

*AGRI-FOOD DISPUTES IN
THE WTO: DETERMINING
THE LIKELIHOOD OF
PARTICIPATION*



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OUTLINE

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- Literature
- Data
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- Conclusions



INTRODUCTION

Disputes in the WTO

- Trade agreement violations

Dispute Settlement Board (DSB)

- Request for consultation
- Establishment of a Panel
- Bilateral Agreement (COOL)

Sanctions

- Retaliation (Banana Case)



LITERATURE

Horn & Mavroidis, 1999

Bown, 2005

- Participation Likelihood Template
- Retaliation Power

Guzman and Simmons, 2005

- Power vs Capacity Hypothesis

Goetz & Heckeley, 2009

- Agri-food Disputes

RESEARCH QUESTION

“What are the determinants affecting the likelihood of participation in formal litigations?”

- Power Hypothesis
- Capacity Hypothesis





HYPOTHESIS

Power Hypothesis

- Bown, 2005 (Retaliation)
- More power = Higher likelihood

Capacity Hypothesis

- States seek larger returns

Agricultural Factor

- Positive effect



DATA

- Data Collection
 - 201 cases between 2001 and 2010
 - 55 unique, agri-food related cases
 - Product specific cases
 - Most disaggregated product level of the SITC



DATA COLLECTION

Three-step Approach:

- (1) Determine cases that will make up the sample
- (2) Determine potential participants that are adversely affected by WTO inconsistent policies
- (3) Collect information for all potential and actual participants



DECISION RULE (STEP 2)

(A) Top five exporters

(B) Importance of the defendant's disputed market for the potential participants

(C) Importance of the disputed commodity for the exporter

WTO Agro-food Related Trade Disputes between 2000-2010 Used in the Estimation

Cases (61) DS411, DS406, DS404, DS403, DS401/400, DS396, DS393, DS389, DS382, DS380, DS371, DS369, DS364/361, DS357, DS356, DS354, DS352, DS351, DS349, DS343, DS341, DS338, DS337, DS335, DS334, DS330, DS328/326, DS324, DS308, DS302/300, DS297, DS295, DS289, DS286, DS284, DS283, DS278, DS276, DS272, DS271, DS270, DS269, DS267, DS266/265, DS263, DS250, DS245, DS241, DS238, DS237, DS235, DS230/228, DS227, DS226, DS223

Unique Cases	55
Potential Litigants	835
Complainants	59
Third Parties	157
Nonparticipants	619

RESULTS (COMPLAINANT)

Variable	Predicted Sign	Complainant (Marginal Effects)	Bown,2005
<i>Potential Liberalization Benefit</i>			
Leadership	+	.2527***	.0980***
Market Access	+	.0102	.0090***
Market Diversification	+	-.0126	-.0290
Trade Balance	+	.0364*	-
<i>Probability of Realizing Benefits</i>			
Aid Retaliation Capacity	+	-1182*	-
<i>Capacity to Absorb Litigation Costs</i>			
Income	+	-.0131	.0130**
Experience	+	.0016**	-
<i>Socio-Political & Economic Costs</i>			
Corruption Index	-	-.0087***	-
Fear of Losing Aid	-	-23.40*	-.0210*
<i>Agricultural Factor</i>			
Ag. GDP	+	-.0938	-

RESULTS (THIRD PARTY)

Variable	Predicted Sign	Third Party (Marginal Effects)	Bown, 2005
<i>Potential Liberalization Benefit</i>			
Leadership	+	.0459	.146***
Market Access	+	.0237***	.013***
Market Diversification	+	-.0448**	-.044
Trade Balance	+	.0889***	-
<i>Probability of Realizing Benefits</i>			
Aid Retaliation Capacity	+	-7.886*	-
<i>Capacity to Absorb Litigation Costs</i>			
Income	+	.1003***	.019***
Experience	+	.0037**	-
<i>Socio-Political & Economic Costs</i>			
Corruption Index	-	-.0013	-
Fear of Losing Aid	-	3.941	-.032*
<i>Agricultural Impact</i>			
Ag. GDP	+	.8464***	-



CONCLUSION

Power

- Aid Retaliation

Capacity

- Expected returns

Third Party Participation

- Cost of joining vs. cost of initiating

Agricultural Factor

- Positive effect



THANK YOU



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