Many aspects of globalization have captured worldwide attention in the 1990s, including capital flows, migration, and environmental issues. But for more than a century, the driving force behind globalization has been the expansion of trade in goods and services. And throughout the early decades of the 21st century, trade will continue to drive global integration, especially among developing countries.

Trade is important to developing countries for four reasons. First, it is frequently the primary means of realizing the benefits of globalization. Countries win when they gain market access for their exports and new technology through international transfers, and when heightened competitive pressure improves the allocation of resources. The rising share of imports and exports in gross domestic product (GDP) for Latin American and Southeast Asian countries in 1980–97 attests to a growing exposure to international trade (figure 2.1). African economies have also felt the effects of international trade for some time. Although the continent’s share declined during the 1980s, it fell from a high starting point.¹

Second, the continuing reallocation of manufacturing activities from industrial to developing countries offers ample opportunity to expand trade not only in goods, but also in services, which are becoming increasingly tradable. In a few decades global trade in services may well exceed that in goods.

Third, trade is intertwined with another element of globalization: the spread of international production networks. These networks break up sequential production processes, which traditionally have been organized in one location, and spread them across national borders. This dynamic will result in further geographic dispersion of production and increased trade among cities, regions, and countries. Increasingly, the fortunes of the new production venues are bound together by trade.

Fourth, the growth of trade is firmly buttressed by international institutions of long standing. The World Trade Organization (WTO), built on the legacy of the General Agreement on Tariffs and Trade (GATT), is the latest step in creating a commercial environment more conducive to the multilateral exchange of goods and services.² The GATT and WTO have served as the means of securing past gains through multilateral trade liberalization. But more important, the
WTO can function as the point of departure for future rule-making to promote still greater openness to trade. If trade is to continue expanding as rapidly as it has in the past, and if it is to be of greater benefit to developing countries, the international community must engage in further liberalization and institutional reforms. This chapter starts by outlining how the global trading system benefits developing countries, and reviewing the impressive record of trade liberalization during the last 15 years. However, the lack of attention given to the social consequences of reform has threatened a backlash against trade, which has the potential to stall this momentum toward reform. The chapter then describes how further trade liberalization in two sectors—agriculture and services—can especially benefit developing countries. The rise of global production networks and cities will also have profound implications for the world trading system—broadening participation in the system and fusing its participants closer together. The chapter ends by analyzing how the pace of and support for liberalized trade in developing countries will be affected by these developments.

**How the global trading system benefits developing countries**

Trade liberalization benefits economies in two important ways. First, when tariffs are lowered and relative prices change, resources are reallocated to production activities that raise national incomes. The tariff reductions implemented after the Uruguay Round raised national incomes by 0.3–0.4 percent. Second, much larger benefits accrue in the long run as economies adjust to technological innovations, new production structures, and new patterns of competition. These gains will continue to be as important in the future as they have been in the past.

Trade liberalization has other powerful effects. First, it strongly influences the way firms perform. The evidence of its effects on domestic enterprises highlights the benefits developing economies gain from access to world markets.

- Increased imports have been found to discipline domestic firms in Côte d’Ivoire, India, and Turkey by forcing incumbent firms to bring prices closer to marginal costs, thereby reducing the distortions created by monopoly power.
- Trade liberalization can permanently raise the productivity of firms by providing access to up-to-date capital equipment and high-quality intermediate inputs at relatively low prices. Some firms in the Republic of Korea and Taiwan (China), for instance, raised productivity by diversifying their use of intermediate inputs.
- Firms’ productivity levels also rise when businesses are exposed to demanding international clients and the “best practices” of overseas competitors. Domestic firms may also benefit from the opportunity to re-engineer foreign firms’ products. Indeed, the differences in the productivity levels of exporting and nonexporting firms often diminish once previously nonexporting firms begin selling products abroad, as studies from Colombia, Mexico, Morocco, and Taiwan (China) show.

Second, trade liberalization can set off a chain of events that concentrates economic activity in a city or region. When costs fall as output rises, businesses have an incentive to locate production activities in a few locations, laying the groundwork for “agglomerations” of economic activity. As demand from overseas purchasers boosts output in these locations, average costs fall and profits rise. The rising profits attract new firms that produce similar goods and thus provide a new source of agglomeration. The increase in final goods producers then encourages the entry of new intermediate input producers with products (such as nontradable services) tailored specifically to the needs of the final goods producers.

