

Partnership in Trade

Dr Anthony Neoh SC JP

Co-Chairman

Asian Academy of International Law

Asia's Contribution to Five Principles of

**PEACEFUL
COEXISTENCE**

:Past and Future

Cooperation Past and Future

- GATT and WTO have had a great impact on world trade and development
- Although the WTO is currently in crisis, its many principles survive and are applied in regional Free Trade Agreements:
 - The 'modernised NAFTA'
 - The CTPP, yet unknown
 - The promising RCEP

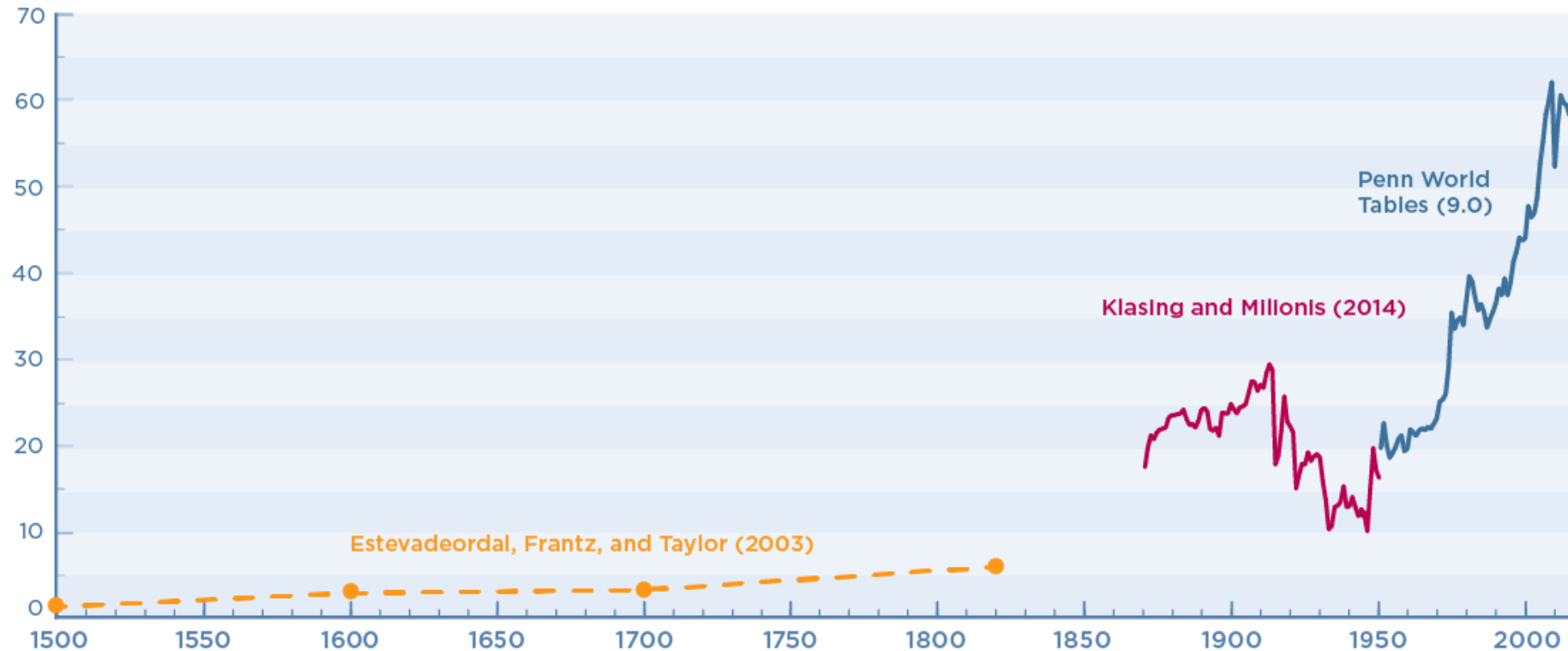
World Trade Organization

- Established 1995, Final Act signed on 15 April 1994, in Marrakesh (thus called the Marrakesh Agreement) (164 Members, including the EU in its own right, and 25 Observer Governments) (Hong Kong joined GATT in 1987 and became member in 1995, later in 1997, as 'Hong Kong, China', PRC joined in 2001 and Taiwan joined in 2002 as Separate Custom Territory of Taiwan, Penghu, Kinmen and Matsu)
- WTO Agreement. Five Principles:
 - Non-discrimination
 - Reciprocity
 - Binding and Enforceable Commitments
 - Transparency
 - Safety. Trade may be restricted for genuine public policy reasons – environmental protection and public health, and unfair competition

- World trade volume today is roughly 45 times the level recorded in the early days of the GATT (4500% growth from 1950 to 2022).
- World trade values today have ballooned by almost 400 times from 1950 levels.
- Volume and value graphs below show trade picking up steeply since the establishment of the WTO in 1995.
- As of 2022, world trade volume and value have expanded 4% and 6% respectively on average since 1995 when the WTO was first established.
- The world's current MFN applied tariffs stand at an average of 9%.

