Strategic Delaying and Concessions Extraction in Accession Negotiations to the World Trade Organization

This version: May 2010

Eric Neumayer

London School of Economics and Political Science, Department of Geography and Environment, Houghton Street, London WC2A 2AE, UK.

Phone: +44-207-9557598. Fax: +44-207-9557412. Email: <u>e.neumayer@lse.ac.uk</u>.

Website: http://personal.lse.ac.uk/neumayer

Abstract

Accession to the World Trade Organization (WTO) and its predecessor, the General Agreement on Tariffs and Trade (GATT), is like no accession to any other international organization. It is extremely demanding on applicant countries and time consuming. This article argues that existing GATT/WTO members select themselves into the Working Party of applicant countries, the body whose members can stall accession and engage in bilateral trade negotiations with the applicant, in order to strategically delay membership by the applicant country and/or extract concessions from it. Existing members will select themselves into a specific Working Party if they fear that they might lose out after the new member enters the exclusive club and benefits from its trading privileges, which will be the case if they are relatively dependent on bilateral trade with the applicant country and if they compete strongly with the applicant in terms of export product or export market structure. An empirical analysis of Working Party membership over the period 1978 to 2005 shows that the theoretically derived determinants of membership are in fact substantively important drivers of the composition of Working Parties in accession processes to the GATT/WTO.

For right or wrong, the WTO accession process offers Members a unique opportunity to leverage issues against the applicant country to a degree which they will probably not be able to do again. Members, whose primary concern at the WTO is to promote, advance and defend their own national economic interests, would not be faithfully fulfilling their mandate to the people they govern if they failed to avail themselves of this opportunity. (Lacey 2007: 21).

1. Introduction

Classical liberal trade theory of what might be called the naïve variety posits that trade liberalization is the dominant strategy of a country: no matter what others do, a country is always better off unilaterally dismantling any barriers to trade such as tariffs or non-tariff protection measures. In the famous words of the late Cambridge economist Joan Robinson, just because your trading partners throw rocks into their harbour (adopt protectionist policies), there is no reason to throw rocks into your own (Bhagwati and Panagariya 2001).

Neoclassical trade theory is less unequivocal in its perception of the gains from trade, but nevertheless regards trade liberalization as essentially mutually beneficial. Rather than unilateral trade liberalization being the dominant strategy of countries, trade negotiations represent a kind of coordination game in which countries must somehow manage to move from a Pareto-inferior outcome (high trade barriers) to a Pareto-superior outcome (low or no trade barriers) to the benefit of all.

Geographers and other social scientists, including many economists, have long since argued that these theoretical accounts do not adequately describe the reality of trade liberalization or trade negotiations (see, for example, Gaile and Grant 1989;

Merrett 1997; Rodrik 1997; Baldwin 1999; Stiglitz 2002; Samuelson 2004; Darity and Davis 2005; Deese 2007). Instead, trade liberalization is seen as generating varied and uneven results, which benefit some countries much more than others and a few possibly not at all; while trade negotiations are understood as much more complex, much more politically charged and therefore much more challenging to analyse than classical liberal or neoclassical trade theory would have it.

The reality of, particularly multilateral, trade negotiations would seem to suggest that policy makers, rightly or wrongly, often regard trade liberalization as more of a zero-sum game than a win-win situation. Each wants to get as many concessions from the others as possible, whilst granting only a minimum of concessions to the others. In situations that resemble, at least partly, zero-sum games, it is not surprising that negotiations drag on for many years, which is consistent with the reality of negotiation rounds under the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO). In such situations, it is similarly unsurprising that the more powerful states get more out of the eventual bargaining outcome than the less powerful ones, which would accord with the assessment of many that the multilateral trade regime benefits the developed countries more than the developing ones (Neumayer 2001; Wade 2003).¹

Accession negotiations to the WTO represent one aspect of the multilateral trade regime, for which the revealed behaviour of countries can be systematically analyzed for the purpose of shedding some light on the political geography of trade negotiations. These accession negotiations have attracted comparatively little academic attention so far. This is somewhat surprising because accession to the WTO

¹ The reality of multilateral trade negotiations does not directly disprove the claim that trade liberalization is always or mostly beneficial to countries no matter what the concessions of others. Policy makers could simply be mistaken, not understanding the true benefits from trade. However, this would presuppose that policy makers are systematically irrational, which seems hard to defend.

is like no accession to any other international organization (IO) of global reach. To become a member in other global IOs, it is often sufficient for countries to express an interest in membership, show some vaguely defined good-will, commit to a few, often non-binding, policy measures, have their request superficially discussed by existing members and their accession request invariably accepted. Not so with accession to the WTO: submitting an application is only the first step in a 'rigorous and complicated admission process' (Kavass 2007: 453) that often takes many years, sometimes more than a decade to conclude and sometimes fails altogether. A Working Party (WP) is formed, consisting of self-selected existing WTO members, which scrutinizes the trade regime of the applicant country and whose members engage in bilateral negotiations. At the end of the process, the acceding country will have enacted or at least credibly committed to a very large number of policy measures curtailing its sovereignty and providing benefits to existing WTO members, which are enforceable under the WTO's trade dispute resolution mechanism.

