

# Recent Trends in Preferential Trade Agreements



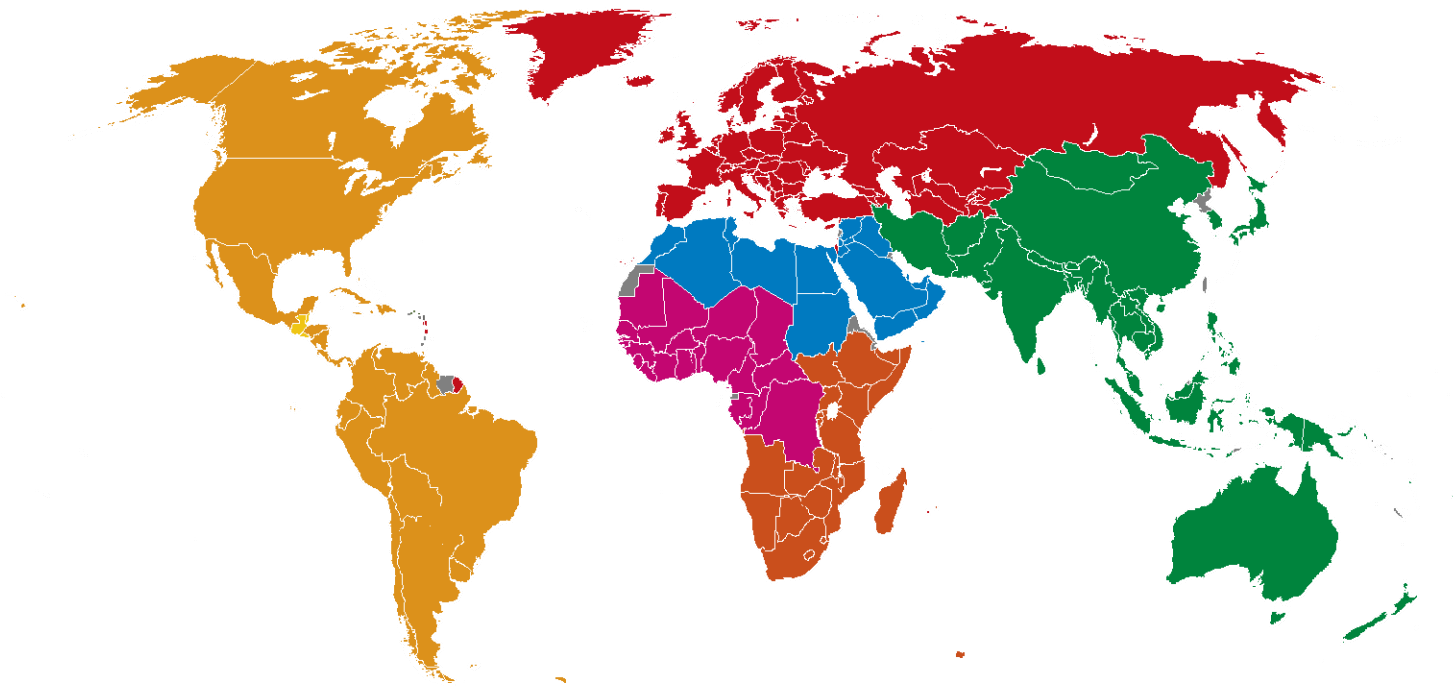
4<sup>TH</sup> MEETING OF THE OIC COMCEC TRADE WORKING  
GROUP  
ANKARA, TURKEY  
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# An organization with global reach

**179\* Members divided into 6 regions, responsible for processing 98% of international trade**

*(\* plus the European Union which, since July 2007, has rights akin to those of a WCO Member for matters falling within its competences as an interim measure.)*



