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Avenue des Arts 40, 1040 Brussels
www.ecipe.org — info@ecipe.org

ECIPE PRESS RELEASE - NEW OCCASIONAL PAPER

Learning to Love Trade Again

By Frank Lavin, former U.S. Undersecretary of Commerce for International Trade and as U.S. Ambassador to Singapore, and Oscar Guinea, Senior Economist at ECIPE.

Brussels, Belgium, 17th June 2020 - The World Trade Organization is in search of a new Director-General. In August 2020, Roberto Azevêdo will step down as head of the WTO as in his own words “We are doing nothing now — no negotiations, everything is stuck”. We are at the moment, the first in seventy-five years, where there is no international consensus in support of trade. Trade is unloved, unsupported, and even unwanted. And yet, the world has never been more prosperous. Trade has been a fabulous boon to the world economy, benefiting every country that participates and benefiting people from all socio-economic backgrounds.

This paper presents five ideas to revitalise the international trading system. The WTO provides the architecture, but not leadership, vision, or mechanism to get results. We propose a new approach where the Big Three – the U.S., EU, and Japan – move ahead while other WTO members can join but it is not obligatory.

The Big Three should pursue trade policies which are significant enough to have an economic impact yet will not fall victim to trade posturing. It is time to think small. The U.S., Japan, and the EU should commit to zero tariffs on any items not produced in each particular market; eliminate tariffs on all products where the current tariff is less than 2%; expand the Nairobi Protocols to include environmental and health products, and each of the Big Three should agree to reduce its tariff on every item where it has the highest tariff of the three.

Convergence between the Big Three is already happening. The EU and Japan signed an FTA that lowers import tariffs between these two economies, while the U.S. and Japan agreed to negotiate a comprehensive FTA. So indirectly, the EU, the U.S., and Japan, have all indicated this approach is compatible with their view of trade.

And if China is willing to step up? China should be welcomed into this group if it supports the four initiatives, changing the Big Three to the Big Four.

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Media Contact: info@ecipe.org at +32 2 289 13 50