This article argues that existing WTO members systematically select themselves into the Working Party of applicant countries to do one of two things (or both): to strategically delay the entrance of the newcomer and/or to extract concessions beneficial to themselves. They do so if (a) they have a major trade interest in the applicant country; or (b) they strongly compete with the applicant country in terms of the products and services they export; or (c) they strongly compete with the applicant country in terms of the markets to which they export their goods and services to. I put these three hypotheses to an empirical test by studying the self-selection of GATT/WTO members into the Working Parties of GATT/WTO accession cases over the period 1968 to 2005. The results confirm all three hypotheses

as both statistically significant and substantively important determinants of self-selection by existing WTO members into accession Working Parties.

The remainder of this article is structured as follows: Section 2 portrays accession to the GATT/WTO as an arduous process that is like no other accession to an international organization. Section 3 shows that existing members have considerable leeway to delay the entrance of new members and to extract concessions from newcomers by strategically self-selecting themselves into the Working Party of an accession country. Three testable hypotheses are formulated, leading one to expect that existing members are more likely to become Working Party members the more they are trade dependent on the applicant country and the more they compete with the applicant country in terms of both export product and export market structure. Section 4 explains the empirical research design chosen to test empirically these theoretically-derived hypotheses. Section 5 presents the results, which show that the hypothesised drivers are not only statistically significant, but also substantively important determinants of self-selection into Working Parties. Section 6 concludes with a discussion on what can be learned from the analysis on the political economy of international trade negotiations.

2. The Accession Process to the WTO

With the exception of the very early years of its existence to 1951, in which 14 states joined the GATT without separate protocols of accession, and a provision in GATT article 26:5(c), which until the creation of the WTO in 1994 allowed previous colonies of existing GATT members to join straightforwardly upon gaining national independence (64 countries made use of this easy way in), accession to the GATT/WTO is a complex, protracted and costly process for applicants (Cattaneo and Braga

2009). The simple provision in WTO Article 12 that countries may accede 'on terms to be agreed between it and the WTO', provided that a two-thirds majority of WTO members in the Ministerial Conference approves, does not do justice to the painful process that applicant countries need to undergo in order to become a member of the club.

In brief and skipping over some of the minutiae of the procedure (see Williams (2008) for a detailed description), the admission process roughly works as follows: Upon formal notification of its will to accede, the WTO Secretariat informs all WTO members of this intention.² A Working Party is formed, in which all WTO members can participate if they so wish. Following the submission of a memorandum by the applicant country on its foreign trade regime, the members of the Working Party will meet repeatedly to scrutinise the document and start the process of questioning the applicant, which can cover any and every aspect of the applicant country's trade regime, with the purpose of seeking clarifications (Kavass 2007). This question and answer process can take several rounds leading to further and further revisions of the memorandum and at some stage, the applicant country will submit an offer on the maximum tariff it intends to impose on imports from WTO member countries and an offer on the extent to which it intends to open its services sector. The Working Party will review and question the offers, which often leads to revised offers.

The WTO secretariat sends the offers made by the applicant on to WTO members who can then engage in bilateral trade negotiations with the applicant country. While multilateral negotiations at the Working Party level typically focus on the compatibility of the applicant country's trade regime with WTO rules and

² I focus on the WTO here for notational simplicity, but the accession process to its predecessor, the GATT, was very similar.

plurilateral negotiations focus on agricultural issues, the bilateral negotiations focus on market access for goods and services, i.e. on 'obtaining commercial benefits for existing members in return for opening the doors of the organization' (Milthorp 2009: 103). No minutes are taken in these negotiations and little is publicly known about them (Kennett, Evenett and Gage 2005). Some of the results from these negotiations may remain secret, known only to the two negotiating countries. More often, however, tangible outcomes will form part of the accession terms of the acceding countries, which are then subject to the most-favoured-nation rule and potential enforcement via the dispute resolution mechanism upon WTO accession (Jones 2009).

