



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

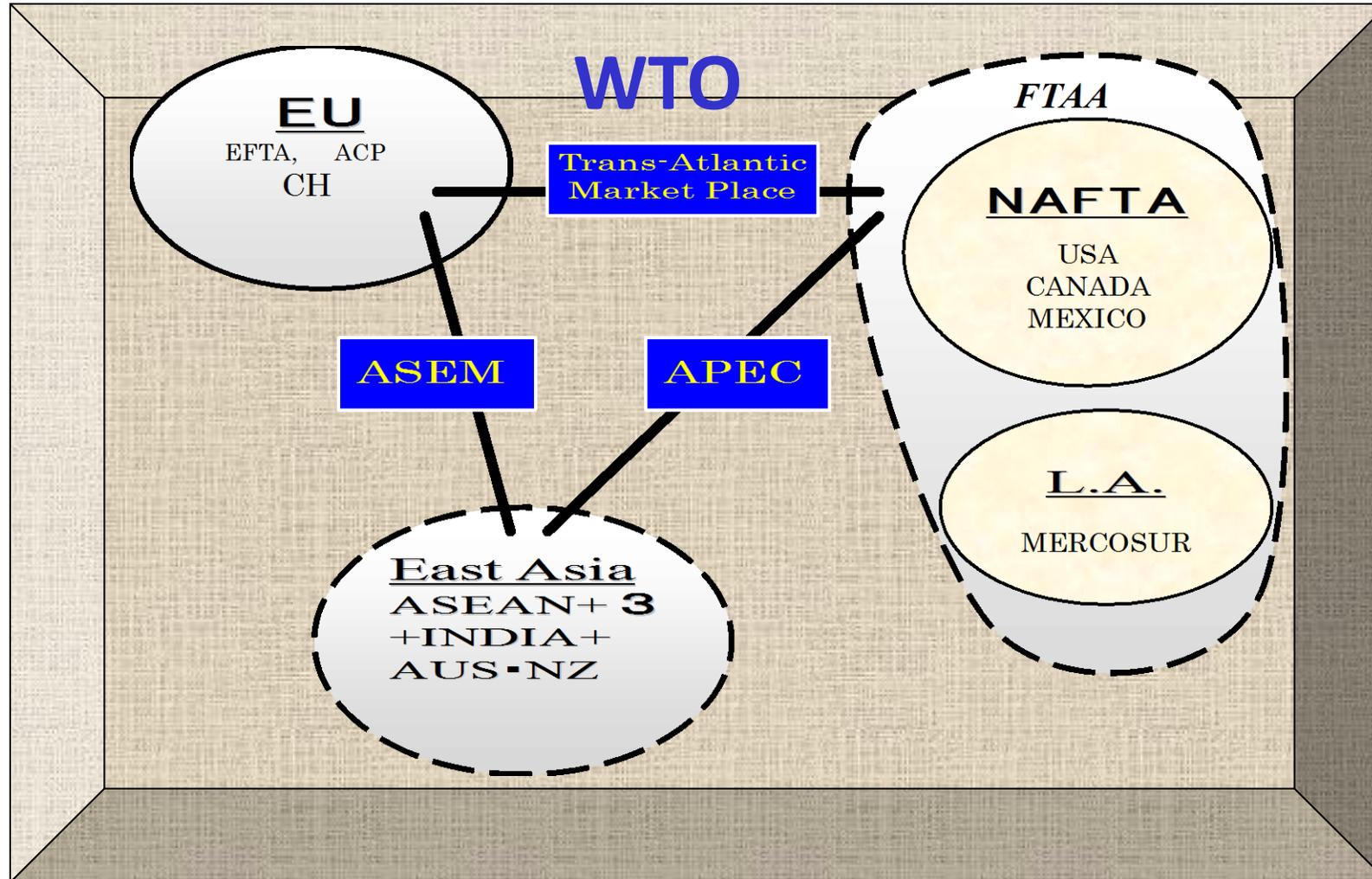
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Tokyo, November 10 2015

