

G20 cooperation: The way forward

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Source of G20 success is eroding

- Based on extraordinary correlation of interests.
 - Rich at fault; not poor.
- Now: 2 global crises, not 1.
 - North Atlantic Banking crisis (supply-side damage);
 - Aggregate demand shock (Caballero's "Sudden Financial Arrest").
- What G20 did/does:
 - Financial regulation. Done (grade = C+)
 - Macro coordination.
 - Global imbalances.
- Ergo: Sustained focus on trade wise.

Sources of protection “success” are eroding

- Protection: Lots or little?
- Low frequency things:
 - GATT/WTO centrality in rich nations.
 - Production unbundling (Effective Rate of Protection).
- High frequency things:
 - Nature of shock: sudden, synchronised, severe.
 - 1930s echos;
 - Local and export demand collapsed in tandem.
- Now 2 crises, US unemploy’t, GI, etc.

What? WTS at a juncture

- Deep changes in international trade cumulating; Formal governance stagnating.
 - “21st Century Trade” vs 20th century WTO rules.
- But business doesn’t wait.
 - Unilateral efforts;
 - North-South RTAs creating parallel trade governance is “beyond tariffs” disciplines.
- US, EU, Japan & middle-sized emerging economies.
- What about China, India & Brazil?

Specifics

- WTO is not the right place to talk about this
 - (e.g. last Ministerial September 2009).
- Mandate experts group to report on:
 - Methods to prevent protection & rollback crisis-linked measures.
 - Doing DDA? (“Doha, Ha Ha”)
- Beyond Doha issues:
 - Trade & climate “the train wreck” scenario.
 - Deeper disciplines to underpin “production sharing”.

End

- Thank you for listening.

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