Trade has skyrocketed in the past century

World trade as percent of world GDP (1500–2014)

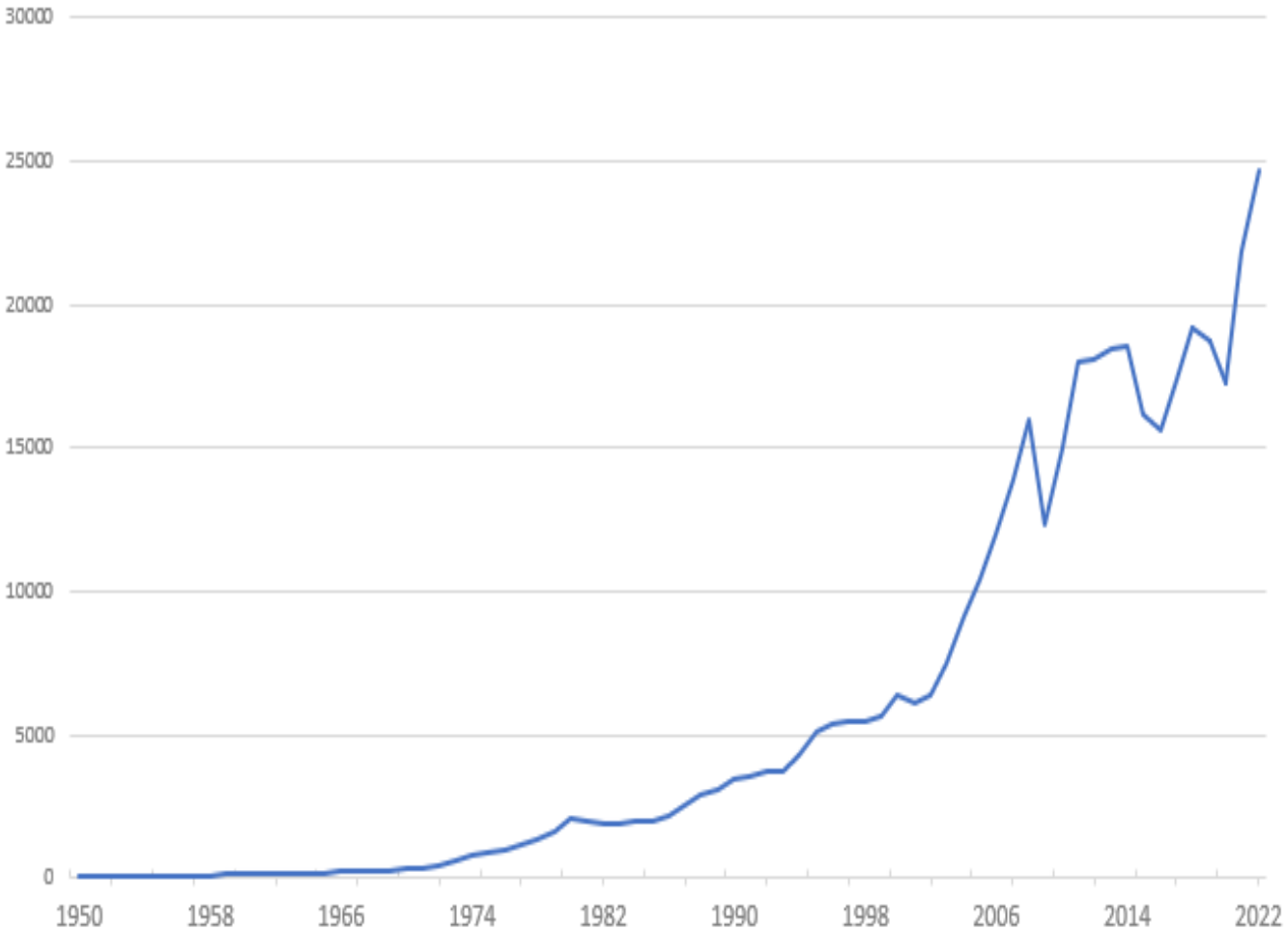


Note: This chart displays data from three sources. Data from 1500 to 1820 is the average of the upper and lower bound and only includes the years 1500, 1600, 1700, and 1820. Data not available from 1821-1869.

Sources: See chart, "Globalization over 5 centuries," at <https://ourworldindata.org/trade-and-globalization> for full citations.