---

**Figure 2.1**

*Foreign trade has increased in most developing regions since 1970*

<table>
<thead>
<tr>
<th>Region</th>
<th>1970s (percentage of GDP)</th>
<th>1980s (percentage of GDP)</th>
<th>1990s (percentage of GDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Asia and Pacific</td>
<td>30</td>
<td>40</td>
<td>50</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>20</td>
<td>30</td>
<td>40</td>
</tr>
<tr>
<td>South Asia</td>
<td>10</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>5</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
</tbody>
</table>

*Note: Data are averages over each decade.*

*Source: World Bank, World Development Indicators, 1999.*
new inputs make the production of final goods yet more efficient, lowering costs and raising quality (and possibly revenues). Final goods production becomes still more profitable, attracting more producers. The cycle continues until it is curtailed by congestion—that is, when output grows faster than the capacity of local infrastructure. These cumulative processes lead to the higher productivity that characterizes urban areas (see chapter 6).8

**WTO mechanisms for promoting and maintaining liberal trade regimes**

The international trading system owes its robust development to successful institutions that straddle international and national levels—for many decades the GATT and now its successor, the WTO. An effective WTO serves the interests of developing countries in four ways:

- It facilitates trade reform.
- It provides a mechanism for settling disputes.
- It strengthens the credibility of trade reforms.
- It promotes transparent trade regimes that lower transactions costs.

These benefits explain the willingness of developing countries to join the WTO in increasing numbers. In 1987, 65 developing countries were GATT members.9 In 1999, 110 non-OECD countries were members of the WTO, accounting for approximately 20 percent of world exports (figure 2.2).10

**Facilitating trade reform**

Countries benefit from unilateral reductions in their own barriers to imports. But in a classic dilemma for policy reform, the costs of unilateral trade liberalization are concentrated among a few import-competing interests, while the benefits are distributed thinly across many consumers. The would-be beneficiaries of trade liberalization have little incentive to lobby against the opponents. The WTO exists to overcome this problem—that is, to facilitate trade reform by changing the political equation to generate support for multilateral trade agreements. These agreements create a set of concentrated “winners” in member states—the exporting firms, which benefit from lower tariffs in potential export markets, and which therefore have an incentive to oppose import-competing firms. To maximize the number of winners, multilateral trade negotiations tend to cover many sectors and countries.

Multilateral trade negotiations are not the only means of tilting the political balance to favor trade liberalization. Growing numbers of industrial and developing countries are signing regional trading arrangements (RTAs), often, but not always, with neighboring countries. Regional agreements have proliferated since 1990, covering not only trade in goods but also trade in services, investment regimes, and regulatory practices (figure 2.3). This regionally based liberalization has increased intraregional trade and investment flows.11 In some cases the regional concentration of trade has become pronounced. In 1992 trade among the members of the Andean Community—Bolivia, Colombia, Ecuador, Peru, and Venezuela—was 2.7 times higher than their economies’ national incomes and geographic separation would typically generate (box 2.1).12

**Encouraging countries to resolve their disputes through negotiation**

The dispute settlement mechanism of the WTO benefits developing economies.13 Initially, members of the
WTO undertake to settle disputes bilaterally. But if this process fails, a dispute can be referred to an international panel for adjudication. If the panel votes to uphold the complaint, it can recommend that the offending measure be removed.14 If the country against which the complaint has been lodged does not comply with the panel’s ruling, the complainant can apply for permission to retaliate by withdrawing trade concessions.

In principle, the dispute settlement mechanism makes it easier to enforce the numerous trade agreements that fall under the WTO umbrella. But due to the costs and expertise required to mount a case, and the limited leverage gained by shutting a trade partner out of a small market, more often than not the dispute settlement mechanism is of greatest benefit either to large developing countries or to several small countries acting in concert. Still, in certain areas the mechanism particularly benefits developing economies. For instance, many of the liberalizing measures affecting the textile trade that were agreed to during the Uruguay Round will be implemented in the first decade of the

The growing popularity of regional trading arrangements (RTAs) has ignited concerns that these agreements may undermine the global trading system by discriminating against imports and investments from nonmembers. Critics of regional arrangements argue that this practice would violate a core principle of the World Trade Organization (WTO): that all imports from member states should face the same barriers to trade. Furthermore, eliminating tariffs on imported goods from some countries but not others can be counterproductive. If imports from high-cost producers inside the agreement replace goods from low-cost producers outside the agreement, the importing country will not only lose tariff revenue but will wind up with imports that cost nearly as much as before.

