



Work Package 4: Trade, Development and Migration

Trade liberalization generates important welfare gains. If ineffectively regulated, trade liberalization can lead to unequal distribution of wealth. Divergences between rich and poor countries risk deepening if no regulatory framework is in place at the multilateral, regional and national levels to address the challenge of unequal distribution of production factors, capital and labour. Economic globalization has led to an increasing mobility of the production factors labour and capital to the effect that labour migration and foreign direct investment complement, rather than substitute for trade in goods and services. And yet, capacity constraints in developing and least developed countries prevent these from effectively participating in the WTO multilateral trading system, so that attracting foreign capital while sending surplus labour to foreign markets still seems to substitute for access to product and services markets. The questions this work package addresses are twofold: a first one will deal with the unequal distribution of production factors and how to make the best out of the non-reciprocal interests in migration and capital transfers within the WTO trading system based on reciprocity. A second set of questions will seek to discuss proposals for more effective Special and Differential Treatment Regime for developing and least developed countries and how to build capacities for global trade, whether this be by stimulating more South-South trade, for instance by re-designing the Enabling Clause or by mobilizing through tax breaks, foreign investors to transfer technologies within a North-South dimension.

Addressing such asymmetries requires a look beyond the existing WTO agenda to the variety of free trade, bilateral investment, commodity and migration agreements that have frequently made advances in regulating such differences. The recent food crisis, the challenges of irregular migration, un-enforced readmission agreements, un-adopted labour standards, but also emerging bio-fuel, agro-biotech and commodity markets all illustrate that the WTO is not currently able to accommodate these fundamental differences. The long term effects of the economic crisis and consequential recourse to protectionist measures will only exacerbate the underlying problems. Regulatory solutions that go beyond enhanced market access and differential treatment to boost poorer countries' export-led integration whilst reducing inequalities and their consequential effects must be sought. This package will contribute to the re-conceptualization of policy space for variable geometry through the drawing of regulatory lessons from other fora. Solutions analysed will range from operationalising the concept of shared responsibility for migratory flows in GATS, optimizing the use of tax breaks for stimulating transfers of technology in TRIPS, and reforming the enabling clause, the subsidy disciplines relating to food aid, as well as the regionalism exceptions for South-South trade agreements.

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