# Outline of Presentation

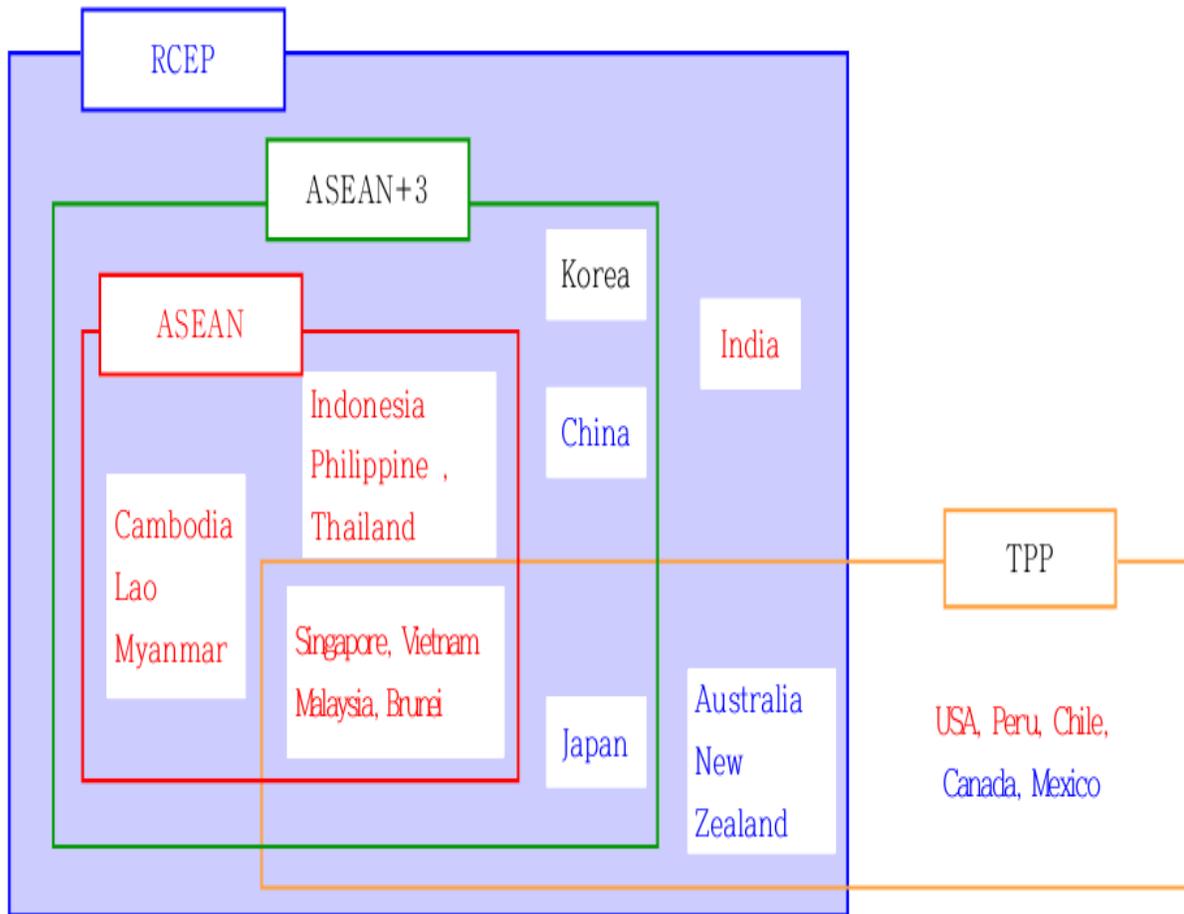
- Mega-Regions and Mega-FTAs
- Multilateralizing Mega-FTAs
- The Uruguay Round vs. The Doha Round (DDA)
- The Principle of “Single Undertaking”

