Identifying Costs and Benefits: The Need for a Research Agenda

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October 2004

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FORUMS AND AGENDAS

☞ Obstacles to negotiations

- WTO
- FTAA
- CAN
- Mercosur

☞ FTA´s: “Hub and Spoke” Approach

- WTO-plus Agreements
- Consolidation of strategic objectives
- Relative isolation of Brazil and Mercosur
THE NEGOTIATION

- Insufficient response at the strategic level
- Conditionality
- ATPDEA as a limit (Andean Trade Promotion and Drug Eradication Act)
- Different margins of negotiation
- Complex environment
FTA: EXPECTED ADVANTAGES

- Consolidation of the ATPDEA (Andean Trade Promotion and Drug Eradication Act)
- Access to the main market
- Direct foreign investment
- Making “structural reforms” irreversible
FTA: RESULTS OF ESTIMATES

- Detailed impact studies are needed
- Controversial empirical evidence, IADB, ALADI, CAN, Miles Light, Watanuki and Associates, Tello, Pizarro, Umaña, Fairlie and Associates
- Insufficient utilization of the ATPDEA
- Tendency to maintain primary exporter pattern
- Limits of successful export strategies
FTA: NEGOTIATION TABLES IN DEBATE

Market access: ATPDEA with strict reciprocity?

Agriculture: subsidies without compensatory mechanisms.

Intellectual property: rights of companies vs. public health, traditional knowledge and biodiversity.

Governmental purchases: national treatment vs. policies supporting local productive sector
FTA: NEGOTIATION TABLES IN DEBATE

Investments and services: promotion policies compared to performance requirements and governmental regulation.

Conflict resolution: dispute over jurisdiction.

Labor and environmental laws: between standards and sanctions.
FTA: SOME IMPLICATIONS

- Market access vs. Concession in disciplines
- Economic policy and development strategy: between political reform “lock-in” and the loss of maneuvering room
- FTA and community regulations; between concurrence and conflict
FTA: PENDING TOPICS ON THE AGENDA

- Table on strengthening capacities: excess of demand and expectations.
- Evaluation of sectorial impact of the implementation of agreements in different forums.
- Asymmetry and compensatory mechanisms: transition for sensitive sectors.
- Productive restructuring and competitiveness
FTA: PENDING TOPICS ON THE AGENDA

- Competition in the new setting and the Chinese threat
- New political instruments and the resulting decrease in freedom
- FTA and Andean laws: necessary coexistence
- Cooperation and strengthening institutions
FTA: PENDING TOPICS ON THE AGENDA

- Identification of compliance with labor and environmental standards by the actors involved
- Support for SMEs (small and medium size enterprises) and productive export chains
- Estimation of financial and institutional requirements for national and regional governmental projects