The bargaining is entirely asymmetrical as existing WTO members need not concede anything beyond what is already codified under WTO rules or their own accession terms; changes to its trading regime and concessions, which often go further than existing WTO rules, exclusively fall upon the applicant country (Kennett, Evenett and Gage 2005). Even China, a one-time applicant country with presumably one of the largest bargaining powers of any applicant, had to concede transitional safeguard provisions not required of any other WTO member (Jones 2009). Who accession allows existing WTO members to extract concessions from the newcomers on a case-by-base (discriminatory) basis (Cattaneo and Braga 2009). Whilst the procedure of WTO accession is the same for all newcomers and the rules are clear and fixed, the substance or terms of WTO accession are not rules-based and

³ Admittedly, however, some applicants are granted temporary exemptions from WTO obligations for a period of transition (Charnovitz 2008).

⁴ Charnovitz (2008) provides an extensive list of examples of additional concessions that applicants had to accept.

⁵ To help applicant countries find their way in the negotiations and manage their expectations, the WTO secretariat developed two documents, one on general "Accession to the World Trade Organization: Procedures for Negotiations Under Article XII" and one with special guidelines for the accession of less-developed countries.

will often differ from one WTO applicant to another. The number and extent of concessions made by newcomers, the "price" of membership so to speak, is widely regarded as increasing over time (Evenett and Braga 2006).

There are no specified time limits on any of the stages of questioning and negotiation. Working Parties operate on the basis of consensus, which means that the process is stalled until every Working Party member is satisfied (Milthorp 2009). Only after the questioning is over and no further requests for bilateral negotiations are received will the WTO Secretariat start drafting a factual summary, eventually resulting in a final report of the Working Party. This report, which contains the concessions and commitments made by the applicant country, is sent to the WTO General Council for its acceptance. Upon acceptance of the accession package by the General Council and the applicant, the applicant country can finally become a member of the WTO.

In principle, non-Working Party members can also engage in bilateral trade negotiations with the applicant country. However, the reality is that such negotiations are exclusively undertaken by members of the Working Party and that, conversely, anyone wishing to undertake such negotiations also becomes a member of the Working Party. In theory, the WTO General Council can challenge the final report by the Working Party, but has never done so (Kavass 2007: 468). What these two points amount to is that 'decisions on accession are for all practical purposes made at the Working Party level' (Kavass 2007: 468).

3. Strategic Self-Selection into Working Parties

The US, the EU and other major trading countries like China (after its own accession) always join the Working Party and play a dominant role therein. Big countries like

Mexico, Brazil, Malaysia and South Korea regularly, but not always, participate, while some smaller countries like the Dominican Republic often participate. However, other countries of small to medium sizes opt into selected Working Parties, but not others. These countries do not opt into all Working Parties since meaningful participation is costly in terms of mustering the resources necessary to extensively engage in reviewing, discussing and scrutinizing the applicant's trade regime. Only the very rich (like Australia) or the major trading nations can afford to shoulder these costs at every occasion. For the others, a selection has to be made. Appendix 1 shows the total number of Working Parties that countries have participated in together with the year of their own GATT/WTO accession. Note that this list is not fully exhaustive as information for a few of the very early Working Parties could not be established.

It is the central argument of this article that for those countries, which are not members in every Working Party, the decision to participate in a specific Working Party is driven by a fear of losing existing trade benefits (either in absolute or relative terms) upon accession of the applicant country. Participating in the Working Party allows existing WTO members to establish whether their fear is grounded. It also allows countries to strategically delay the accession of the applicant by asking more questions and insisting on more clarifications. Such stalling gives countries time to adjust to the new situation (after accession) and, where this is not possible, to at least delay the inevitable as long as possible (Kraft 2006, 2007). Naturally, small to medium sized countries cannot stall the process forever. The major trading nations typically have too large a stake in the accession of new member countries and at some point members of a Working Party will have to concede that all potential questions have been asked and all clarifications made. But until then, much time can elapse. More importantly perhaps than strategic delaying, selecting oneself into the Working

Party for a specific accession case also allows existing WTO members in fear of losing trade benefits to extract concessions from the applicant country that can mitigate and contain this loss.

Countries will fear that their trade interests are negatively affected by the accession of a new member country if they have a major trading stake in the applicant country. This could be in the form of substantial exports to the applicant country, which it does not want to see diminishing and ideally would like to see increasing, or substantial imports from the applicant country, which it might fear would increase further still. But because of the most-favoured nation principle, accession of new members does not merely affect bilateral trade relations between an existing member and the applicant country. Once a member of the GATT/WTO, the new entrant will benefit from the multilateral trade concessions undertaken in the past. Kraft (2006, 2007) therefore rightly argues that existing members are also concerned about losing market shares to the new entrants in third countries. Competition with the applicant in third markets is therefore likely to incentivise existing members to self-select themselves into the Working Party of an applicant country. Existing members will regard applicants as competitors the more similar are the products and services they export and the more similar the markets they export to.

