

# Policy Recommendations for a Rules-Based International Trading System

By Naoyuki Haraoka

In 2025, the international trading system is facing unprecedented uncertainty. Geopolitical crises such as wars in Ukraine and the Middle East continue, and the divisions between nations seeking power-based solutions to global economic and political issues and those pursuing rules-based ones continues to grow. We do not currently have any stable leadership of the global economic order, and if the new US president adopts “America-first” policies this could possibly provoke further disruption. The most serious concerns relate to the international trading system and how it could become a victim of serious turmoil.


However, international trade will continue even in the midst of chaos. It is indeed an engine for economic growth and the welfare of people in all nations. Trade policy practitioners as well as planners must take note of this and continue their efforts to preserve international trade from unilateralism, nationalism and protectionism.

This issue highlights a wide range of distinguished trade policy experts’ recommendations on how to ensure a rules-based multilateral trading system. A general overview of issues relating to the multilateral trading system today and their solutions will be found in the “Roundtable on Trump 2.0” article, with views from

such experts as Ambassador Alan Wolff from the United States, Prof. Yoost Pauwelyn from Europe, Dr. Henry Gao from Singapore, and Dr. Akihiko Tamura from Japan. The discussion is moderated by JEF Chairman Masakazu Toyoda.

Following this, we have articles on specific issues by the other distinguished contributors. Dr. Simon Lester writes about the Multi-Party Interim Appeal Arbitration Arrangement (MPIA), a possible replacement for the WTO Dispute Settlement whose malfunction has caused impediments to trust in the multilateral trading system. This is followed by three articles on regional trade agreements as possible solutions for supplementing the malfunctioning multilateral trading system. The first of these by Datuk Jayasiri, former Malaysian chief trade negotiator, highlights the issues relating to the RCEP, while Dr. Jeffrey J. Schott, an American trade policy expert from the PIIE think tank, then discusses the CPTPP as a good starting point to restore a rules-based trading system. Then Dr. Inu Manak, an expert on economic security, one of the principal interests in trade policy arguments today, introduces the role of the IPEF in achieving solutions that can balance trade concerns and security concerns.

We then move on to articles providing new angles



on trade policy discussions. One is by Edward Alden, author of a book titled *Failure to Adjust*, who talks about the utility of policy measures to help those suffering from the negative aspects of free trade, while another by Dr. Kenichi Kawasaki, a leading Japanese trade policy economist, highlights the economic impact of the expansion of the CPTPP.

Overall, these articles make a persuasive case for the restoration of a multilateral rules-based international trading system as the best option for the global economy.

This issue's cover story can be considered as a succinct version of the final report of the JEF Research Group on the International Trading System to be Restored, chaired by Prof. Shujiro Urata. The full version will be available on our website soon.

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