# Three Mega-Regions

--- WTO & Regional Integration ---



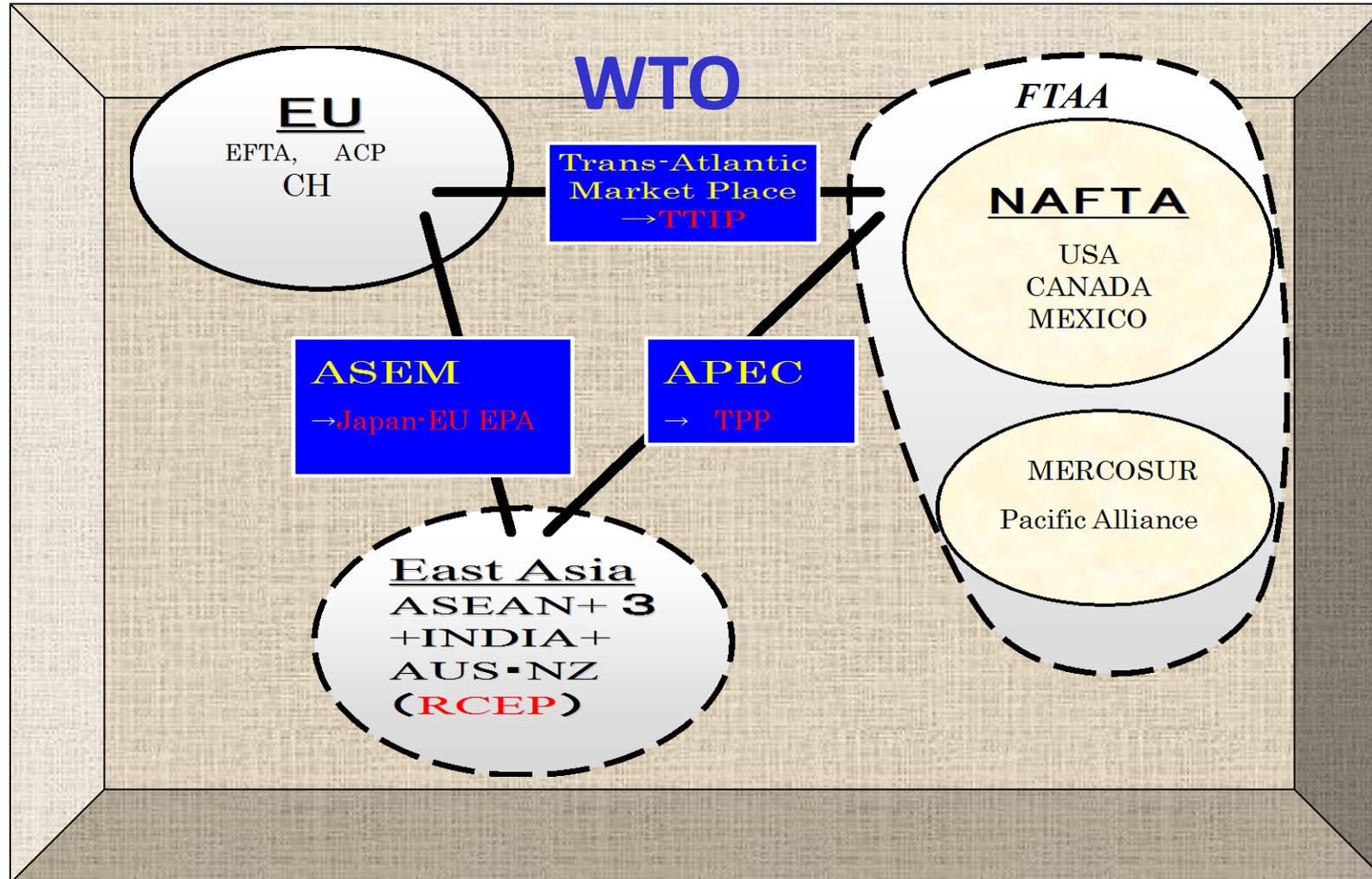
# Membership and Economic Importance of Regional Integration Frameworks



	Trade (2012)	Trade (2012)	GDP (2011)	GDP (2011)
	Billion US \$	Share (%)	Billion US \$	Share (%)
JCK FTA	6,619	17.9	14,280.9	20.4
RCEP	10,470	28.4	19,929.9	28.5
TPP	9,545	25.9	26,593.4	38.0
TTIP	15,602	42.3	32,686.5	46.8
World	36,890	100.0	69,899.2	100.0