 South America, North America, Central America and the Caribbean

 Europe

 Far East, South and South East Asia, Australia and the Pacific Islands

 North of Africa, Near and Middle East

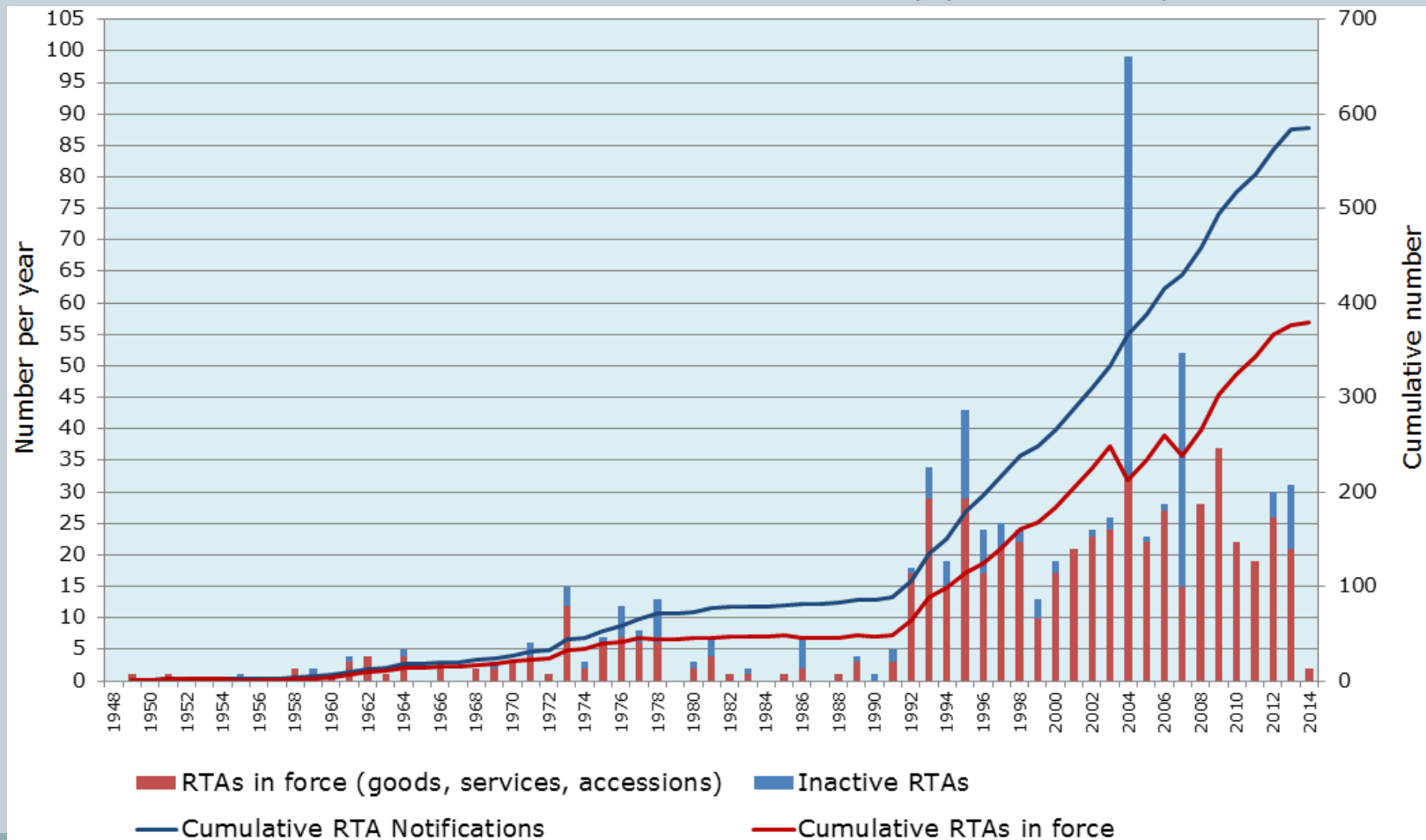
 West and Central Africa

 East and Southern Africa

# INCREASING NUMBER OF PTAs

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## RTAs notified to the GATT/WTO (1948-2014) by year of entry into force



# Recent trends in PTAs

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- **Level of development of participating countries**
  - North-North agreements
  - North-South agreements
  - South-South agreements
- **Tariff reduction schemes**
  - Preferential rate (lower than MFN)
  - Zero-rate (complete abolition of customs and other duties)

# Recent trends in PTAs

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- **Geographical coverage of the PTAs**
  - **From RTA to FTA**
    - ✦ Half of FTAs in force are not regional
    - ✦ EU gives a good picture of the development of PTAs
    - ✦ Africa: most agreements with other African countries
    - ✦ Asia: both regional and cross-regional (started negotiating FTAs lately)
  - **Regional differences**
    - ✦ Europe leading in number of PTAs
    - ✦ African countries have fewest and almost no cross-regionals
    - ✦ North, South and Central-America have many cross-regionals
    - ✦ Asia still relatively low number of PTAs per country
    - ✦ MENA region relatively low number of PTAs per country

# Recent trends in PTAs

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- **Types of PTAs**

- **Bilateral PTAs**

- ✦ Mostly used for across the globe agreements
- ✦ Driven by political and economic considerations
- ✦ Easier to negotiate technical complex issues bilaterally
- ✦ PTAs between developing countries often on bilateral basis
- ✦ Increase in bilateral PTAs due to lack of new regional opportunities

- **Plurilateral PTAs**

- ✦ Mostly used for agreements within a region
- ✦ Also used where existing regional blocs negotiate on behalf of their members (ASEAN, MERCOSUR, EU, COMESA etc.)