This reasoning allows formulating three testable hypotheses. Existing GATT/WTO members are more likely to self-select into a specific Working Party (a) the more trade dependent they are on the applicant country; (b) the more they compete with the applicant country in terms of export product structure and (c) the more they compete with the applicant country in terms of export market structure. In the remainder of this article, I put these three hypotheses to an empirical test.

4. Empirical Research Design

The few existing systematic analyses of GATT/WTO accession have focused on the time delay between a country's independence (Copelovitch and Ohls 2009) or between its application to the GATT/WTO (Wong and Yu 2007) and eventual accession. Yet, there are many reasons for such a delay that relate to insufficient administrative resources in the applicant country, exaggerated expectations, domestic problems, the growing size and complexity of GATT/WTO rules (Milthorp 2009) and the like; and even where strategic delaying takes place the time elapsed to eventual accession does not tell us much on who is responsible for the delay. This article therefore examines the determinants of self-selection of GATT/WTO members into Working Parties instead of analyzing the time it takes to accede. Any country wanting to delay accession and/or extract concessions from the applicant country would self-select itself into the relevant Working Party.

The dependent variable in my empirical analysis is therefore a dichotomous one, measuring whether an existing GATT/WTO member has selected itself into the Working Party of a specific applicant country. Whilst information on the composition of Working Parties and the date of their establishment is not confidential and is in principle publicly available, it is not easily assembled as it requires sifting through a large number of GATT/WTO documents. I am very grateful to the WTO Secretariat, which has kindly provided me with the results of this time-consuming search. Data on the dependent variable thus stems mainly from direct communication from the WTO Secretariat, complemented with information contained in Kennet, Evenett and Gage (2005: 35f.). GATT/WTO membership information, which is needed to establish the correct sample (logically, only existing GATT/WTO members can become parties to a Working Party for new applicants), was taken from the WTO website.

My three variables of main interest were coded as follows. First, to measure the trade dependence of existing GATT/WTO members on applicant countries, I take the value of bilateral trade between the applicant country and an existing GATT/WTO member relative to the existing GATT/WTO member's gross domestic product (GDP). Data on trade is taken from UN (2009), GDP data come from World Bank (2009). Second, to construct a measure of export product competition, an approach suggested by Finger and Kreinin (1979) is adopted:

Similarity (ij_t) =
$$\left\{ \sum_{k} Min[X_{k}(ik_{t}), X_{k}(jk_{t})] \right\}$$

Where i and j are two countries exporting product group k and $X_k(ik_t)$ and $X_k(jk_t)$ are the share of exports in product group k of the total exports of countries i and j in year t. The similarity of countries i and j is thus the sum of the minima of the shares of a certain product group of the total exports of i and j, respectively. The resulting index ranges from 0 to 1 and takes the value of 0 if the two countries export completely different groups of products and the value of 1 if both countries export an identical basket of goods. Third, export market similarity is constructed similar to export product similarity. Instead of k representing a specific commodity, k now represents a specific export market. The resulting index again ranges from 0 to 1 and takes the value of 0 if the two countries export to entirely different markets and the value of 1 if both countries export identical shares of their total exports to identical markets. Ideally, one would want to combine export product and export market

.

⁶ The measure covers 13 key commodity sectors. Products have been grouped into key commodity sectors to mitigate the problem of missing data.

⁷ This measure covers all markets for which data are available in UN (2009), which covers practically all countries in the world.

similarity into one overall measure, but data that are both sectorally and bilaterally dis-aggregated at the same time have too many missing values, for which it is not clear whether they represent a value of zero or lack of reporting.

It is important to include relevant control variables such that the results do not suffer from omitted variable bias, which would result if my main variables of interest were correlated with omitted control variables and had an effect on the dependent variable. I include the natural log of GDP and GDP per capita to control for the possibility that larger and richer countries are more likely to become Working Party members. I control for the existing GATT/WTO member's general trade openness (total trade divided by GDP) to make sure that my variable measuring bilateral trade dependence does not simply pick up a general dependence on trade. Similarly, to ensure that my variables of main interest do not function as a proxy for neighbourhood or tight relations between the two countries, I include dummy variables, which are set to one if the applicant and existing GATT/WTO member countries share a common land border (or are separated by sea with a distance of less than 150 miles), share a common language, if the two countries are located in the same macro-region (as per World Bank country classification), and if they have established a military alliance between themselves. Data on these control variables are taken from World Bank (2009), Bennett and Stam (2005), and Leeds (2005). By including the year of GATT/WTO accession of existing members, I control for the fact that more established members have more experience with past accession processes and are therefore, all other things equal, more likely to select themselves into new Working Parties. Lastly, to account for the fact that with the increasing complexity of GATT/WTO rules and therefore increasing stakes over time, Working Party membership has tended to increase in size, I include the year of Working Party

establishment into the regressions. Additionally, I include year-specific fixed effects to control for common shocks.

