The current phase of the globalisation process exerts both a pressure towards an increasing convergence between the divergent regulatory systems, but not such as to annul the differences among national standards. Actually in recent years we have been assisting to two important and different developments: first, countries modified or introduced new regulations to protect specific public policy goals (health, safety, environment, etc); second the impact of regulations on trade is more apparent. Regulatory competition has thus been intensifying with regard to regulatory differences which are hard to eliminate (reflecting legitimate differences in national preferences, culture, customs and history of each country); nevertheless, cooperation is needed in presence of cross-border externalities and to preserve global goods.

How to address deeper integration issues is a very complex problem, and a single optimal solution does not exist. Various approaches have been proposed and the most important factor that emerges from the debate is that there is probably no single level of jurisdiction that is appropriate for all types of interaction at international level. The key question is to determine the allocation of jurisdiction rather than opting between one or another approach and the issue is best determined on a case by case basis according to the principle of subsidiarity. As general rule any regulatory system should be determined as closely as possible by the communities to which it refers. Together with the problem of choosing the type of cooperation which is more appropriate to address the regulatory issue, this paper first assesses whether the WTO should deal with these regulatory issues. A key parameter in turning to the WTO is that a regulatory issue should be trade-related.

By examining the different cases of potential conflict between domestic regulations and the WTO regime the paper argues that the WTO could not be in many cases the most appropriate forum to address these issues. The main objection could be that we could overburden and strand its activity without bringing appreciable results. Traditional shallow integration seems to be a more powerful instrument, as it involves competition between regulatory regimes that reflect national circumstances. Since countries have different preferences, cultures, legal systems, etc., regulatory decisions will reflect these different circumstances. Therefore, a ‘one size fit all’ approach would not work in most cases and there is little scope for the WTO to expand its reach significantly beyond the status quo through deeper integration. Perhaps, the main beneficial role that the WTO could have in most areas is to ensure that national regulation follows the transparency and consultation principle.

As regard the LDCs, the commitment to engage in a process of regulatory reform entails great costs and investments that should be taken into special consideration when interests and priorities of these countries are considered. The new trade issues poses difficult challenges to developing countries as these countries may not be able to satisfy the regulatory requirements that are chosen or imposed by developed ones. Indeed, a major problem today is that the costs associated with complying with certain WTO disciplines can be significant, not for the rules themselves, but because of the ancillary investments that are required to allow the rules to be applied.

Therefore, the paper points out that it does not seem desirable to introduce new themes on which LDCs should engage their scarce resources, and perhaps LDCs’ resources should be devoted to alternative purposes of more immediate need rather than to address a regulatory reform process. Actually, there are several issues (government procurement, trade facilitation, electronic commerce) on which multilateral negotiations may either be premature or in which developing countries require considerable assurance that the necessary capacity to implement them is put in place before an agreement is reached. Further, there are other topics (labour standards, competition, foreign investment) in which future negotiations to establish new rules are neither in the interest of nor a priority of most developing countries. If future trade negotiations will introduce agreements that require more difficult or more costly adjustments for developing countries, it should be fully recognized by affording them special treatment in terms of longer periods, more flexible rules, and in specific offers of technical assistance.