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Trade openness is a key component of a country’s economic policy mix for growth and general well-being. Experience suggests that trade openness has contributed substantially to the remarkable growth of the industrialized countries, as well as to that of Asia’s newly industrialized economies. However, for various reasons many developing countries in the Asia and Pacific region have not yet been able to integrate successfully into global markets and realize the growth-inducing and poverty-reducing benefits of trade.

While trade liberalization by developing countries progressed subsequent to the Uruguay Round, new rules were being developed in the multilateral trading system pertaining to a variety of domestic policy and regulatory areas that affect trade and investment flows in a less direct manner than traditional tariffs and quotas. The World Trade Organization (WTO) seeks to promote a rules-based multilateral trading system. This initiative should be seen as beneficial for the developing countries. After all, developing countries are heavily represented in the WTO, accounting for about four-fifths of its membership. Nevertheless, the multilateral trading system could be improved to make it work more effectively for the interests of developing countries.

For this reason developing-country policymakers should have a good understanding of the economic implications of the various policies, standards and regulatory regimes associated with national and international trade. They should also understand the timing, sequencing and costs of trade policy reforms and the appropriate institutional arrangements required for their effective implementation. Furthermore, as standard trade policy instruments such as tariffs and quotas are becoming increasingly less relevant, the reform of domestic markets and the need to strengthen local institutional capacity for policy development in new areas have become urgent. This includes not only the need for building local capacity to implement international agreements, but also to assess policy initiatives. Given that the welfare implications of many of the policies that are now emerging on the international negotiating agenda may depend on identification and consideration of impacts on local stakeholders, the choice of a policy mix that reflects the right assessment of local interests and concerns becomes increasingly important. Similarly, the institutional dimensions of trade policy formation and implementation have become more important.

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Such understanding and related actions are therefore of fundamental importance if developing countries are to participate fully and successfully in multilateral trade negotiations and safeguard their interests, and at the same time promote international trade and investment flows. Donors and national governments are working towards achieving the international target of halving poverty by 2015. Given this goal and the important role of international trade in assisting in this regard, WTO-related policy developments and actions must contribute meaningfully to achieving the international development target of poverty reduction through the promotion of more open international trade. Clearly, developing countries need more access to industrialized countries’ markets. WTO members must provide increased access to their markets for goods and services on the basis of more predictable and non-discriminatory rules. International trade rules must remain relevant to the 21st century’s challenges and opportunities.

At the Asian Development Bank Institute, in addition to ongoing research in post-crisis development paradigms for Asia, our new challenge is to intellectually support the overarching poverty reduction goal recently set by the Asian Development Bank. We want to clearly identify concrete development mechanisms whereby growth and globalization can be compatible with the least income disparity and the largest reduction in poverty. In the international trade area our research activities include export competitiveness in precrisis East Asia; trade and foreign direct investment in a post-Asian crisis environment; impact of information technology on conventional comparative advantage-based development strategy; and new dimensions of education, learning and skills formation linkages in Asia.

This volume contains updated and edited versions of selected papers presented at a capacity building and training programme on Trade Policy Issues held at the Asian Development Bank Institute in Tokyo during 16–25 July 2000. I hope that the views and information presented in this volume will enhance readers’ understanding of these important emerging trade policy issues and that they will eventually make some contribution towards the promotion of a more open and rules-based multilateral trading system and through this mechanism assist in achieving the international development target of poverty reduction.

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