Availability of data constrains the sample to the period 1978 to 2005 and means that not all application processes are covered. Appendix 2 lists the applicant countries, the year of Working Party establishment and the number of countries, which have selected themselves into membership of each Working Party, included in the sample. Given the dichotomous nature of the dependent variable, I use a logit estimator. Standard errors are adjusted for the clustering of observations on GATT/WTO members.

5. Results

Table 1 presents the results from two sets of estimations, one in which all existing WTO members are included in the sample, the other in which the US, Canada, the EU countries, Japan and Australia are excluded from the sample, to account for the fact that these countries are always Working Party members. ⁹ It is important to check whether the estimation results are driven by this fact.

Starting with the sample that does not exclude the countries that always select themselves into a Working Party (model 1), results provide evidence for the hypotheses formulated in section 3 above. Existing WTO members are more likely to select themselves into the Working Party of a specific applicant country the higher their bilateral trade with the applicant country relative to their GDP, the more they compete with the applicant country in terms of similar export products and the more they compete with the applicant country in terms of similar export markets.

⁸ No new working parties were established in either 2004 or 2005 so that the effective end year of the sample is 2003.

⁹ Note that given changing membership to the EU, this translates into excluding a varying number of countries from the sample depending on the time of the Working Party establishment.

As concerns the control variables, larger countries as measured by the log of GDP are more likely to become members of a Working Party. Interestingly, a country's per capita income has a negative effect, i.e. conditional on the other explanatory variables included in the estimation model, poorer countries are more likely to select themselves into a Working Party. Also of note, general trade openness matters, as one would expect. Its inclusion insures that the variables of main interest do not simply pick up this general trade openness effect. A GATT/WTO member country, which shares with the applicant the same language as one of the main languages spoken, that is contiguous to the applicant country, and that is located in the same macro-region is more likely to become a Working Party member. There is no evidence that military alliances play any role. Finally, I find, as expected and in line with the trend toward larger Working Parties over time, that GATT/WTO members are more likely to select themselves into the Working Party of more recent applicants than of applicants further in the past. Consistent with the expectation that older members are more experienced and therefore more likely to select themselves into a Working Party, I find that more recent members are less likely to become Working Party members than countries, which have been members of the GATT/WTO for a longer time period. Comparing the results from model 1 to model 2, in which the groups of quasi-permanent Working Party members have been excluded, shows that not much changes if the US, Canada, the EU countries, Japan and Australia are excluded from the sample. This suggests that the results are not driven by this group of countries that always form part of a Working Party.

Logit coefficients have no intuitive meaning. To gauge the substantive importance of the main variables of interest, graphs 1 to 3 plot the changes in the predicted probability that an existing GATT/WTO member joins a Working Party

together with a 95% confidence interval for relevant changes in these three variables – from 0 to 1 for the export product and export market similarity and from 0 to 0.1 for the bilateral trade dependence variable (practically no existing member trades more than 10 per cent of its GDP with an applicant country corresponding to the value of 0.1 on this variable). In all graphs, variables other than the focal variable are held at mean values. Starting with export product similarity (graph 1), the predicted probability for a WTO member to select itself into a Working Party is about 30 per cent at very low levels of export product similarity. This rises to just above 50 per cent if the existing WTO member and the applicant country export very similar products. The effect that competition in export markets has on the likelihood of joining a Working Party is stronger than the effect of export product competition (see graph 2). At very low levels of export market competition, the predicted likelihood is close to 20 per cent, rising to almost 80 per cent if the two countries export to very similar markets. The strongest effect stems from bilateral trade dependence. As an existing GATT/WTO member becomes more trade dependent on an applicant country, the likelihood that it will select itself into this applicant's Working Party rises rapidly: at a value of trade dependence of one per cent relative to GDP, the likelihood rises to 60 per cent (from just above 20 per cent at zero dependence) and it becomes almost 100 per cent at four per cent trade dependence relative to GDP. What this means is that a country, which trades much with the applicant is bound to select itself into the applicant's Working Party.

