The Future of the Multilateral Trading System
--- Mega-FTAs: stepping-stones or stumbling blocks? ---

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Outline of Presentation

• Mega-Regions and Mega-FTAs
• Multilateralizing Mega-FTAs
• The Uruguay Round vs. The Doha Round (DDA)
• The Principle of “Single Undertaking”
Three Mega-Regions
--- WTO & Regional Integration ---
## Membership and Economic Importance of Regional Integration Frameworks

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<tbody>
<tr>
<td>JCK FTA</td>
<td>6,619 Billion US $</td>
<td>17.9</td>
<td>14,280.9 Billion US $</td>
<td>20.4</td>
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<td>RCEP</td>
<td>10,470</td>
<td>28.4</td>
<td>19,929.9 Billion US $</td>
<td>28.5</td>
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<td>TPP</td>
<td>9,545</td>
<td>25.9</td>
<td>26,593.4 Billion US $</td>
<td>38.0</td>
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<td>TTIP</td>
<td>15,602</td>
<td>42.3</td>
<td>32,686.5 Billion US $</td>
<td>46.8</td>
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<td>World</td>
<td>36,890</td>
<td>100.0</td>
<td>69,899.2 Billion US $</td>
<td>100.0</td>
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Diagram showing the membership of regional integration frameworks with their respective countries.
Three Mega-Regions
--- WTO & Regional Integration ---
Why multilateralize Mega-FTAs?

- **Systemic reasons:** from inter-regional cooperation to inter-regional FTAs
- APEC ⇒ TPP/RCEP/JCK FTA
- Trans-atlantic Market Place ⇒ TTIP
- ASEM ⇒ Korea-EU FTA, Japan-EU EPA
Transaction volumes of intermediate goods have risen rapidly among ASEAN states. This reflects the increasing sophistication of production networks in East Asia.
Why multilateralize Mega-FTAs?

• Functional reasons; from *de-facto* business-driven integration to *de-jure* institution-driven integration in East Asia

• Regional production network to global production network

• “Seamless” value chain; connectivity enhancement

• “User-friendly” *Rules of Origin*
Why multilateralize RTAs?

• Institutional reasons
• Like-minded countries to shape the “critical mass”
• ITA (plurilateral negotiations with MFN application to WTO Members)
• GPA (plurilateral agreement under the WTO System, conditional MFN)
• TISA (plurilateral agreement outside of the WTO System)
• MAI (Multilateral Agreement on Investment, a failed attempt by OECD)
• Departure from “Single Undertaking”? 
The Uruguay Round & The Doha Round (DDA)

- 1986~1994
- 123 GATT Contracting Parties
- 14 NGs on Goods + Services/GNS
- TRIPs
- TRIMs
- Market Access Negotiations: Request & Offer
- Limited Scope for Plurilateral Agreements (Civil Air Craft/GPA)

- 2001~?
- 161 WTO Members
- New Rule-making Negotiations suspended since Cancun 2003
- Market Access Negotiations Stand-off
- Emerging Economy Members take more rigid positions
Conclusion

• Mega-FTAs to increase “coherence” among them
• Mega-FTAs to improve “connectivity” among them to create global value-chain
• Mega-FTAs to perform “inclusiveness” to embrace LDCs
• Mega-FTAs to pave the way ahead towards a new trade multilateralism embodied in the WTO
Thank you for Your Attention
- Free Trade for a Better Future --