Supporters of RTAs maintain that these agreements have enabled countries to liberalize trade and investment barriers to a far greater degree than multilateral trade negotiations allow. Proponents also argue that regional agreements have gone beyond trade liberalization, taking important steps toward harmonizing regulations, adopting minimum standards for regulations, and recognizing other countries’ standards and practices—trends that enhance market access. Some empirical evidence supports each view. Thus, a recent survey concluded that regional arrangements “seem to have generated welfare gains for participants, with small, possibly negative spillovers onto the rest of the world.”15

Should future research suggest that RTAs are having adverse effects on the world trading system, the arrangements will have to be aligned with the nondiscrimination principle of the global trading system. One response is to pursue further multilateral trade liberalization to limit the margin of preference regional agreements create. Policymakers who believe that their country is suffering because of the rise of RTAs elsewhere thus have a further incentive to support multilateral trade liberalization.

A second response is to alter the WTO’s agreement on regional trading arrangements to commit members to phase out any preferential market access within a certain time frame. Such a provision ensures that preferential market access is only a temporary feature of any regional initiative. To make this approach more attractive to members of a regional initiative, they could be offered credit for the reduction in trade barriers, which could be used in future multilateral trade negotiations.

A third response is to negotiate a “model accession clause” for the principal types of RTAs. Such clauses contain a set of conditions nonmembers must meet in order to become members. Meeting the conditions automatically triggers a negotiation for accession to the regional agreement. These clauses could also ensure that the trade barriers nonmembers face do not rise when an RTA is established or when new members are admitted.

Source: Baldwin and Venables 1995; Bhagwati 1991; Fernandez and Portes 1998; Frankel 1997; Panagariya 1999; Panagariya and Srinivasan 1997; Primo Braga, Safadi, and Yeats 1994; Schiff and Winters 1998; Serra and others 1998; Wei and Frankel 1996; World Bank 1999g; Yeats 1996.
21st century. In this case the dispute resolution mechanism can play a significant role in ensuring that developing countries are still able to expand their textile exports. The dispute settlement mechanism can also be used to protect developing countries from the imposition of banned market-closing measures, such as pressure to agree to “voluntary” restraints on their exports, or the improper use of permitted market-closing measures, such as the use of sanitary standards as a barrier to trade rather than a protection for public health.

Reinforcing the credibility of trade liberalization
Countries that have a history of import substitution policies—that is, of imposing barriers to imports with the intention of producing the same goods domestically—may want to signal that they have switched to a more liberal trade policy. In this case the WTO’s tariff-binding option may prove particularly useful. A WTO member can unilaterally reduce its trade barriers to some new level and then promise that future trade barriers to imports from all other WTO members will be no higher than this new, lower level. This promise, known as a “binding,” is incorporated into the country’s obligations at the WTO. Binding reinforces the political will to maintain a more liberal trade policy, even in the face of attempts by import-competing firms to reverse the reforms. If a country reneges on its obligations, WTO rules require that it offer compensation to trading partners whose interests have been adversely affected.

In the past 15 years, largely because of the environment created by the GATT and WTO, many developing economies have unilaterally reduced their trade barriers. The trend toward outward-oriented trade policies is not confined to any one continent or region, and it predates the completion of the Uruguay Round (figure 2.4). For example, between 1988 and 1992 Kenya reduced its average tariff rate from 41.7 to 33.6 percent. The credibility of such unilateral trade reforms plays a crucial role in their success. The private sector and international investors react less favorably to an announced trade liberalization if they believe that the reforms are likely to be reversed at the first sign of import surges, current account difficulties, or recession.

Only a few countries have bound their unilateral trade reforms, typically during a subsequent multilateral trade round. An additional incentive for binding unilateral reforms might be to give explicit credit in subsequent multilateral trade negotiations to developing countries that “bind” their unilateral reforms before those negotiations begin. The advantage of these inducements was apparent in the Uruguay Round negotiations, when credit was given informally for such bindings. Developing economies that bound substantial unilateral reforms received $1.50 of tariff concessions for every $1 they offered, significantly more than the $1.10 received by countries that had not undertaken unilateral reforms. Codifying this informal system would reduce uncertainty about the benefits of using this commitment mechanism.

