

REVIEW MECHANISM

The Significance of Review Mechanism in Free
Trade Agreements

FLOW OF THE MODULE

- 1. The Significance of Review Mechanisms in Free Trade Agreements;**
- 2. The WTO's Trade Policy Review Mechanism (TPRM);**
- 3. Process of establishment of Review Mechanisms;**
- 4. Importance of data collection and data processing for the review process; and**
- 5. Adaptation and Adjustment Strategies.**

REVIEW MECHANISM IN FREE TRADE AGREEMENTS: AN OVERVIEW

- **Critical Role of FTAs:** FTAs are pivotal in shaping international trade, fostering economic cooperation, and driving global growth.
- **Need for Regular Review:** To maintain their success and relevance, FTAs incorporate robust provisions for periodic review, adapting to changing needs and economic environments.
- **Dynamic Review Mechanism:** The review process is a dynamic tool for adapting FTAs to evolving economic landscapes and emerging challenges, requiring active engagement and feedback from stakeholders.
- **Stakeholder Involvement:** Stakeholder participation is fundamental for the democratic and inclusive governance of FTAs. Governments, businesses, and NGOs play a crucial role in providing feedback for improvement.
- **Transparent Feedback Channels:** Establishing transparent channels for feedback, including public consultations and surveys, ensures a comprehensive review process, considering multifaceted impacts.

THE GENERAL ASPECTS OF THE REVIEW MECHANISMS

- 1. Establishment:** means setting the stage for the review process. It is the prelude to the symphony.
- 2. Participants:** Who is in the room matters for an effective review mechanism, therefore a careful selection of participating countries, regions, stakeholders, and members is of utmost importance.
- 3. Scope of Review:** What is under scrutiny? It is about defining the parameters and the **why** behind them. Having specific questions for which the review mechanism is required provides the right direction for the assessment
- 4. Public Consultations:** Review mechanisms are not just about expert opinion; public perspective matters and is a key element for effective reviews.
- 5. Negotiation of Changes:** When putting the review results into tangible results, it can be a delicate dance of discussions and adjustments based on the reviews
- 6. Rectification:** Finally, making the review process official. This is where the rubber meets the road for these agreements.

WHY DO THE REVIEW MECHANISMS MATTER?

The review mechanism is a dynamic and adaptive process that ensures FTAs remain relevant, effective, and responsive to the evolving needs and challenges of the participating countries and the global economic landscape. In other words, the Review Mechanism ensures the functioning and relevance of the multiple dimensions of an FTA. These elements that are assessed under the review mechanism are:

1. Assessment of Economic Impact
2. Identification of Challenges and Opportunities
3. Adaptation to Changing Circumstances
4. Enhancement of Dispute Resolution Mechanisms
5. Stakeholder Engagement and Transparency
6. Continuous Improvement
7. Promotion of Trust and Confidence
8. Policy Alignment
9. Political and Diplomatic Relations

HOW REVIEW MECHANISM CONTRIBUTE TO TRANSPARENCY?

Review Mechanism contributes significantly to **enhanced transparency** through several key mechanisms in the process. These mechanisms include:

1. Public Consultation and Stakeholder Inclusion,
2. Discourse of Information and Rationale,
3. Stakeholder Engagement and Open Dialogue,
4. Feedback Mechanisms of External Inputs,
5. Publication of Comprehensive Reports, and
6. Communication of Review Objective.

WORLD TRADE ORGANIZATION'S TRADE POLICY REVIEW MECHANISM (TPRM)

1. TPRM Was established in 1989
2. The primary objective is to enhance the commitment of the WTO Members to adhere to rules in Multilateral and Plurilateral Agreements. It ensures the facilitation of seamless operation of the multilateral trading system. It promotes greater transparency and understanding of trade policies.
3. The systematic evaluation is done under the Trade Policy Review Body.
4. Comprehensive reports are presented including detailed chapters, delving into the intricacies of a Member's trade policies.
5. TPRM serves as a dynamic instrument that fosters global discourse, where larger economies are reviewed more frequently for a comprehensive evaluation.