6. Conclusions

If trade negotiations and the outcomes thereof resemble, to some extent at least, zerosum games and are therefore about extracting concessions from others whilst avoiding to make concessions oneself, as many social scientists, including many geographers and economists have argued, then accession to the GATT/WTO should present existing members with an opportunity to strategically delay the entry of new members as well as to extract concessions from them. This article has argued that existing GATT/WTO members will seize this opportunity if they are already relatively dependent in their bilateral trade on the applicant country and if they compete strongly in terms of export product structure or in terms of export market structure with the applicant. I have put these three theoretically-derived hypotheses to an empirical test and found that they are not only statistically significant, but also substantively important determinants of the self-selection of existing GATT/WTO members into the Working Parties of new applicants.

Policy makers might be mistaken in their views on the benefits of unilaterally liberalizing trade, which might well be beneficial to the liberalizing country no matter what other countries do, but the reality of GATT/WTO accession would suggest that they do not believe this is the case. A better understanding of the political economy of the GATT/WTO accession process, which is unique among accession processes to an international organization, therefore contributes to a broader understanding of what trade negotiations and trade negotiation outcomes are partly about, namely strategic delaying and concessions extraction.

References

- Baldwin, R. E. 1989. The Political Economy of Trade Policy. *Journal of Economic Perspectives*, 3 (4): 119-135.
- Bayer, R. 2006. The correlates of war diplomatic exchange data set. http://www.correlatesofwar.org/
- Bennett, S. and Stam, A. C. 2005. EUGene: Expected utility generation and data management program, version 3.1, www.eugenesoftware.org.
- Bhagwati, J., and Panagariya, A. 2001. Wanted: Jubilee 2010 against protectionism.

 Working Paper. Columbia University.
- Cattaneo, O., and Braga, C.A.P. 2009. Everything you always wanted to know about WTO accession (but were afraid to ask). Policy Research Working Paper 5116. Washington, DC: The World Bank.
- Charnovitz, S. 2008. "Mapping the law of WTO accession", in Merit E. Janow, Victoria Donaldson, Alan Yanovich (eds), *The WTO: Dispute Settlement, Governance, and Developing Countries*, Juris Publishing, pp. 855-920.
- Copelovitch, M.S. and Ohls, D. 2009. In defense of trade: post-colonial states and GATT/WTO accession. Working Paper. University of Wisconsin Madison.
- Darity, D. Jr. and L. S. Davis. 2005. Growth, Trade and Uneven Development.

 Cambridge Journal of Economics, 29: 141-170.
- Deese, D. A. 2007. World Trade Politics: Power, Principles and Leadership. London: Routledge.
- Evenett, S.J. and Braga, C.A.P. 2006. WTO accession: Moving the goalposts? In: R. Newfarmer (ed.): *Trade, Doha and development a window into the issues*. Washington, DC: The World Bank, pp. 231-245.

- Finger, J.M. and Kreinin, M.E. 1979. A Measure of 'Export Similarity' and Its Possible Uses. *The Economic Journal*, 89: 905-912.
- Gaile, G. L. and R. Grant. 1989. Trade, Power, and Location: the Spatial Dynamics of the Relationship between Exchange and Political-economic Strength.*Economic Geography*, 65 (4): 329-337.
- Jones, K. 2009. The political economy of WTO accession: the unfinished business of universal membership. *World Trade Review* 8: 279-314.
- Kavass, I.I. 2007. WTO accession: procedure, requirements and costs. *Journal of World Trade* 41:453-474.
- Kennett, M., Evenett, S.J., and Gage, J. 2005. Evaluating WTO accessions: legal and economic perspectives. Geneva: Ideas Centre.
- Kraft, C. 2006a. Joining the WTO The Impact of Trade, Competition and Redistributive Conflicts on China's Accession to the World Trade Organization. Frankfurt a.M.: Peter Lang.
- Kraft, C. 2006b. Third-market competition and the politics of strategic delay in WTO enlargement. Working paper. University of Konstanz.
- Lacey, S. 2007. The view from the other side of the table: WTO accession from the perspective of WTO members. In: J. Streatfield and S. Lacey (eds.): New Reflections on International Trade: Essays on Agriculture, WTO Accession and Systematic Issues: Essays on Agriculture, WTO Accession and Systemic Issues. Cameron May
- Leeds, B.A. 2005. Alliance Treaty Obligations and Provisions (ATOP) codebook.

 Houston, TX: Department of Political Science, Rice University.
- Merrett, C. D. 1997. Nation-states in Continental Markets: The Political Geography of Free Trade. *Journal of Geography*, 96 (2): 105-112.

