US AND EU TRADE POLICIES AND EAST ASIA

This article identifies a number of examples of apparent lack of coherence in United States and European Union trade policies. They include the effect of preferential policies that lock in trade shares and inhibit growth promoting structural adjustment, biases in tariff structures, policies that affect incentives of developing countries to make commitments in the World Trade Organisation, the use of anti-dumping actions and the nature of tariff peaks and escalation. The origins of the lack of policy coherence lie within the domestic policy-making processes of the developed economies. An important question, then, is whether opportunity exists for East Asian economies to mobilise to induce an external shock sufficient to shift policy consensus in the United States and the European Union – The key elements of such a grand bargain on trade in manufactured goods would include an explicit East Asian commitment to bind more tariff lines, initiatives to resolve the problem of accelerating anti-dumping actions and a replacement for the program of tariff preferences. A package of trade policy reforms of this type in East Asia would constitute a substantial offer and benefit to the United States and the European Union. It has the potential to trigger a response of equal benefit to East Asian economies.