WEEK 4 – LECTURE

ELS, The relationship of regional multilateral agreement

3 Questions (essays) Exam

* Possible question in the exam: Regional trade agreements (dynamics and issues and names) Most favoured nations, exceptions, and RTA’s (discrimination), problematic government dimensions

Today/ Regional agreements:

* How this regionalism related to multilatarism? 🡪 The Wto emerges much more by design, the sense of the design it’s because the legislations. The intention of Parliaments: one this is the intention of one a person and one other is the collective intention.

What about the exceptions? How does it function?

* Examples of regional trade agreements:
* THE EUROPEAN UNION
* THE EUROPEAN FREE TRADE ASSOCIATION (EFTA)
* the North American free trade agreement

“They often also provide for a preferential regulatory framework” 🡪 it’s a problem

* The WTO is pushing on the opposite direction (exceptions)
* System of exclusivity and preference (benefits)
* Caution: “RTA can complement the multilateral trading system…but by their very nature RTAs are discriminatory”

Does a RTA brings Inefficiency?

Transition mechanism involved in that, business interests. There is a problems of allocation distortions.

They can play an important role in defusing potential distortions, both at the regional and at the Global level

“Overlapping membership” (pragmatic argument) Destructors (press the bottom) the WTO has an overstanding of their own limitations.

Regionalism as a departure from MFN (text) Fundamental dynamics: “Economic theory is ambiguous as to whether a country gains or losses from entering into a RTA” 🡪 particular sui generis, complexity.

World Tarde Report (developing countries):

What is a developing country? What does it means “temporary”?

Multilateral agreements 🡪 there has to be unanimity (problem)

+growth

WEEK 5 – LECTURE

* Finance is an exceptional powerful lobby group
* Instability of banks
* WTO discourse: considerable degree of simplicity

What “Boeing” needs more money?

* Competition : airbus and Boeing
* Duopoly (two big companies) : they emerge on the shadow of the states

Why subsides? Airbus – Boeing Dispute Cont. (Airbus compliant citing US support of Boeing through military spending)

* In order to produce aircrafts in that scale, government recognized it (tax, infrastructure)
* Lessons:
1. Legal complexity: dispute resolution (hard to obtain) What extent is the WTO embracing and coming to term with this conflict?
2. What does it means to have comparative advantage in a particular field? Problems : transitions involved in the establishment
3. What role can and should the states plays in the development of industries like aircraft? People from different countries
4. To what extent are subsidies in practice allowed? They are allowed and both boeing’s and airbus’ subsidies most likely violate WTO rules

The WTO will probably find both countries at fault.

How do we establish genuinely those subsidies?

CHINA (creating their own aircraft) other companies should be thinking about the subsidies and how it will affect their markets. Exacerbate trade tensions