Promoting transparent trade policy regimes
The WTO’s Trade Policy Review Mechanism, created in 1989, is designed to enhance the transparency of trade policy regimes worldwide. Depending on a country’s share of world trade, its trade policy regime is reviewed every two, four, or six years. Representatives from member states discuss the results of these reviews in a forum that provides a nonconfrontational atmosphere for discussing trade practices. This process reduces the incentive for governments to adopt and retain trade policy measures that contravene international rules, especially those countries with the largest shares of world trade. Such mechanisms not only nudge governments to comply with WTO commitments but also lower tensions among members.

Building technical capacity in trade matters in least-developed countries
The growing number and complexity of the issues negotiated at the WTO have prompted questions about the adequacy of the technical expertise available to developing countries in their national capitals and at their missions in Geneva. In 1997 industrial countries deployed an average of 6.8 officials to follow WTO activities in Geneva. Developing countries sent an average of 3.5 (figure 2.5). Because they are not as well represented, developing countries may have difficulty negotiating the most favorable trade agreements and using the dispute settlement mechanism effectively. To tackle this problem, the World Bank, in conjunction with other multilateral institutions, has developed the Integrated Framework for Trade and Development in the Least-Developed Countries. The aim of the framework is to prepare developing countries to participate effectively in the WTO (box 2.2).

Sustaining the momentum for trade reform
The successful completion of the Uruguay Round of multilateral trade negotiations and the growing popu-
larity of RTAs have created considerable momentum for integrating countries further into the global trading system. Policymakers in developing and industrial countries now confront the task of maintaining this momentum. Concerns about the effects of trade have received much attention in recent years, including worries over inequality, poverty, the environment, and the financing of social safety nets. Even though the empirical evidence almost always fails to validate these concerns, policymakers have become increasingly sensitive to them.

Recent concerns about the pace of trade reform

Developing countries are indeed exporting more to their industrial counterparts. As early as 1990, many industrial countries had seen substantial increases in the ratio of their merchandise imports to merchandise output, leading to even greater competition for sales in their markets. The composition of developing countries’ exports has changed, too, creating increased competition in manufactured products, especially in medium- and high-technology goods. For example, the share of high-technology products exported by East Asian economies increased substantially between 1985 and 1996. Meanwhile, Latin American countries and India have shifted their exports from resource-based manufactures to low- and medium-technology exports (figure 2.6). The quality of exports from the Czech Republic, Hungary, Poland, and the former Yugoslavia in engineering, clothing, textiles, and footwear products has also improved in the 1990s.

These heightened competitive pressures enhance overall national welfare, but they are not well received by import-competing firms. These firms are already leading a reaction against trade liberalization in both developing and industrial countries. In addition to lobbying policymakers, import-competing firms use antidumping laws—which are still permitted by WTO...
Figure 2.5
Equal players? African representatives at the WTO

Note: Data are for 1997. Mauritius, which is not pictured, had four officials in Geneva.

The average number of trade officials from OECD countries is 6.8.
rules—to allege unfair trade practices by foreign competitors. A good is said to be dumped if its export price is less than either the price in its home market or the average cost of production. Antidumping laws enable countries to impose offsetting duties on the products of foreign firms found to be both dumping products on the domestic market and causing “material injury” to a domestic industry.27

Until the early 1990s the main users of these laws were Australia, Canada, the European Community (as it was then), New Zealand, and the United States. However, these countries have been joined by a number of new users, primarily developing economies such as Argentina, Brazil, India, Korea, Mexico, and South Africa (table 2.1). In the late 1980s developing countries initiated less than 20 percent of all antidumping actions. By the late 1990s they accounted for around 50 percent (figure 2.7). Developing countries have also become the targets of antidumping actions at close to the rate of industrial countries (figure 2.8). Antidumping actions are becoming a widespread phenomenon, diluting market access and the gains from trade liberalization.28

The reaction against increased competition from imports is not limited to antidumping suits. Concerns have been raised that rising import competition is adversely affecting labor market outcomes and, in particular, causing the widening income inequality observed in some industrial economies.29 These concerns have led to calls to slow, halt, or even reverse trade liberalization in industrial economies—actions that would directly affect the number and size of export markets open to developing countries.

