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**Book Review**

## Book Review: Challenges to Multilateral Trade: The Impact of Bilateral, Preferential and Regional Trade Agreements

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**Ross Buckley, Vai Io Lo, Laurence Boule (2008):  
Challenges to Multilateral Trade: The Impact of Bilateral, Preferential and Regional Trade  
Agreements**

Kluwer Law International, The Netherlands, 288 pages

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The world trade system is at cross-roads. Enormous progress in reducing tariffs has been achieved for the past 60 years of GATT/WTO history, however multiple issues remain unsolved or appear newly: liberalisation of trade in agricultural products is in its very early stage and a number of regional trade agreements seem to be taking over the lead in country's thinking about future liberalisation. Doha Development round, promising to provide the eagerly awaited freer trade in agricultural goods – so important to the developing countries – ends up in an impasse without much hope for any significant progress in this respect. One could ask therefore – what is the future of the world trading system? Will liberalisation become based on regional trade agreements? What is the role for WTO to play to deal with this bundle of agreements? Is there any chance for developing countries to have a bigger piece of the cake in world agricultural markets?

The title of the conference hosted by the Faculty of Law and Tim Fischer Centre for Global Trade and Finance at Bond University in March 2007 seems to perfectly summarise all these doubts: "Free Trade Agreements: Where is the World Heading?". Even if you have not been a participant you may get a full picture of discussions, proposals and findings of the conference by reaching for the book "Challenges to Multilateral Trade. The Impact of Bilateral, Preferential and Regional Agreements" edited by ROSS BUCKLEY, VAI IO LO and LAURENCE BOULLE.

The authors report the opening speech of the Honourable CHRISTINE LAGARDE, former Minister of Foreign Trade of France. This relatively emotional record of France' and EU's disappointment with the Doha round and results of Hong Kong meeting in December 2005 allows to understand perception of negotiations impasse by a European country – very liberalised and transparent EU rules of public procurement, competition and investment are received with lack of reciprocity.

This record of a speech of a politician clearly contrasts with objective analysis by trade economists in the latter part of the book, which shows the complexity of RTA issues and seems to prove right looking for more behavioural explanations of regionalism such as the domino theory or game theory approach. Chapter by MEREDITH KOLSKY LEWIS harnesses the insights of game theory to analyse the question why FTAs have proliferated notwithstanding the fact that the multilateral system offers a better solution for all nations.

Just like two prisoners in the most common game theory example, governments choose not to cooperate on a multilateral level fearing that if another country prefers an RTA to a WTO led process and enters the agreement first, they may lose more by being "the second one" in the run for gains from RTA than win by choosing to cooperate on a multilateral level (p. 32). Is there a way for the multilateral system to be more attractive than regional agreements? Apparently yes – by attempting to alter payoffs in this game setting. Whether that is feasible, the reader may try to adopt the game theory mindset outlined in the Chapter "The Prisoner's Dilemma and FTAs: Applying Game Theory to Trade Liberalisation Strategy" to get that answer.

The volume offers a truly cross-perspective view of challenges to the multilateral system: it uses stories or strategies - depending on how to look at them - of Japan, China, Vietnam and Korea to study differing internal motivations for entering into regional trade agreements. Authors refer to them as “a fascinating looking glass through which to examine the dynamics, benefits and drawbacks of preferential trade agreements”. It also provides an overview of established and emerging models of FTAs as well as discusses the impact of these agreements on specific areas such as services and investment, intellectual property rights or dispute settlement.

What makes this book special is the free and open way of stating hypotheses – this is the advantage of a book based on conference proceedings that it reports “raw” ideas just as they were brought up. What this book does not provide is an in-depth analysis of each of the discussed subjects – and so it is supposed to be. Short chapters on different perspectives on world trade system allow to see a big picture of its current developments and get inspired for posing own questions for further economic analysis.

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