Average of Value

Evolution of World Trade, 1950-2022
Values, Billion USD



United States-Mexico-Canada Free Trade Agreement (new NAFTA) (1 July 2020)

- IP Chapter
 - Full recognition and national treatment of all IP rights, common standards for patentability and patent office practice, particular protection and facilitation for SMEs, and common standards for pharmaceuticals and agricultural products and inventions and the issue of Geographical Indications of Product (such 'Florida Oranges', 'Idaho Potatoes' through common trademarks registration standards.
 - Strong enforcement regime with civil and criminal procedures and penalties for registered/recognised IP breaches and theft of trade secrets.
- Digital Trade
 - No customs duties on the sale of digital services such as movies, games, books, and music.
 - Cross-border data exchange protocol, minimising limitations.
 - Common standards for data authentication and electronic signatures.
 - Common consumer protection standards and strong civil and criminal protection regimes.
 - Limit Governmental interference in proprietary computer codes and algorithms.
 - Co-operation in cybersecurity and fraud.
 - Promote open access to Government data.
 - Limit liability to third-party content

New NAFTA

- Financial Services
 - Special annex on market access, national treatment, and expansion of cross-border financial services.
 - Special Investor-State dispute settlement procedure with Mexico with prudential carveouts
 - Access to locally stored data by financial regulators and transparency provisions for regulation and policies
 - Currency and macroeconomic agreement on market orientation of exchange rates and prohibition of currency manipulation.
 - Robust enforcement, both civil and criminal.
- Labour
 - Implementation of ILO convention standards.
 - Recognition of collective bargaining.
- Environment
 - Common standards.
 - Robust Enforcement regime.

Transpacific Partnership (TPP)

Comprehensive and Progressive Agreement for Transpacific Partnership (CPATP)

(30 December 2018)

- The original TPP had 12 Pacific Rim Countries signatories: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.
- It is a very comprehensive and far-reaching agreement.
- The US, though the sponsor, withdrew.
- The other 12 signatories re-negotiated a smaller version called the CPATP. However, the US position remains shrouded in uncertainty, and the ongoing US elections only add to the unpredictability of the situation.
- We will have to wait to see what the US Administration will be like before any projections can be attempted.

Regional Comprehensive Economic Partnership

1 January 2022

- 14 Members 15 Signatories Myanmar pending ratification Membership applicants: Bangladesh, Hong Kong and Sri Lanka
- In 2020: 30% of World Trade, 15% of World GDP
- 20 Chapters

RCEP: Trade in Goods

- Trade in Goods
 - National treatment according to GATT 1994
 - Schedule of tariff cuts commitments by members and acceleration (Annex I)
 - Use of harmonised system for classification of goods
 - Customs valuation according to GATT 1994
 - Agricultural subsidies according to WTO Ministerial Decision 19 December 2015
 - General incorporation of WTO rules
 - Clearer rules on Certificates of Origin
- Customs and Trade Facilitation
 - Principles of transparency and consistency established
 - Simplification of customs procedures
 - Agreement for pre-shipment inspection
 - Regime for making and recognition of advance rulings
 - Application of information technology
 - Involvement of Authorised Operators
 - Common principles of risk management
 - Consultation Mechanism

RCEP: Trade in Goods

- Standards, regulations and conformity assessment procedures
 - Incorporation of WTO Agreement on Technical Barriers to Trade (the TBT Agreement)
 - Consultation Mechanism
- Trade Remedies
 - Adoption of WTO Principles
 - Establishment of Procedures in dispute resolution on Anti-Dumping and Countervailing duties
 - Consultation Mechanism

RCEP: Trade in Services

- Trade in Services
 - Use of negative list approach and concept of minimising the list to encourage free access
 - Specific Country Schedules for access
 - National treatment
 - General acceptance of WTO principles
 - Special Annexes on Financial, Telecommunications, and Professional Services
 - Consultation Mechanism to achieve common standards
- Facilitation of temporary movement of Natural Persons
 - Facilitation of visas
 - Enhanced transparency
 - Consultation Mechanism

RCEP: Investment, IP, E-commerce

- Investment
 - Adoption of Four Pillars: Protection, liberalisation, promotion and facilitation
 - MFN treatment
 - Adoption of WTO TRIMS principles
 - Consultation Mechanism
- Intellectual Property Protection
 - Adoption of WTO TRIPS principles
 - Streamline IP registration procedures and common standards of filing
 - Adoption of the WTO Doha Declaration of adoption of IP rights
- Electronic Commerce
 - Promotion of common standards for electronic commerce
 - Promotion of cross-border co-operation
 - Promotion of protections for users and vendors
 - Consultation Mechanism

RCEP: Competition, SME, etc.

- Competition
 - Promotion of common principles domestically and in cross-border commerce
 - Promotion of enforcement of national competition laws
 - Consultation Mechanism

- Small and Medium Enterprises
 - Adoption of domestic policies to assist SMEs
 - Sharing of information and establishment of a Publicly Shared Platform for the benefit of assisting SMEs
 - Consultation Mechanism

- Economic and Technical Co-operation
 - Undertaking to engage in Technical cooperation and information sharing
 - Consultative Mechanism

- Dispute Resolution
 - Adoption of procedures similar to WTO but without Appeals Panel
 - Consultation Mechanism