- Milthorp, P. 2009. WTO Accessions: The Story so Far. *The Hague Journal of Diplomacy* 4:103-112.
- Neumayer, E. 2001. *Greening Trade and Investment: Environmental Protection without Protectionism.* London: Earthscan.
- Rodrik, D. 1997. *Has Globalization Gone too Far?* Washington, D.C.: Institute for International Economics.
- Samuelson, P. A. 2004. Where Ricardo and Mill Rebut and Confirm Arguments of Mainstream Economists Supporting Globalization. *Journal of Economic Perspectives*, 18 (3): 136-146.
- Stiglitz, J. 2002. Globalism's Discontents. *The American Prospect*, Winter 2002: A16-A21.
- UN. 2009. Commodity trade statistics database (COMTRADE). United Nations Statistics Division, New York.
- Wade, R. H. 2003. What strategies are viable for developing countries today? The World Trade Organization and the shrinking of "development space". *Review of international political economy*, 10: 621-644.
- Williams, P. J. 2008. *A Handbook on Accession to the WTO*. Cambridge, U.K.: Cambridge University Press.
- Wong, K., and Yu, M. 2008. Democracy and the GATT/WTO accession duration.

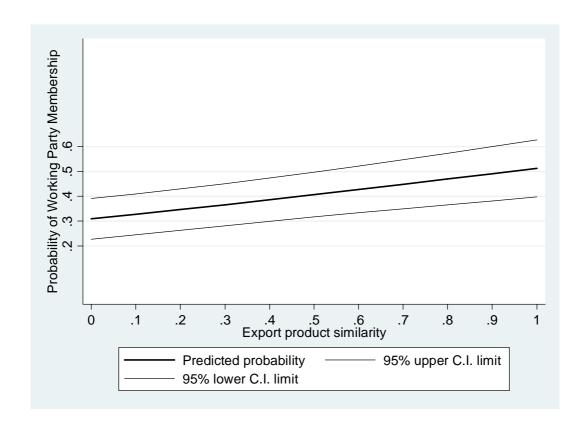
 Working Paper. University of Hong Kong and Peking University.
- World Bank. 2009. World development indicators on CD-ROM, Washington, D.C.: World Bank.

Table 1. Estimation results.

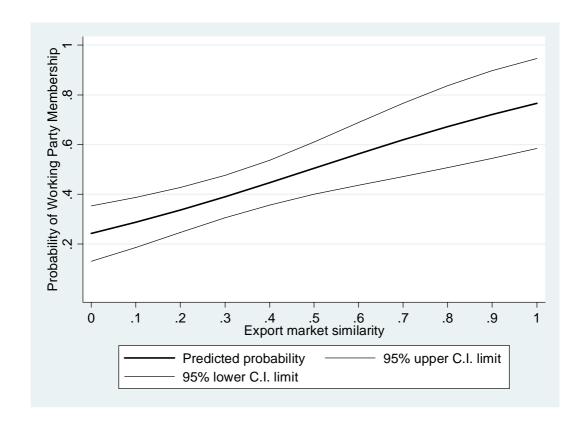
	(1)	(2)
Export product similarity	0.853***	0.794***
	(0.202)	(0.223)
Export market similarity	2.326***	3.417***
	(0.732)	(0.780)
Bilateral trade/GDP of member	156.4***	58.90*
	(54.66)	(33.23)
ln GDP	0.243***	0.310***
	(0.0506)	(0.0613)
ln GDP p.c.	-0.166***	-0.157**
	(0.0521)	(0.0716)
Total trade/GDP of member	0.00388**	0.00707***
	(0.00157)	(0.00192)
Military alliance	-0.426	-0.336
	(0.439)	(0.447)
Common language	1.608***	1.778***
	(0.480)	(0.526)
Same region	0.632***	1.043***
	, ,	(0.256)
Year of Working Party establishment	0.0657***	0.0711***
	,	(0.0275)
Year of own GATT/WTO accession	-0.0459***	-0.0180*
	(0.0104)	(0.0102)
Pseudo R-squared	0.24	0.17
Observations	3806	3068

Notes: Standard errors clustered on existing GATT/WTO member countries in parentheses. Year-specific fixed effects and constant included, but coefficients not reported. * statistically significant at .1 level ** at .05 level ** at .01 level.

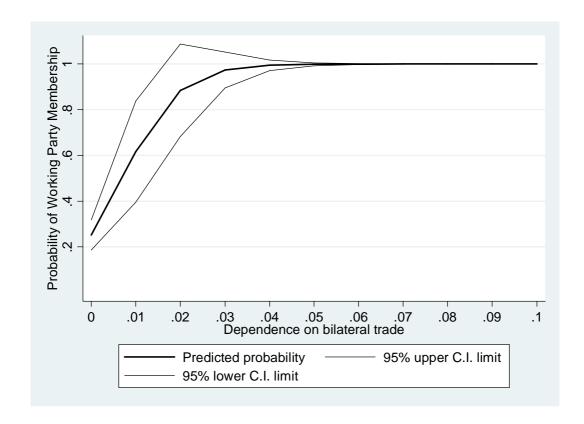
Graph 1. The effect of increasing export product similarity.