FEATURES AND STEPS OF TPRM

1. Regular Review Cycle
2. Voluntary Participation
3. Preparation of National Reports
4. WTO Secretariat report
5. Notification and Distribution
6. Review Meetings
7. Peer Review and Questions
8. Feedback and Recommendations
9. Draft Report
10. Final Report
11. Transparency and Accessibility
12. Capacity Building

**PROCESS OF ESTABLISHING REVIEW MECHANISMS, INCLUDING
STAKEHOLDER ENGAGEMENT, GOAL SETTING, AND BENCHMARKING**

INTRODUCTION

This section will focus on the systematic process of instituting review mechanisms, encompassing key elements such as stakeholder engagement, goal setting, and benchmarking.

UNDERSTANDING THE NEED FOR A REVIEW MECHANISM

Review mechanisms for Free Trade Agreements (FTAs) are vital for ongoing success, ensuring adaptability and effectiveness in the dynamic global trade landscape. They act as guardians, preventing stagnation, and refining strategies to maintain the resilience and effectiveness of FTAs.

STAKEHOLDER ENGAGEMENT: BUILDING THE DREAM TEAM

In navigating the intricate landscape of international trade, **stakeholders are not passive participants but active co-pilots propelling our FTA to unparalleled heights.** Their feedback transcends a mere background note; it acts as a crescendo, elevating our FTA to a masterpiece within the ever-evolving symphony of global commerce.

GOAL SETTING AND THE MILESTONES

In the domain of an FTA (Free Trade Agreement) Review Mechanism, goal setting emerges as a **strategic and meticulous process, intricately defining specific, measurable, achievable, relevant, and time-bound (SMART) objectives.** These objectives play a crucial role in guiding and evaluating the effectiveness of the review process. Aligned with the overarching purpose of the FTA Review Mechanism, which seeks to fortify transparency, facilitate communication among member countries, and ensure the consistent application of trade policies, the significance of goal setting cannot be overstated.

Clear goals with measurable milestones enhance accountability, transparency, and the overall effectiveness of the FTA.

BENCHMARKING

Benchmarking stands as a linchpin in the FTA review mechanism, providing a systematic, transparent, and objective framework for the assessment and evolution of trade policies, thereby contributing substantially to the enduring success of the agreement.

INCLUSIVE MECHANISM

Inclusive mechanisms function as catalysts for constructive dialogue, systematically addressing the concerns of various stakeholders. Regular engagements offer dynamic opportunities for real-time feedback, facilitating prompt adjustments and improvements to the FTA.

ADAPTABILITY

It empowers FTAs to stay relevant and effective over time, ensuring they don't merely survive but thrive in an ever-changing global economic scenario.

The provisions governing adaptability are strategically embedded within the FTA text, **often found in clauses addressing dispute resolution, amendment procedures, and periodic reviews.**

**METHODS AND TOOLS FOR DATA COLLECTION AND ANALYSIS
TO ASSESS THE IMPACT OF FTA**

THE KEY ROLE OF DATA IN THE FTA REVIEW PROCESS: DATA COLLECTION AND ANALYSIS

Data is the lifeblood of effective analysis. It's not just about numbers; it's about understanding the story they tell. **The impact of an FTA isn't confined to spreadsheets; it resonates in economic shifts, market behaviours, and the livelihoods of the people it touches. The three reasons why data collection and analysis is important for FTAs negotiation and their review process are:**

1. **Impact Assessment**
2. **Compliance Monitoring**
3. **Effectiveness Evaluation**

METHODS FOR DATA COLLECTION

- 1. Surveys and Questionnaires**
- 2. Trade and Economic Indicators (Trade Pattern data collection)**
- 3. Qualitative Interviews**

TOOLS FOR DATA ANALYSIS

1. **Statistical Software- eg. ,R, Python, SPSS etc.**
2. **Econometric Models**
3. **Data Visualization tools, e.g. ,Tableau, Power BI, and D3.js**

NAVIGATING CHALLENGE

Challenges such as ensuring data reliability, representing samples accurately, and deciphering the intricate dance between causation and correlation may test our analytical mettle.

