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The fifteen years between the conclusion of the GATT Tokyo Round in 1979 and the finalisation of the Uruguay Round in 1994 witnessed a period of spectacular growth in East Asia. Many of the countries in the region have in the interim developed vibrant economies characterised by significant liberalisation and deregulation which has led to strong trading performances. They have become major actors in the world economy as they benefited from a liberal open multilateral trading system.

This volume provides a comprehensive assessment of the likely effects of the Uruguay Round agreements and the establishment of the World Trade Organisation (WTO) on the dynamic economies of East Asia. The rapid development of these countries owes much to the strong export performance and unilateral deregulation of their economies in recent years. Their major stake in maintaining the integrity of the global trading system was demonstrated by their active participation in the negotiations. The impact of the Uruguay Round liberalisation on East Asian economic development and policies is evaluated, including using sophisticated CGE models to estimate the effects on trade and income. The strengthening of trade rules and dispute settlement procedures are examined by leading world trade experts. They establish that some gaps and weaknesses in the multilateral trading system remain to be tackled (anti-dumping, regional discrimination) and that some new problems are pending (competition policy, investment).

Readily accessible to a wide audience, this book will be of great interest to political economists, policy makers and international trade experts.

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# East Asian trade after the Uruguay Round

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*Edited by*

**DAVID ROBERTSON**

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## *Preface and acknowledgements*

As the Uruguay Round negotiations approached their scheduled completion at the end of 1990, it appeared likely that the rapidly industrialising economies of East Asia would face a new world trading system that would be less accommodating to the aggressive marketing that had underpinned their export-led growth strategies. Further dismantling of tariffs by OECD countries would be offset by easier access to contingency protection provided by GATT escape provisions, which would discriminate against competitive exporters. In these circumstances, the export and growth prospects of the East Asian economies would suffer and new strategies might become necessary.

The National Centre for Development Studies decided that outcomes from the Uruguay Round negotiations needed to be assessed from an East Asian–West Pacific perspective. In 1991, the Research School of Pacific Studies provided funding for a research fellow for this project for three years and the Australian International Development Assistance Bureau (AIDAB) – now AusAID – generously provided finance for research assistance.

In fact, of course, the Uruguay Round negotiations continued for another three years. The agreements embodied in the Final Act in December 1993 were more far-reaching and more comprehensive than envisaged in 1990. Liberalisation of industrial and agricultural trade and new agreements on trade in services, on international property rights and on strengthening GATT disciplines have established a new trading system to be overseen by the World Trade Organisation (WTO). The original objective of the research remains relevant, but the Uruguay Round Final Act impinges more directly than had been envisaged on many aspects of economic development in East Asian countries. The research programme, therefore, was amended to take account of changing circumstances in East Asia and in the international trading system.

This volume is a review of the way selected aspects of the Uruguay Round Final Act will impinge on economic developments and policies in

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East Asian countries. The increasing significance of the East Asian region in the global economy and its dependence on an orderly world trading system under the WTO affected the circumstances of the review in 1994. Although many uncertainties remain about the implementation of the Uruguay Round agreements, and the operations of the WTO, this volume comprises a review of key aspects of the agreements for the Western Pacific economies.

The National Centre for Development Studies wishes to express its thanks to the Australian International Development Assistance Bureau for the generous financial support provided for the research behind this volume.

Among the many people who assisted with the organisation and the editing of the papers, a special vote of thanks must be given to John Watts and Ruel Abello for their devoted support, 'go-foring' and goodwill.

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AFTA	ASEAN free-trade area
AIDAB	Australian International Development Assistance Bureau (now AusAID)
AMS	Aggregate Measure of Support
ANZCERTA	Australia–New Zealand Closer Economic Relations Trade Agreement
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of South East Asian Nations
ASEAN4	Malaysia, Thailand, Indonesia, Philippines
CUSTA	Canada–US Trade Agreement
CAP	Common Agricultural Policy (EU)
CGE	computable general equilibrium
c.i.f.	cost-insurance-freight
CITES	Convention of Trade in Endangered Species
EADCs	East Asian Developing Countries
EAEC	East Asian Economic Caucus
EANIE	East Asian Newly Industrialising Economies
EC	European Community
ECSC	European Coal and Steel Community
EEA	European Economic Area
EFTA	European Free-Trade Association
EMS	European Monetary System
EU	European Union
FDI	foreign direct investment
FEER	fundamental effective exchange rate
f.o.b.	free-on-board
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDI	gross domestic investment
GNP	gross national product
GSP	Generalised System of Preferences



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GTAP	Global Trade Analysis Project
IDB	Integrated Data Base (GATT)
IIT	intra-industry trade
ILO	International Labour Office
IMF	International Monetary Fund
ITO	International Trade Organisation
LAIA	Latin American Integration Association
LDC	less/least developed country
LTA	Long Term Agreement on Cotton Textiles
Mercosur	Common Market of the Southern Cone
MFA	Multifibre Arrangement
Mfn	most-favoured-nation
NAFTA	North American Free-Trade Agreement
NGO	non-governmental organisation
NIE	newly industrialising economy
NTB	non-tariff barrier
OECD	Organisation for Economic Cooperation and Development
OLS	ordinary least-squares
OMA	orderly marketing agreement
PSE	producer subsidy equivalent
QR	quantitative (import) restriction
SAM	social accounting matrix
SII	Structural Impediments Initiative
SPS	sanitary and phytosanitary
TPRM	Trade Policy Review Mechanism (GATT)
TRIMs	trade-related investment measures
TRIPs	trade-related aspects of intellectual property rights
UNCTAD	United Nations Commission for Trade and Development
VER	voluntary export restraint
VIE	voluntary import expansion
WTO	World Trade Organisation