

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

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# WTO requires quick results

## ➤ **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**

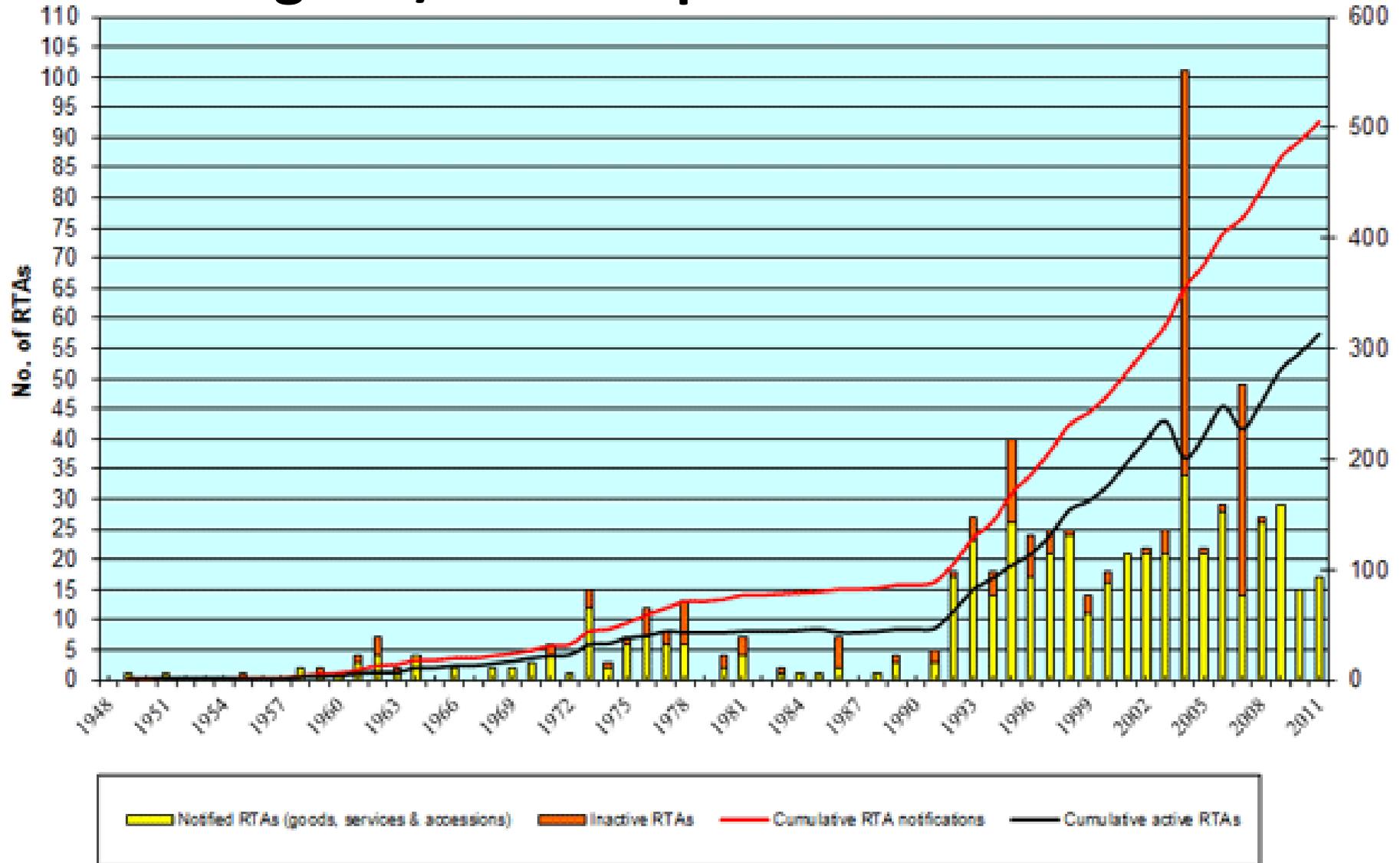
- Not functioning as forum for liberalization and rule making
- Industries lose interest in WTO except its dispute settlement role



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

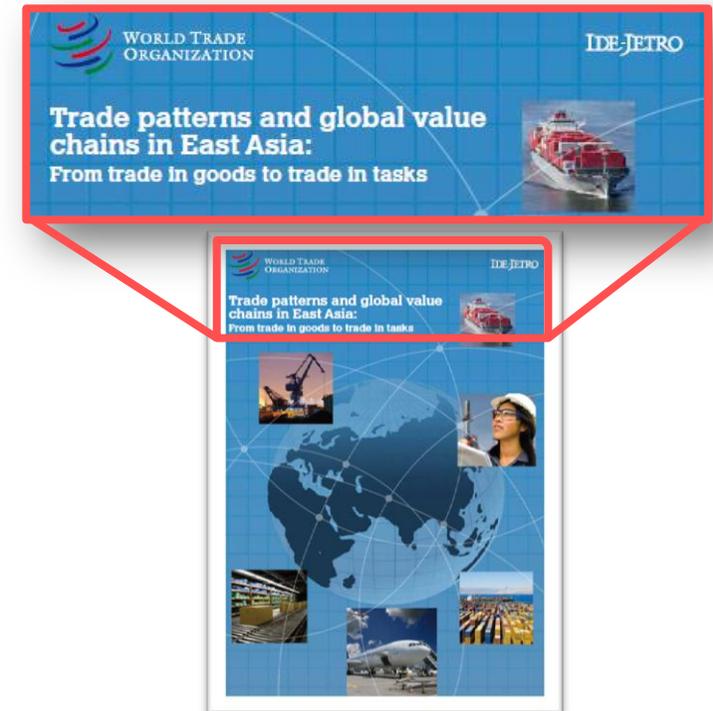
# WTO requires quick results

## ➤ Accelerating FTA/EPA competition



# 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**



# Lessons from ITA negotiation in 1995-1996

## 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**