

# TIISA 2020

## Post Graduate Student Workshop

### Trade & Investment in Services

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*“The political economy of PTA services-related governance: a network approach”*



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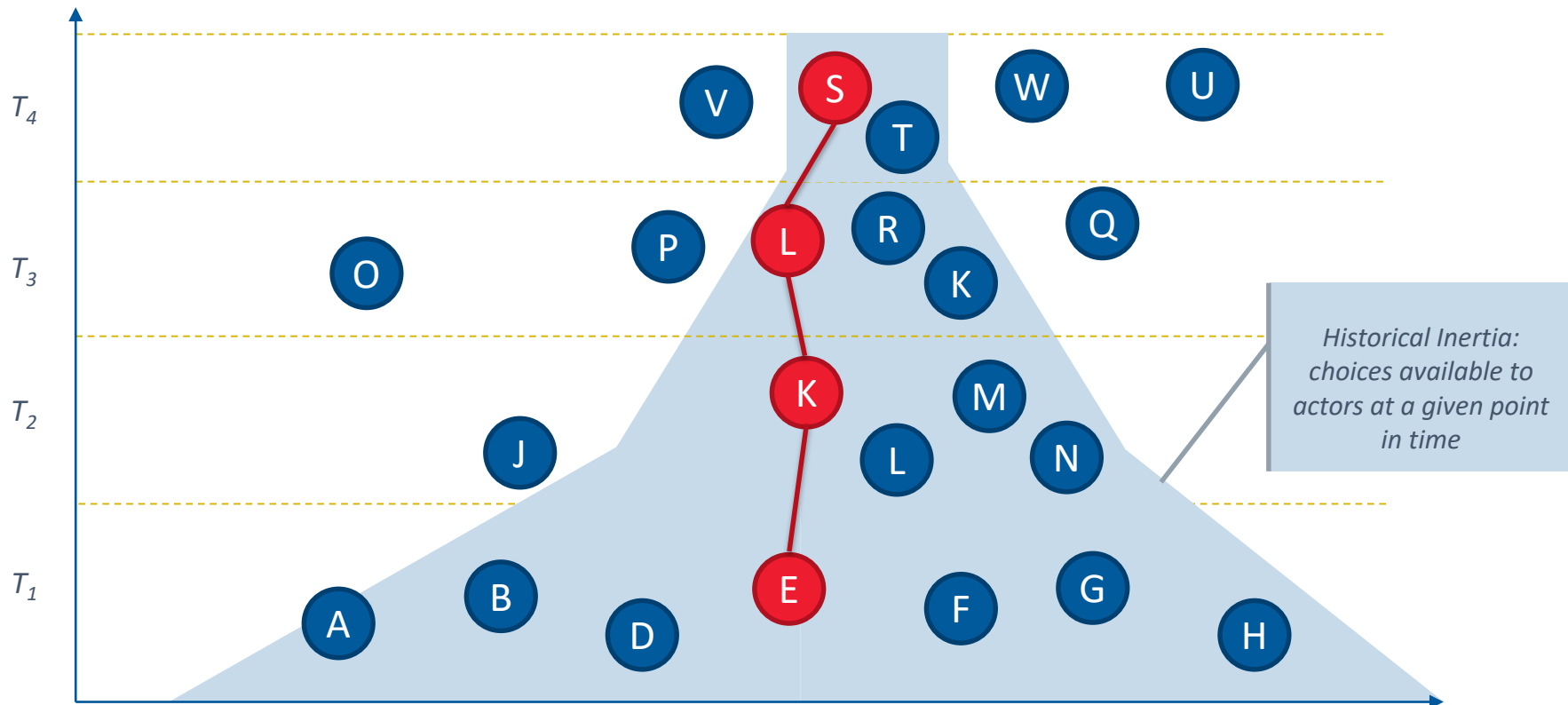
# Quick summary

- International trading system increasingly characterized by instability
- What are the implications of instability for services policy?
- What can path dependence tell us about the prospects of system stabilization in order to minimize the chances of further reversals (protectionism + unilateralism)?
- New opportunities, thanks to instability, to rewire services provisions.
- Avoidance of suboptimal lock-in critical.