The link between increases in imports and rising income inequality is highly controversial. With a few exceptions, empirical research has found that imports from developing countries have relatively limited effects on wages and employment in industrial countries.30 This research does not deny that income inequality is

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**Box 2.2**

**Building technical expertise on trade policy: the Integrated Framework for Trade and Development in the Least-Developed Countries**

The Integrated Framework for Trade and Development in the Least-Developed Countries, a partnership among multilateral agencies and least-developed countries, provides assistance in integrating these countries into the global economy. The framework was initiated by the 1996 World Trade Organization (WTO) Ministerial Declaration, which asked WTO member countries to provide enhanced market access for the least-developed countries. The declaration also requested that the multilateral institutions involved—the WTO, the World Bank, the International Monetary Fund, the United Nations Development Programme, the United Nations Conference on Trade and Development, and the International Trade Center—provide an integrated framework for trade-related assistance.

The framework includes initiatives to build infrastructure, streamline the business environment, ensure the efficiency and transparency of customs administration, increase governments’ capacity to develop effective trade policies, and enhance the private sector’s ability to identify and operate in export markets. The framework also aims to enhance least-developed countries’ participation in the WTO so that they can take a more active role in the day-to-day workings of the organization and help set the agenda for the next round of multilateral negotiations.

In establishing the framework, the WTO invited each least-developed country to submit a needs assessment for trade-related assistance, including for physical infrastructure, human resource development, and institutional capacity building. In their assessments of the major obstacles to trade expansion, most countries identified supply-side constraints and a lack of technical capacity. The countries will update and rank their needs to produce multiyear programs of trade-related assistance that will be presented at donor consultations on trade matters. For each participating country, this consultation will produce concrete pledges constituting a firm program of trade-related assistance.

Of the 48 least-developed countries, 40 have already presented their needs assessments. Uganda has already implemented its program of trade-related assistance, and 16 other countries have been preparing similar programs for a 1999 donor consultation on trade matters. The discussion of the multiyear program at the Consultative Group meeting in Kampala in December 1998 raised the profile of the Integrated Framework. Several donors are prepared to support aspects of the program, including the U.S. Agency for International Development and the U.K.’s Department for International Development. Country teams from multilateral agencies assist the least-developed countries whenever requested.

Uganda’s experience demonstrates just how much this framework can contribute to a developing country. Uganda presented its multiyear program of trade-related assistance at the Consultative Group in 1998. The World Bank’s resident mission in Uganda created the operational process for the program, using existing sector investment projects in education, health, and roads. A steering committee led by the trade ministry reviewed the needs assessment, ranking items according to the country’s general priorities. The presence of donors and private sector representatives on the steering committee facilitated a consensus and ensured full financing of the priorities the program had identified.
increasing, but it does suggest that, because increased trade is not a primary cause, erecting new trade barriers is unlikely to solve this pressing problem.31

**Sustaining reform by treating import competition on a par with domestic competition**

The widening use of antidumping actions against foreign firms threatens to undermine one of the key benefits of global trade rules: stable and predictable access to foreign markets.32 Even though there is no economic rationale for doing so, antidumping laws treat the effects of competition from foreign firms differently from those of competition from domestic firms. The parity between foreign and domestic firms could be restored by an international agreement to eliminate antidumping laws and to apply national competition policy laws to import competition. That is, if an antitrust issue exists—such as predation—deal with it, but otherwise leave pricing decisions to individual firms.

**Sustaining reform by easing the adjustment to trade liberalization**

Supporters of trade liberalization should give greater attention to developing social safety nets and to education and retraining policies that facilitate labor market adjustment to internal and external shocks.33 Augmenting trade liberalization policies with complementary labor market policies that ease adjustment will reinforce social cohesion and help offset pressures to close domestic markets to foreign goods.34

Research into innovative public policies that reduce the costs of economic adjustment continues. “Income insurance,” for instance, would compensate workers in the short term for part of any income they lose because of economic adjustment to liberalization. Such a program reduces the pain of job loss while preserving the incentive to look for employment.35 However, there is little economic justification for treating workers affected by trade competition differently from workers affected by domestic competition, macroeconomic shocks, the adoption of new technology, or any other form of economic adjustment. Economic adjustment policies should aim to reduce the adverse impact of all shocks, irrespective of their source.

