TPP as an enabler for the DDA?
And what new role for the WTO?

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Contents

• Main points of discussion: TPP vs DDA
• Factors rendering DDA impossible
• Factors facilitating success of TPP negotiations
• Desirable outcomes of Ministerial Conference
• New role of the WTO
• Lessons learned from the United Nations
Doha Ministerial Declaration

Negotiations in 7 specific areas: Implementation, Agriculture, WTO Rules, Industrial Tariffs, Services, Environment, Dispute Settlement.
## Difficult issues in TPP negotiations

<table>
<thead>
<tr>
<th>Sticking points in TPP</th>
<th>Members</th>
<th>Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture (especially dairy and sugar)</td>
<td>Australia, New Zealand and US vs. Canada and Japan</td>
<td></td>
</tr>
<tr>
<td>Intellectual Property (esp. Length of data protection for biologics)</td>
<td>US vs. Australia</td>
<td>Consession by US</td>
</tr>
<tr>
<td>NAMA (automotives ROO)</td>
<td>Japan vs. Mexico and Canada</td>
<td></td>
</tr>
<tr>
<td>State-Owned Enterprises</td>
<td>US vs. Viet Nam and Malaysia</td>
<td>Concessions by Viet Nam and Malaysia</td>
</tr>
<tr>
<td>Labor standards</td>
<td>US vs. Viet Nam</td>
<td></td>
</tr>
<tr>
<td>Environmental safeguards (avoid overfishing and deforestation)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## TPP Tariff Levels

### All TPP members:

<table>
<thead>
<tr>
<th></th>
<th>Bound</th>
<th>Applied MFN</th>
<th>Preferential rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Links covered</td>
<td>132 (all)</td>
<td>132 (all)</td>
<td>69</td>
</tr>
<tr>
<td>Simple</td>
<td>15.17 %</td>
<td>4.02 %</td>
<td>1.70 %</td>
</tr>
<tr>
<td>Weighted</td>
<td>13.19 %</td>
<td>2.72 %</td>
<td>0.96 %</td>
</tr>
</tbody>
</table>

### Developing countries:

<table>
<thead>
<tr>
<th></th>
<th>Bound</th>
<th>Applied MFN</th>
<th>Preferential rates (27)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simple</td>
<td>20.79 %</td>
<td>4.51 %</td>
<td>2.47 %</td>
</tr>
<tr>
<td>Weighted</td>
<td>19.27 %</td>
<td>3.59 %</td>
<td>1.13 %</td>
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</tbody>
</table>

### Developed TPP members:

<table>
<thead>
<tr>
<th></th>
<th>Bound</th>
<th>Applied MFN</th>
<th>Preferential rates (42)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simple</td>
<td>7.30 %</td>
<td>3.41 %</td>
<td>1.20 %</td>
</tr>
<tr>
<td>Weighted</td>
<td>4.68 %</td>
<td>2.16 %</td>
<td>0.85 %</td>
</tr>
</tbody>
</table>

Source: UNTRAINS
DDA negotiations compared to the ascent of Mt. Blanc

«Like Horace de Saussure, [...] who organized the first ascent to Mont Blanc, we have prepared ourselves for this excursion. [...] Also, climbing the Mont Blanc can only be achieved as a team endeavor. [...] The only way to reach the top is understanding each others’ interest and limitations.»

Pascal Lamy, 21 July 2008
Why is the DDA so difficult?

1. Mountaineers with different visions: Heterogeneity between and within members
2. Belonging to various rope teams: Multiplicity of coalitions with conflicting interests
3. Who should carry how much? Less than full reciprocity
4. Icy conditions ahead: Difficult issues remain
Why is the DDA so difficult?

5. *Why the fuss about Mt. Blanc?* Globalization fatigue and doubts about the gains

6. *What about other summits?* Other, more readily available alternatives.

7. *How to get the photographers to the summit?* Increasing complex communication.

8. *Mountain guide’s energy is waning:* The hegemonial power is running out of steam.
“Universe” of Environmental Goods: 514 HS6 Codes

Saudi Arabia (S): 291 HS

Friends (F): 195 HS

Qatar (Q): 20 HS

Philippines (P): 24 HS

Japan (J): 90 HS

Singapore (Si): 91 HS
Shares in World Trade: 1995 vs. 2014

Source: UN COMTRADE
Note: Measured in imports
Why did the TPP negotiations succeed?

• One rope team with similar views:
  – Small group of countries
  – Coalition of the «willing»

• Mountain guide(s) with clear vision:
  – US – Japan leadership
  – Asia pivotal for US interests

• Closed negotiations
Shares in World Trade: 1995 vs. Share in TPP trade in 2014

<table>
<thead>
<tr>
<th>1995</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>USA</td>
</tr>
<tr>
<td>16%</td>
<td>45%</td>
</tr>
<tr>
<td>EU</td>
<td>Rest</td>
</tr>
<tr>
<td>43%</td>
<td>29%</td>
</tr>
<tr>
<td>ROW</td>
<td>CAN</td>
</tr>
<tr>
<td>31%</td>
<td>15%</td>
</tr>
<tr>
<td>Canada</td>
<td>JPN</td>
</tr>
<tr>
<td>3%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: UN COMTRADE
Note: Measured in imports
Declining US trade share with Asia...

Source: UN COMTRADE
TPP outcome as «inspiration» for Nairobi?

• Pro: TPP shows that compromise on difficult issues can be achieved
• Con: See list above

Desirable outcomes of Nairobi:
• Call-off the research and end Doha Round
• Environmental goods liberalization
• Agree on new set of sectoral and plurilateral talks
The Future Role of the WTO

• Convening power (multilaterally and plurilaterally)
• Standard setting
• Ensuring transparency in trade policy: From passive to active role
• Technical assistance (from delivery to coordination)
• Research: From «why open up trade?» to «how to open up trade?» (ex. health)
• Lessons to be learned from United Nations?
Lessons from the United Nations

• Very difficult to achieve consensus among all members.
• Extremely difficult to achieve binding commitments.
• The more complex the issue, the longer the negotiations.
• The more unknowns, the less willing countries are to commit.
• Increased participation of developing countries
• Leadership needed
• Flexible treaties more successful: Opt-in treaties easier to negotiate, ex. FCTC
Thank you very much for your attention

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