# Recent trends in PTAs

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- **Degree of market integration**
  - Most negotiations stay at PTA level (not going towards Customs unions etc.)
  - FTA account for 75 % of PTAs in force
- **Product coverage of PTAs**
  - Substantially all trade (WTO principle, GATT 1994 Art. XXIV)
  - Possible to exclude sensitive goods (often agriculture and food)
    - ✦ The higher the MFN, the less likely to include product in PTA
    - ✦ The higher the competitive advantage in partner country, the less likely to include product in PTA

# Recent trends in PTAs

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- **PTA coverage / scope**
  - Trade in goods
  - Trade in services
  - Investment
  - IPR
  - Technical barriers to trade
  - Dispute settlement
  - Human rights, labor rights, child labor etc.
  - Environmental protection
  - Sustainable development (poverty alleviation)
  - Government procurement

Most of these policy areas are not addressed multilaterally



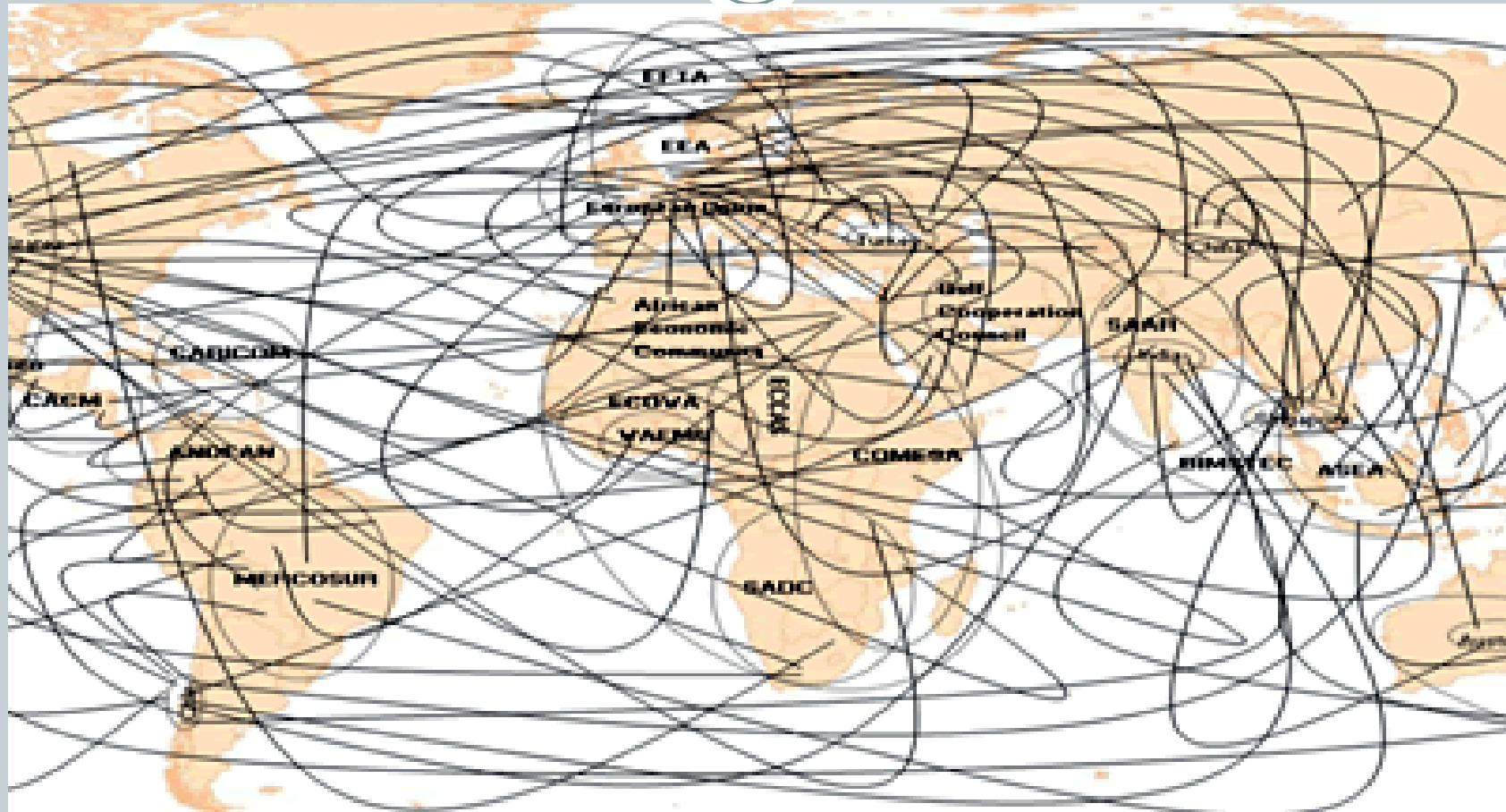
# Future prospects for PTAs

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- **Mega-regional agreements**
  - TTIP (EU-US)
  - TPP
  - CFTA
  - EU-ACP EPA
- **“More preference is less preference”**

# THE SPAGHETTI BOWL OF COMPLEX AND OVERLAPPING RULES OF ORIGIN LEGISLATIONS

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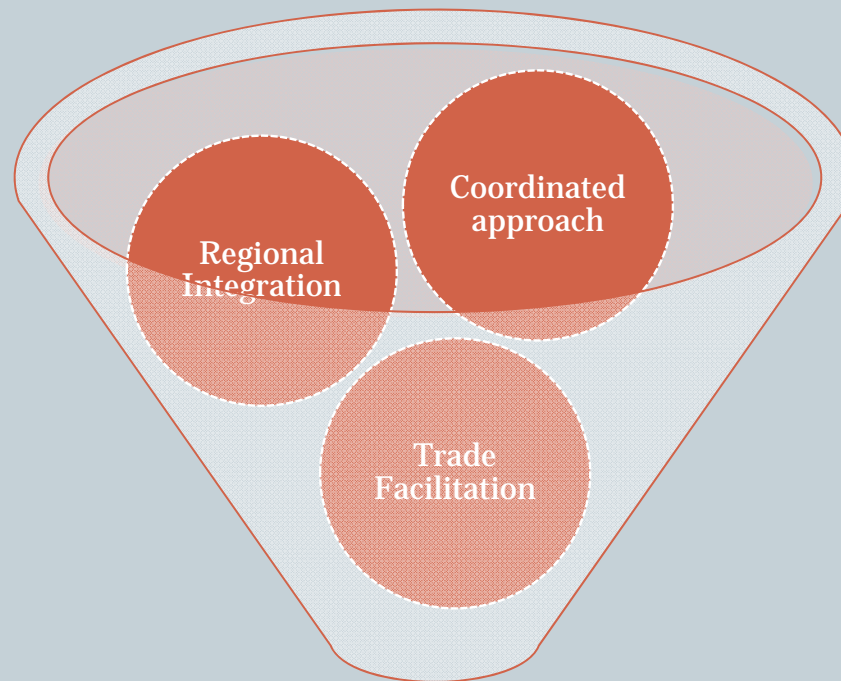
# Proliferation of Rules of Origin

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- **Purpose of rules of origin**
  - PTA opens up a market to goods from partner country
  - Rules of origin:
    - ✦ Limit the preferential market access to goods originating in partner country
    - ✦ Avoid transshipment
    - ✦ Avoid trade deflection
- **Rules of origin can be used as protectionism**
- **3 general models – now being mixed due to cross-regional agreements**

# WCO activities and tools

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**Fair and efficient revenue  
collection**

# WCO activities and tools

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- **Origin certification**
  - Study on trends in origin certification
  - Guidelines on origin certification
- **Origin verification**
  - Study on trends in preferential origin verification
  - Guidelines on origin verification
- **Origin irregularities**
  - Origin irregularity typology study
  - Guide to counter origin irregularities (before June 2015)

# WCO Capacity Building Programmes

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- Technical assistance (seminars, workshops, training...)
- Diagnostic tool (take temperature of the organization + assess needs for technical assistance)
- Infrastructure (assistance as to setting up the infrastructure inside the administration)
- Tailor-made capacity building according to Members' needs
  - Annual needs assessment
  - Ad hoc requests
- Funding (self funding, donor funding)