# Three Mega-Regions

--- WTO & Regional Integration ---

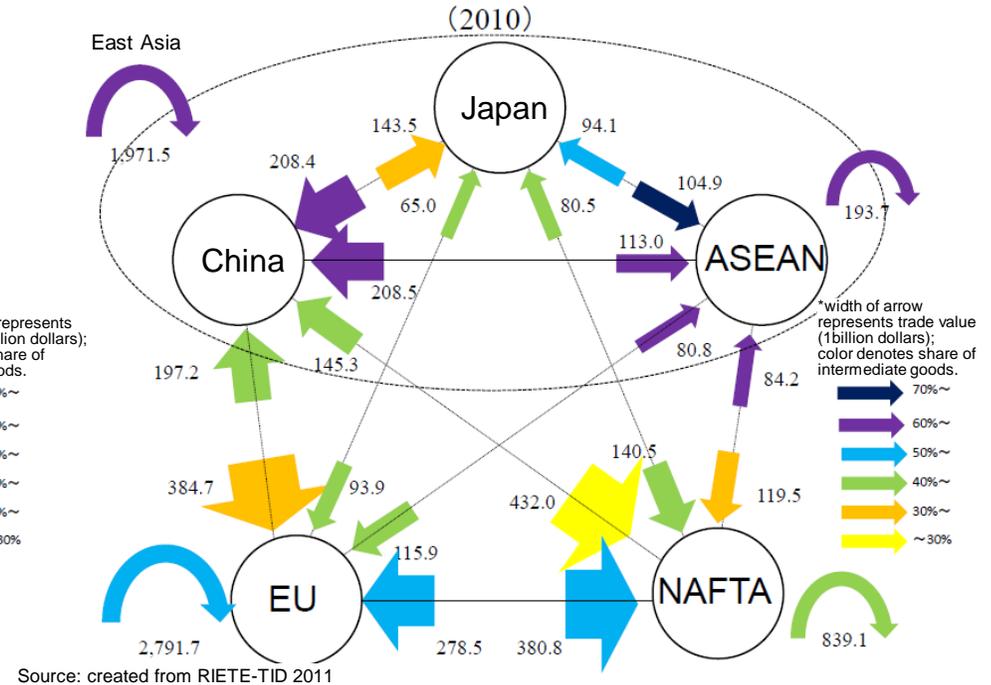
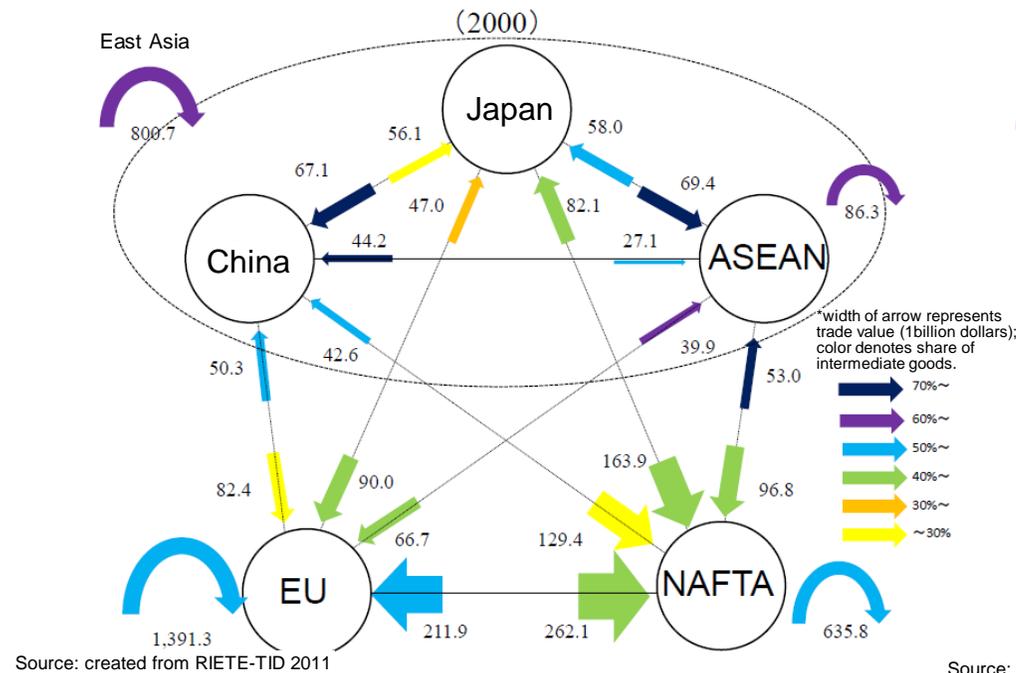


# Why multilateralize Mega-FTAs ?

- **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**

# Change in quality of Japan-ASEAN-China trade

- 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 --

