreements.alternative.wto/>>.
32. WTO, 'Are plurilateral trade agreements strengthening or weakening the multilateral trading system?' accessed 19 January 2018, <https://www.wto.org/english/forums_e/debates_e/debate46_e.htm> and Hoekman B & P Mavroidis, 'Embracing diversity: Plurilateral agreements and the trading system', *World Trade Review*, 14, 1, 2015, pp. 101–16.
33. Houston-McMillan J, 'An argument for more plurilateral agreements and their value for developing countries: Stemming the tide of preferential trade agreements, post-Doha'. A Research Dissertation submitted in partial fulfilment of the requirements for the degree Master of Laws, Specialising in International Trade Law, at the University of Cape Town
34. Nakatomi M, 'Plurilateral agreements: A viable alternative to the World Trade Organization?' ADBI Working Paper no. 439, 2013. Tokyo: Asian Development Bank Institute, accessed 15 January 2018, <<http://www.adbi.org/working-paper/2013/10/24/5914.plurilateral.agreements.alternative.wto/>>.
35. Hoekman B & P Mavroidis, 'WTO "à la carte" or "menu du jour"? Assessing the case for more plurilateral agreements', *European Journal of International Law*, 26, 2, 2015, pp. 319–43.
36. Dupuy M, 'Plurilateralism: The key to saving the World Trade Organization and boosting global trade liberalization?', *Journal of International Organizations Studies*, 6, 1, 2015, pp. 47–62.
37. Wolfe R, 'Can the trading system be governed? Institutional implications of the WTO's suspended animation', in Alexandroff A (ed.), *Can the World be Governed? Possibilities for Effective Multilateralism*. Waterloo, Ontario: Wilfrid Laurier University Press, 2008, p. 308.
38. The emerging economies in the BRICS alliance are currently leading the resistance to plurilaterals.
39. Vickers B, *The Relationship between Plurilateral Approaches and the Trade Round*. E15 Initiative, Geneva: ICTSD & World Economic Forum, 2013, pp. 1–11, accessed 5 May 2017, <<http://e15initiative.org/>>.
40. *Ibid.*
41. Stephenson S, *Overview of the TISA Negotiations Training Workshop on Trade in Services Negotiations for AU-CFTA Negotiators*, 2015, accessed 24 October 2016, <<http://unctad.org/meetings/en/Presentation/ditc-ted-Nairobi-24082015-USAID-stephenson-2.pdf>>.

42. Goff PM, 'The Trade in Services Agreement: Plurilateral progress or game-changing gamble?' Centre for International Governance Innovation, 2015, paper no. 53, European Commission, In Focus: Trade in Services Agreement, accessed 26 April 2017 <<http://ec.europa.eu/trade/policy/in-focus/tisa/>>.
43. Stephenson S, A Ragoussis & J Sotelo, 'Implications of the Trade in Services Agreement for developing countries'. German Development Institute (DIE), 2016, Discussion Paper 10.
44. European Commission, 'TiSA', accessed 26 April 2017, <<http://ec.europa.eu/trade/policy/in-focus/tisa/>>.
45. The parties to the TiSA negotiations are sometimes referred to as the 'Really Good Friends of Services', a sub-group of WTO members formed in 2012 which were keen to advance the idea of a services liberalisation agreement. The current TiSA negotiations are a product of that initiative.
46. Parties to the TiSA negotiations include the EU 28 member states and other selected WTO members which together account for a significant proportion of global trade in services. Mauritius is the only African country that is party to the TiSA negotiations, accessed 25 October 2016, <<http://ec.europa.eu/trade/policy/in-focus/tisa/>>.
47. Vilup, E, 'The Trade in Services Agreement (TiSA): An end to negotiations in sight?' 2015, EU Parliament, Policy Department.
48. Currently, TiSA negotiations are being conducted within the framework of a free trade agreement, based on GATS Article V (economic integration), but outside the WTO mandate and without formal assent from other WTO members (*ibid.*).
49. Stephenson S, A Ragoussis & J Sotelo, 'Implications of the Trade in Services Agreement for developing countries'. DIE, 2016, Discussion Paper 10.
50. *Ibid.*
51. Vilup E, 'The Trade in Services Agreement (TiSA): An end to negotiations in sight?' 2015, EU Parliament, Policy Department.
52. European Union, 'Trade sustainability – Impact assessment on the Environmental Goods Agreement'. Report prepared for DG Trade by Development Solutions consultants, European Commission: Brussels, March 2016, accessed 12 May 2017, <http://trade.ec.europa.eu/doclib/docs/2016/august/tradoc_154867.pdf>.
53. WTO, 'Agreement on government procurement' – Text of the Agreement', accessed 4 April 2017, <https://www.wto.org/english/tratop_e/gproc_e/gpa_1994_e.htm>.
54. *Ibid.*
55. Anderson RD & AC Muller, 'The revised WTO agreement on government procurement as an emerging pillar of the world trading system: Recent developments', *Trade, Law and Development*, 7, 1, 2015 p. 42.
56. WTO, 'Agreement on government procurement' – Coverage schedules', accessed 4 April 2017, <https://www.wto.org/english/tratop_e/gproc_e/gp_app_agree_e.htm>.
57. National treatment is a basic principle of the GATT/WTO that prohibits discrimination between imported and domestically produced goods in the form of local taxation or other government regulations.
58. Under the WTO agreements, countries cannot normally discriminate between their trading partners. If a trading partner is granted a special favour (such as a lower rate of customs duty applied to a particular product category), the same treatment must be afforded all other WTO members.
59. Kollamparambil U, 'The amended government procurement agreement: Challenges and opportunities for South Africa', *Law, Democracy & Development*, 18, 2014, <http://www.scielo.org.za/scielo.php?script=sci_arttext&pid=S2077-49072014000100010>.
60. Mendez-Parra M, 'New global IT trade deal offers little to developing countries', ODI Blogs, 2015, accessed 26 June 2017, <<https://www.odi.org/comment/9752-new-global-trade-deal-offers-little-developing-countries>>.
61. WTO, 'List of ITA participants', accessed 31 August 2017, <https://www.wto.org/english/tratop_e/inftec_e/itapart_e.htm#fnt2>.

62. An exception is Chile which is a party to the TISA negotiations and is also a potential candidate for EGA.
63. In the GTAP model, welfare is based on the equivalent variation (EV). The EV measures what a consumer would be willing to be compensated in order to forego the policy change (eg, by not joining a particular PTA).
64. The gap between the bound and applied MFN rates is called the binding overhang. Trade economists argue that a large binding overhang makes a country's trade policies less predictable. This gap tends on average to be small in industrialised countries and often fairly large in developing countries, accessed 30 August 2017, <http://wits.worldbank.org/wits/witshelp/content/data_retrieval/p/intro/C2.Types_of_Tariffs.htm>.
65. The quantitative data for this study can be obtained from the authors.
66. Vickers B, *The Relationship between Plurilateral Approaches and the Trade Round*, E15 Initiative. Geneva: ICTSD & World Economic Forum, 2013, pp. 1–11, accessed 5 May 2017, <<http://e15initiative.org/>>.

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