For with vigilance and methodological rigour as our compass, we can navigate through these uncharted territories, turning challenges into opportunities for deeper understanding and more robust insights. So, as we embark on the analytical voyage, let the spirit of curiosity and resilience be our guiding stars.

ADAPTATION AND ADJUSTMENT STRATEGIES

ADAPTIVE STRATEGIES

Adaptive strategies in the context of the review mechanisms of Free Trade Agreements (FTAs) refer to the approaches and actions that nations employ to ensure the ongoing relevance, effectiveness, and responsiveness of their trade agreements to changing economic, political, and social conditions.

KEY ADAPTIVE STRATEGIES

- 1. Regulatory Agility** - the dynamic nature of regulatory frameworks, systems, or institutions, emphasizing their ability to swiftly adapt and evolve in response to various factors.
- 2. Proactive Flexibility** - This strategic approach involves proactively anticipating and preparing for potential challenges or changes, all the while safeguarding the resilience and effectiveness of the FTA amidst evolving circumstances.
- 3. Stakeholder Involvement** - the inclusion of stakeholders **enhances the legitimacy and credibility of the negotiation or review process**, contributing to greater public trust. Stakeholders, being intimately connected with various sectors, offer **valuable insights into the real-world impacts of trade policies**, aiding in the identification of challenges and concerns.

ADJUSTMENT STRATEGIES

- 1. Institutional Capacity Enhancement** - Institutional Capacity Enhancement constitutes a comprehensive initiative focused on fortifying and advancing the capabilities of organizations and institutions, particularly in the context of Free Trade Agreements (FTAs).
- 2. Early Warning Mechanisms** - The early Warning Mechanism in adjustment strategies refers to a proactive system implemented to identify and communicate potential challenges or changes in trade dynamics at an early stage.
- 3. Continuous Monitoring and Evaluation** - This dynamic system provides a structured approach for negotiators to systematically assess and respond to changes in the trade landscape. Through ongoing scrutiny and analysis of economic conditions, market trends, policy effectiveness, and global trade dynamics, negotiators gain real-time insights into the performance of the FTA.

CASE STUDIES

- I. **The United States-Korea Free Trade Agreement (KORUS)** - Over time, the economic landscape shifted, and challenges arose. However, both nations engaged in a series of negotiations to address issues like market access and automotive trade. Through a process of give-and-take, they adapted the agreement to ensure it remained mutually beneficial. **This case study exemplifies successful adaptation through diplomatic dialogue and compromise.**
- I. On the flip side, consider the challenges faced by the **Transatlantic Trade and Investment Partnership (TTIP)** between the European Union and the United States. The negotiations faced significant public resistance, regulatory disparities, and political complexities. Despite ultimately not reaching an agreement, the case provides valuable insights into the importance of managing public perception, addressing regulatory differences, and navigating political hurdles

CHALLENGES AND SOLUTIONS

Challenges –

1. Varying interpretations of FTA provisions among member nations can lead to misunderstandings, disputes, and a lack of uniformity in implementation.
2. The pace of change in global economies poses a perpetual challenge, making it difficult to keep regulations aligned with evolving FTA terms.
3. Achieving a balance between fostering economic growth and addressing social and environmental concerns remains a persistent challenge.
4. Balancing the sovereignty of nations with the cooperative nature of international agreements.

Solutions –

- 1.** An effective approach involves enhancing communication channels between member nations to ensure a shared understanding of FTA provisions.
- 2.** Regular dialogues, joint committees, and ongoing consultations can serve as conduits for resolving interpretational discrepancies.
- 3.** Collaborative mechanisms
- 4.** Striking this delicate balance requires a nuanced approach.

THANK YOU!!!

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