# Current trade policy instability

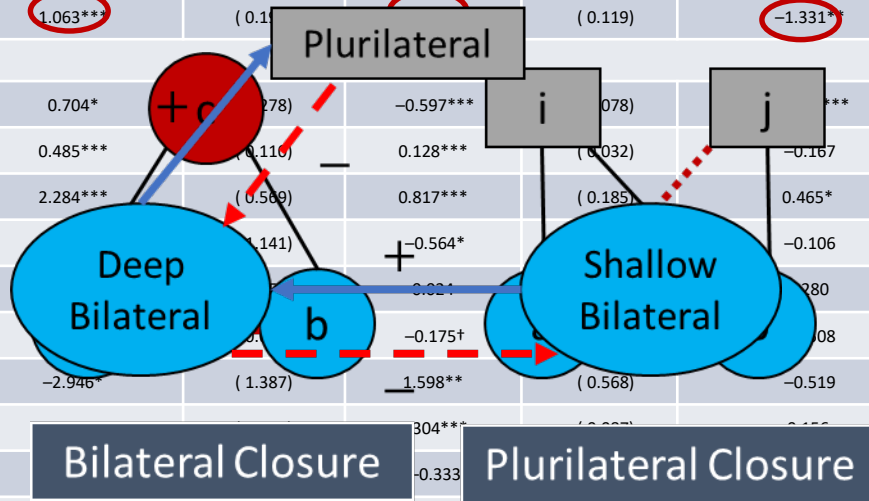
- Multilateral level:
  - DDA?
  - DSU?
  - WTO reform?
- (Mega)regional level:
  - US withdrawal from TPP
  - TTIP?
  - India and RCEP?
  - Era of managed trade?
- Individual level:
  - Brexit
  - US-China trade war
  - COVID-19 responses

