

gested the need to start seriously thinking about enlarging the role of the Secretariat and of the Director General.

Moreover, compliance is an issue. Overall, compliance has been very good with only some 8-10 cases where there has been an outright failure to comply or where compliance measures are subject to ongoing dispute. If there is a problem here, it is not with the small countries, which are complying. The potential problem lies with non-compliance by the big countries in big cases; such non-implementation, it was argued, is corrosive for the system.

Containing the risk element in regionalism

While all the major trade negotiations have slowed to a crawl or stalled, including the Doha Development Agenda, the Free Trade Area of the Americas (FTAA), and Mercosur/EU, smaller bilateral/regional agreements are proliferating, which in the view of some will inevitably weaken the multilateral system and the WTO—indeed, the "most favoured nation" (MFN) principle is in danger of being replaced by the "least favoured nation" or LFN principle as the volume of trade conducted under MFN shrinks. Every time the Doha Round appears to stall, the regional/bilateral dynamic intensifies.

IMF/World Bank analysis indicates that multilateral liberalization is the ideal route. While preferential trade agreements are generally considered to be "building blocks" towards freer trade, some argue that they do not result in a good environment for business. For example, the National Foreign Trade Council, a US business lobby, found that rules of origin (ROOs) arising from the plethora of preferential trade agreements were bad for its members. Accordingly, it was pushing for elimination of all duties on manufactured goods by 2015.¹⁴

to the Director-General Supachai Panitchpakdi (Switzerland: World Trade Organization, 2004).

¹⁴ See Matthew J. Slaughter, "Tariff Elimination for Industrial Goods: Why the Gains Will Far Outweigh Any Losses", Background Paper prepared for the National Foreign Trade Council, August 2003, http://www.wto.org/english/forums_e/ngo_e/posp44_nftc_tarif_paper_e.pdf.