Graph 2. The effect of increasing export market similarity.



Graph 3. The effect of increasing dependence on bilateral trade.



Appendix 1. Participation in Working Parties over the Period 1952 to 2004.

	# of WP	Year of own
GATT/WTO member	memberships	membership
Belgium	65	1948
Canada	65	1948
France	65	1948
Germany	65	1951
Italy	65	1950
Luxembourg	65	1948
Netherlands	65	1948
United States	65	1948
Japan	64	1955
United Kingdom	63	1948
Australia	60	1948
Denmark	60	1950
Greece	56	1950
Ireland	56	1967
Spain	53	1963
Portugal	52	1962
India	49	1948
Switzerland	47	1966
Finland	43	1950
Austria	38	1951
Sweden	38	1950
Norway	37	1948
Turkey	37	1951
Korea, Rep.	36	1967
Malaysia	36	1957
New Zealand	35	1948
Brazil	34	1948
Mexico	29	1986
Pakistan	29	1948
Argentina	26	1967
Colombia	24	1981
Hungary	24	1973
Poland	22	1967
Dominican Republic	21	1950
Egypt, Arab Rep.	21	1970
Nigeria	21	1960
Cuba	20	1948
Thailand	20	1982
Indonesia	19	1950
Chile	17	1949
El Salvador	16	1991
Honduras	16	1994
Romania	16	1971
Peru	15	1951

Sri Lanka	15	1948
Uruguay	15	1953
Israel	14	1962
Morocco	13	1987
Singapore	13	1973
Czech Republic	12	1993
-	12	1979
Philippines Slavely Republic		1979
Slovak Republic	12 9	1993
Kuwait		
Tunisia	9	1990
Bangladesh	8	1972
Hong Kong, China	8	1986
Iceland	8	1968
Nicaragua	8	1950
Paraguay	8	1994
Haiti	7	1950
Jamaica	7	1963
Panama	7	1997
South Africa	7	1948
Costa Rica	6	1990
Qatar	6	1994
Yugoslavia	6	1966
Venezuela, RB	5	1990
Bahrain	4	1995
Bolivia	4	1990
Brunei	4	1993
Mauritius	4	1970
Myanmar	4	1948
China	3	2001
Ecuador	3	1996
Guatemala	3	1991
Lesotho	3	1988
Madagascar	3	1963
Mauritania	3	1963
Oman	3	2000
Rwanda	3	1966
Slovenia	3	1994
United Arab Emirates	3	1994
Zambia	3	1994
	2	
Bulgaria		1996
Cyprus	2	1963
Estonia	2	1999
Ghana	2	1957
Jordan	2	2000
Kyrgyz Republic	2	1998
Latvia	2	1999
Lithuania	2	2001

Malta	2	1964
Mongolia	2	1997
Senegal	2	1963
Tanzania	2	1961
Burkina Faso	1	1963
Cameroon	1	1963
Chad	1	1963
Croatia	1	2000
Djibouti	1	1994
Gabon	1	1963
Kenya	1	1964
Mali	1	1993
Moldova	1	2001
Papua New Guinea	1	1994
Trinidad and Tobago	1	1962
Zimbabwe	1	1948

Appendix 2. Working Parties in sample.

	# WP members	Year of WP
Applicant	(in sample)	establishment
Albania	23	1992
Algeria	36	1987
Armenia	28	1993
Azerbaijan	18	1997
Belarus	32	1993
Bhutan	37	1999
Bolivia	26	1987
Bulgaria	29	1990
Cambodia	22	1994
China	48	1987
Costa Rica	32	1987
Croatia	26	1993
Ecuador	31	1992
El Salvador	18	1988
Estonia	29	1994
Ethiopia	33	2003
Georgia	32	1996
Guatemala	26	1990
Honduras	33	1990
Jordan	37	1994
Kazakhstan	42	1996
Kyrgyz Republic	27	1996
Lao PDR	38	1998
Latvia	32	1993
Lithuania	31	1994
Macedonia, FYR	25	1994
Mexico	33	1986
Mongolia	25	1991
Morocco	23	1985
Nepal	31	1989
Oman	40	1996
Panama	41	1991
Philippines	20	1978
Portugal	36	1986
Russian Federation	49	1993
Saudi Arabia	49	1993
Slovenia	29	1992
Spain	36	1986
Sudan	32	1994
Thailand	30	1982
Venezuela, RB	34	1989
Yemen, Rep.	44	2000