# Path dependence in the PTA network

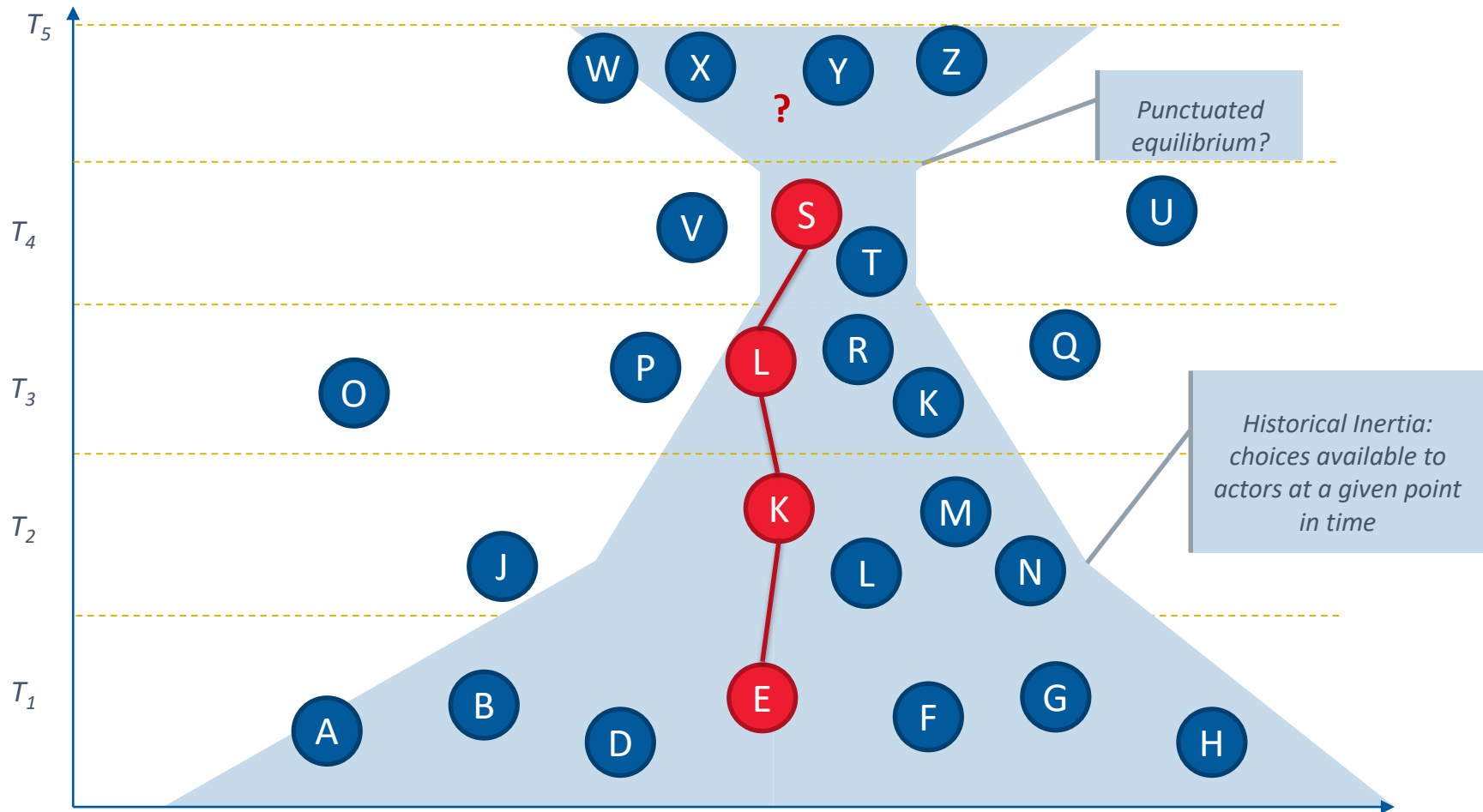


# Path dependence continued

Network	Deep Bilateral Estimate	Standard Error	Shallow Bilateral Estimate	Standard Error	Plurilateral Estimate	Standard Error
Density	-10.275***	( 1.213)	-5.454***	( 0.318)	0.723	( 2.176)
Network Closure	3.173**	( 0.943)	1.190**	( 0.151)	0.531**	( 0.162)
Path Dependence	1.063**	( 0.110)		( 0.119)	-1.331*	( 0.516)
Controls						
Distance	0.704*	( 0.278)	-0.597***	( 0.078)		( 0.246)
Trade	0.485***	( 0.116)	0.128***	( 0.032)		( 0.862)
Alliance	2.284***	( 0.589)	0.817***	( 0.185)		( 0.232)
WTO Membership		( 0.141)				( 2.085)
Democracy			-0.564*			( 0.314)
GDP per Capita			-0.175†			( 0.800)
GDP per Capita Similarity	-2.946*	( 1.387)	-1.598**	( 0.568)		( 0.670)
GDP			304***	( 0.007)		( 0.417)
GDP Similarity			-0.333			( 0.081)
Veto Players	2.270	( 5.465)	-1.265	( 1.010)	-20.317	(23.973)
Cross-network Effects						
Bilateral Shallow PTA	2.853**	( 0.744)			-0.239	( 1.175)
Bilateral Deep PTA			-0.733	( 0.546)	2.389**	( 0.403)
Plurilateral Network	-1.015*	( 0.433)	0.049	( 0.080)		



# Implications: opening the envelope of choices



# Implications continued

- Design decisions (including in services) of countries constrains and guides their future decision-making
- Stabilizing and course-correcting the overarching structure/orientation of services policy in light of changes in global production structures, technological change, and geo-economics is critical to prevent policy regression
- Opportunity for rewiring services provisions

# Implications continued

- A key question going forward is whether trade rules are actually aligned with current political and economic realities (geo-economic competition, digital trade, GVCs etc) and what the ideal venue for their negotiation is (plurilaterals, bilaterals, the WTO etc)





**THANK  
YOU  
FOR  
YOUR  
ATTENTION**

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