

# **WTO and Mega-Agreements**

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Trade and Development Regional Forum

21-22 September 2016

Bangkok, Thailand

# Multilateralism

- The Role of Multilateralism  
= Liberalization + rule making + DS + development
- Multilateralism is always the best.
  - Some issues can only be solved multilaterally, e.g. subsidies.
- However, WTO faces huge difficulties.
  - Too many members
    - China, Russia
    - Old members' commitments
    - Rise of emerging economies (c.f. Green room)
    - Still consensus-base
  - Too many agendas
    - UR: Services, IPR.
    - 1996 Singapore issues (TF, investment, competition, government procurement)
    - Still single under taking

# Minilateralism

- Minilateralism
  - Members: 3 or more members; Geographically based (regionalism) or not (plurilateralism).
  - Issues: a la carte (WTO minus, WTO plus, WTO extra)
- How to limit participating members and issues?
  - There are two paradoxes.
    - Power depends on agenda and membership formulation.
    - Agenda and membership are determined by powerful states.
    - Which comes first?

# Agenda-Membership Game: US-China

- US vs China: Competition between fora
  - TPP
    - US-led (excluding China)
    - US agenda (full liberalization [investment, services, negative list], new rule making)
  - RCEP
    - China-led (excluding the US)
    - Chinese agenda (developmental consideration, goods [MA for developing countries])
  - Why TPP successful?
    - Not negotiations from scratch = originating from P4 (SBCN)
      - Level of ambition of P4
      - Starting from the accession to P4 (but the US successfully avoided the late comer status)

# Agenda-Membership Game: China-Japan

- China vs Japan: Competition “within” a forum
  - Japan: Comprehensive Economic partnership of East Asia (CEPEA)
    - ASEAN+6, inclusion of Australia, India
    - CEP = beyond goods. Services, investment, IPR
  - China East Asia Free Trade Agreement (EAFTA)
    - ASEAN+3
    - FTA = goods centric
  - RCEP launched
    - Japan needs a “China card” for TPP negotiations (vis-à-vis the US).
    - No significant progress in RCEP after Japan’s participation in TPP negotiations.
    - After the conclusion of TPP: Japan wants to bring China into TPP = no serious interests in RCEP.
- CJK FTA: another competition “within a forum”
  - C.f. CJK TIT

# Plurilateral

- Plurilateral = agenda is given + control of membership
- Information technology: ITA
  - Concerted unilateral actions
  - Relatively easy area of cooperation
    - Win-win, GVA
- Services: TiSA
  - Sensitive area
  - Limited developed country participation: Taiwan, Mexico, Paraguay, Pakistan etc. No China, India, Brazil...
  - GATS Article V based?
  - “Secret” negotiations?

# Openness of Minilaterals

- Non-discriminatory measures (measures that cannot be discriminatory *by nature* to be included)
  - Trade facilitation (customs automation)
  - Services?
- Multilateralization (unilaterally multilateralize discriminatory measures to all countries)
  - e.g. tariff, service regulations
- Capacity building
  - WTO imposes little capacity building obligation on developed members (TFA).
  - FTAs includes many binding CB provisions.
- Open Accession

# Accession to TPP

- Accession to TPP
  - TPP Article 30.4
  - Very long and detailed (more than 500 words)
  - Three steps of accession
    - Establishment of WG
    - TOR for accession to be agreed at WG
    - TOR approved by Commission
  - Veto
    - All incumbent members have veto
      - Some FTAs adopt majority voting (APTA, US-AUS)
    - Veto at all stages
- In reality, FTAs seldom expand their membership
  - US joining P4 = new TPP negotiations.
- Why single undertaking?