**Sustaining reform by directly tackling labor conditions in developing countries**

Labor practices in developing countries have received much publicity recently, thanks largely to the efforts of nongovernmental organizations (NGOs). Multinational

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**Figure 2.6**

The composition of many developing countries’ exports was transformed in just over 10 years

<table>
<thead>
<tr>
<th></th>
<th>1985</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Argentina</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resource-based exports</td>
<td>12%</td>
<td>67%</td>
</tr>
<tr>
<td>Low-technology exports</td>
<td>16%</td>
<td>19%</td>
</tr>
<tr>
<td>Medium-technology exports</td>
<td>27%</td>
<td>26%</td>
</tr>
<tr>
<td>High-technology exports</td>
<td>33%</td>
<td>32%</td>
</tr>
</tbody>
</table>

| **Brazil** |      |      |
| Resource-based exports | 5%  | 3%  |
| Low-technology exports | 12% | 9%  |
| Medium-technology exports | 16% | 21% |
| High-technology exports | 67% | 56% |

| **China** |      |      |
| Resource-based exports | 6%  | 1%  |
| Low-technology exports | 33% | 33% |
| Medium-technology exports | 33% | 13% |
| High-technology exports | 37% | 56% |

| **India** |      |      |
| Resource-based exports | 11% | 3%  |
| Low-technology exports | 46% | 13% |
| Medium-technology exports | 40% | 31% |
| High-technology exports | 52% | 18% |

| **Malaysia** |      |      |
| Resource-based exports | 31% | 6%  |
| Low-technology exports | 10% | 13% |
| Medium-technology exports | 10% | 9%  |
| High-technology exports | 53% | 60% |

Note: Export groups are based on the use of scientists and engineers in production and on the amount of research and development activity required. Resource-based exports are unfinished raw products. Low-technology exports are typically labor-intensive manufactures with low worker-skill requirements, such as textiles, garments, and footwear. Medium-technology exports are products that entail fast-moving production technologies and some design effort, such as automobiles, chemicals, industrial machinery, and consumer electronics. High-technology exports are products that combine intensive use of highly skilled employees with substantial research and development; examples include fine chemicals and pharmaceuticals, aircraft, and precision instruments. Source: Lall 1998.

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Corporations are particularly in the spotlight. Damaging reports have emerged of workers laboring for a fraction of the minimum wage in industrial countries in facilities that fall far short of the safety standards of high-income countries. This publicity has generated strong demands for incorporating international labor standards into the WTO, with trade sanctions to enforce them.36 The debate on the merits of this proposal is intense, but the evidence that lower labor standards boost export performance is weak.37 Moreover, imposing trade sanctions on imports from developing countries—especially in labor-intensive industries—will lower wages and worsen working conditions in those countries, not improve them. Better alternatives to imposing trade sanctions exist, including aid programs to improve labor conditions. In addition, developing economies can take steps themselves to improve the conditions of working people, including children (box 2.3).

### Table 2.1

**Reported antidumping actions by members of the GATT and WTO, 1987–97**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>New users</td>
<td>24</td>
<td>17</td>
<td>19</td>
<td>20</td>
<td>48</td>
<td>70</td>
<td>162</td>
<td>114</td>
<td>83</td>
<td>148</td>
<td>115</td>
</tr>
<tr>
<td>Traditional users</td>
<td>96</td>
<td>107</td>
<td>77</td>
<td>145</td>
<td>180</td>
<td>256</td>
<td>137</td>
<td>114</td>
<td>73</td>
<td>73</td>
<td>118</td>
</tr>
</tbody>
</table>

Note: Traditional users of antidumping laws are Australia, Canada, the European Community (and its successor, the European Union), New Zealand, and the United States. This classification is taken from the source. New users are Argentina, Brazil, India, the Republic of Korea, Mexico, and South Africa.


**Sustaining reform by preserving the legitimacy of global trade rules**

The number of disputes among WTO members is likely to increase in the future, thanks to growing competition in the services and goods markets and the wider scope of multilateral trade rules. NGOs, subnational governments, and even private sector firms will want to be included as participants in the dispute settlement mechanism.38 If this pressure is not handled well, the legitimacy of global trade rules will be called into question.

A first step in maintaining the legitimacy of global trade rules is to make more resources available for the WTO to implement its dispute resolution mechanism. Several other reforms are also worth considering.39 Dispute panels could be allowed to take evidence from groups other than governments so that all interested parties can be heard. In addition, regular WTO ministerial meetings can review the ongoing case law that will result from the dispute resolution mechanism, resolving the inconsistencies that disputes might reveal in the provisions of WTO agreements.

**International trade and development policy: the next 25 years**

International trade institutions and liberal trade policies are a means to an end. They boost trade in existing and new products, enhancing competition in markets, stim-