

Closing Remarks



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This book is a collection of recommendations on the future of free trade by over 15 trade and investment experts from the United States, Europe, Asia, and Japan who emphasize free trade. Specifically, the experts summarize their views on the WTO, FTA/RTA, plurilateral agreements, the effects of free trade, the balance between free trade and economic security, and how to deal with the losers in free trade.

The experts met four times via web conference to reach a consensus on the direction of the project, and then each took responsibility for compiling their own view. Even though there were different views on the same issue, we took these differences as valuable and compiled them as they are in this collection of recommendations.

The following is a summary of some of the points worth noting.

- (1) There are various views on the future of the WTO, and in particular, we have juxtaposed several ideas on the reconstruction of the dispute settlement mechanism.
- (2) In view of the situation in which the WTO's dispute settlement mechanism has been in the form of empty appeals, where at the Appellate Body, a higher-level committee under the two-trial system, no members have been appointed due to opposition from certain countries, the decisions of the panel as a lower-level tribunal have ended without being concluded. In this context, the Multi-Party Interim Appeal Arbitration Arrangement (MPIA) has been created as an alternative to the Appellate Body. There are both positive and negative opinions on the MPIA, but they are listed here as they are.
- (3) With regard to the WTO's consensus-based legislative function, since it is difficult to expect an agreement on the Doha Round negotiations, there are high expectations for an FTA/RTA or a plurilateral agreement. We have received descriptions of the desirable direction or effectiveness of such an agreement.
- (4) Further, based on the CPTPP, which is considered to be a high-level FTA, it is desirable to increase the number of participating countries, especially to achieve some kind of partnership with the EU, and furthermore, at some point, seek the participation of the US. If China meets the

requirements, it will join the CPTPP, and if a consensus is reached that it is close to a WTO-wide agreement, then there is an idea that it will be transplanted to the WTO.

(5) On the other hand, since the US-China conflict is becoming more serious, we have included the idea of promoting decoupling, or at least de-linking, with China, with an eye to economic security, such as the IPEF.

(6) Furthermore, with regard to the evaluation of FTAs, for example, the comparison of the economic effects of the RCEP and CPTPP on each country is analyzed by Japan's experts.

(7) While the overall effect of promoting free trade would be positive, it is undeniable that some people may suffer negative effects. In the US, the Labor Adjustment Act has been introduced as a countermeasure. There is an analysis of the ineffective use of the labor adjustment law in the US.

In the US, a new administration has been established that does not value WTO rules and free trade, and in Europe, similar trends can be seen in some countries. However, even if such a situation occurs temporarily, there will surely come a time when the importance of free trade will be reevaluated. It is important not to wait for such a time, but to analyze objectively the economic effects of free and protected trade, starting with what is possible, whether it be the MPIA, FTA/RTA, or plurilateral agreements.

While promoting free trade, as long as market economies and state-driven economies coexist, the concept of economic security cannot be ignored "for the time being". However, I would like to think of it as only "for the time being".

Finally, I would like to thank all those who have helped us in compiling this collection of recommendations.

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