Necessity for Product Coverage Expansion and Some Important Lessons from Original ITA

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Doha Round is in drift with no prospect for conclusion
  - 19 years after the conclusion of Uruguay Round
  - 11 years after the launch of Doha Round

No major results in market liberalization in goods
  - 16 years after the conclusion of ITA

Losing credibility of WTO
  - Not functioning as forum for liberalization and rule making
  - Industries lose interest in WTO except its dispute settlement role

WTO requires quick results

WTO 8th Ministerial Conference (MC8) in December, 2011
WTO requires quick results

- Accelerating FTA/EPA competition

Source: http://www.wto.org/english/tratop_e/region_e/regfac_e.htm
Necessity for wider product coverage

- Developing global supply chain in IT products and its fragmentation
  “Made in the World” as analyzed in JETRO-IDE/WTO STUDY
- Diversification of supply sources/countries
- ITA as common public goods in IT production world-wide
- Global IT industries ask for wider product coverage immediately
I. Necessity for Collaboration among industries

II. Creation of “Critical Mass”

- In the original ITA, the Quad (Japan, US, EU, Canada) accounted for 80% of covered IT trade
- ITA started by adding other members reaching 92% of global trade
  ⇒ Meeting changing global IT production and trade structure is required
  ⇒ Involving key members from the outset is essential

- Appropriate product coverage and participating members were keys to its success
III. ITA as tariff only IT initiative

- Defining non-tariff issues related to IT areas were extremely difficult
  ⇒ Its coverage could affect all WTO agreements
  ⇒ Possible inclusion of non-tariff issues could have meant creating super agreement on top of WTO agreements

- Binding possible agreements on non-tariff issues was extremely difficult and time consuming
  ⇒ Unlike tariff commitments, there is no easy way out for binding non-tariff commitments of members
  ⇒ Amending WTO agreements requires consensus in Annex 1 agreements of WTO members. To create a new Annex 4 agreement (GPA type non MFN agreement) also requires consensus of WTO members
Lessons from ITA negotiation in 1995-1996

- The best and quickest way to enhance ITA is to add products of mutual interests to members to its present coverage.

- Adding non-tariff issues to its negotiation will not only incur serious delays of the negotiation but also may ruin the whole initiative.
Thank you