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Abstract

The Rules of Trade in the Face of Long Running Disequilibrium

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Until a few years before China's accession to the WTO in 2001, it had followed a strategy of self-reliance in its attempt to develop. In international trade this meant near-autarky. In effect, 20 percent of the world's population was not integrated into the global economy. With the end of the Maoist era, this strategy was abandoned and China decided to integrate into the global economy. Its accession to the WTO facilitated this integration and shocked the global economy into a major disequilibrium and has reverberated and continues to reverberate 20 years later. The result has been a major re-alignment of the world trading system. The re-alignment has created both *winners* and *losers*. Those *left behind* ask for protection to slow the pace of re-alignment. The rules of trade established in the WTO were not designed to deal with such a transformative disequilibrium. Thus, the WTO is seeing countries ignore its rules as they deal with the ongoing challenges brought by the ongoing disequilibrium and its efficacy is diminished.

Keywords: accession, China, disequilibrium, rules of trade, transformative, WTO