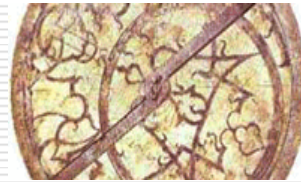


How to keep busy the WTO when preferential trade agreements are fashionable

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Overview

- There are plenty of ways to keep the WTO busy—even if one excludes the Dispute Settlement Mechanism (as is done in this presentation). One condition: don't try to move multilaterally, but rather count on the “willing” (in difficult times, unilateral liberalizations have always led). In other words, competition rather than cooperation.
 - Trade facilitation: almost done?
 - Duty free quota free (DFQF): almost dead?
 - Plurilaterals in services: in the air?
 - Re-energizing WTO Committees (TBT and supply-chain).
 - Opening the WTO to other multilateral issues (climate change, water).
- Meanwhile, preferential trade agreements (PTAs) are the only market access negotiations left. They are driven by two main forces:
 - The growth argument: debt-ridden countries need growth => growth requires wide-ranging domestic reform agendas with an heavy focus on regulations (norms in goods, market regulations in services) => trade liberalization is a powerful way to boost/buttress such agendas.
 - The insurance argument: the best way to avoid to be discriminated against is to conclude PTAs with the major markets.
 - For the EU, the two arguments lead to the same conclusion: “pivoting” to Japan and Taiwan.

Trade facilitation: almost done?

- **TF is a crucial test because one of the best examples of benefits for everybody: DC/LDC, IC, goods and services**
 - In particular, it keeps alive discussions on services. For instance, talking about code bar technologies in a TF context prepares a wider discussion on distribution services since these technologies are a pre-requisite for building or operating large retail firms in any country.
- **Commitments (TF survived 2003 Cancun MC; then 2004 July and 2005 Hong Kong MC):**
 - DC/LDC : implementing capacities (but no infrastructure projects beyond their means). Options: (i) lower the level of legal obligation of provisions requiring significant investment in infrastructure (single window, information on Internet), (ii) sufficient phase-out periods for provisions forgoing revenues (consular transaction requirements, mandatory use of customs brokers) etc.
 - IC: support and assistance directly related to these commitments: no financial assistance (?). IC commit to allocate a specific portion of their Aid for Trade to trade facilitation (or equivalent measures) .
- **2012: G20 Trade Ministers meeting (Mexico), WTO discussions (Geneva), OECD Trade Ministers meeting.**
 - Still doubts? some DCs (Brazil) regard TF as a concession, hence are reluctant to let it go as “early harvest”.
- **Two options to proceed:**
 - finalize the legal text, ratify it, etc.—at the risks of a blockage by reluctant DCs.
 - agree on a text and let a group of countries begin implementation with all the corresponding money starting to fly even before the text becomes a WTO legal obligation.

Duty free quota free: almost dead?

- Hong Kong MC: IC and willing countries to provide DFQF market access to LDCs on a lasting basis, for all products originating from all LDCs in a manner that ensures stability, security and predictability. Members facing difficulties shall provide DFQF market access for at least 97 per cent of products originating from LDCs.
- Severe split:
 - some WTO members have made some unilateral enforcement (98 to 100%).
 - Others have still reservations: (i) potential impact on their domestic industry, (ii) possible erosion of preference to the exiting beneficiaries.
- Very different situation from TF → two options
- Option 1. Trying to write a text faces two major difficulties:
 - defining flexibilities ("*stability, security and predictability*"). For instance: a Member may notify the WTO of the products of an LDC country the market share of which exceeds a threshold in the Member. Big risk that the market share will be defined as x% of imports (not as x% of the domestic consumption of the importing country) hence very protectionist.
 - defining rules of origin for LDC products allowing cumulation of the value-added made across LDC. Would boost economic integration of LDCs especially in regions such as Africa, and introduce a linkage DFQF-TF (such rules of origin require a good TF process).
- Option 2. Hope for even wider set of countries implementing unilaterally DFQF which will force sooner or later the key reluctant countries to provide DFQF.

Plurilaterals in services: driving forces

- The Doha Round ignored services whereas these sectors cover 70 percent of the GDP.
- The 2008 “Signaling Conference” was very promising: the value added of the three top services is equivalent to the combined value added of agriculture and manufacturing. Hence, liberalizing these sectors would be equivalent to the multilateral liberalization since the origin of the GATT.

Services	Signalling Conference 2008		Size of sectors [b] (US\$ bn)	Crisis resilience [c]
	Nbr of WTO participants [a]	GATS mode underlined		
	1	2	3	4
Business Services	Virtually all	4	4918	High
Communication Services	Substantial	3	737	High
Distribution Services	Substantial	3	3809	--
Environmental Services	Substantial	3	--	--
Construction & Related Engineering	Substantial	3 & 4	1715	High
Transport Services	Substantial	3	1282	Low
Financial Services	Notable	3	1770	Low to High
Educational Services	Notable	3 & 4	1444	--
Tourism and Travel Related Services	A few		774	Low
Health and Social Services	A few	3 & 4	1483	--
Recreational, Cultural & Sporting	A couple	--	1217	--
Energy	Substantial	3	--	--

Plurilaterals in services: launching the ball

- The type of the agreement: (i) ITA type (MFN to non-signatories) or (ii) GPA type (no MFN to non-signatories).
- The key question: how to launch plurilateral negotiations in services? The need to get a set of countries big enough to launch the ball. Four options: (i) US-EU; (ii) US-East Asia; (iii) EU-East Asia; and (iv) East Asia alone.

	Total services	26 Electricity	27 Gas	28 Steam and hot water supply	29 Collection and distribution of water	30 Construction	31 Wholesale and retail trade; repairs	32 Hotels & restaurants	33 Land transport; transport via pipelines	34 Water transport	35 Air transport	36 Supporting and auxiliary transport activities	37 Post and telecommunications	38 Finance & insurance	39 Real estate activities	40 Renting of machinery & equipment	41 Computer & related activities	42 Research & development	43 Other Business Activities	44 Public admin., defence, compulsory social security	45 Education	46 Health & social work	47 Other community, social and personal services	48 Private households, extra-territorial organisations	
A. The "Top 10"																									
USA	28.5	25.0				21.3	27.5	28.2	19.6	11.1	40.9	9.0	30.6	33.6	32.4	33.7	34.9	67.4	19.5	40.8	7.4	34.1	43.4		
EU19	25.4	20.5	7.0	39.4	33.9	24.7	23.3	30.1	21.1	29.6	25.6	48.4	24.0	19.6	27.2	27.6	31.4	7.6	40.4	20.1	40.9	31.4	22.6	44.0	
Japan	9.1	6.5	19.3	18.3	16.2	9.8	9.3	9.2	8.4	14.2	4.0	11.0	8.5	7.1	10.1	15.3	10.1	8.1	8.1	5.7	11.8	8.9	8.9	5.0	
China	5.1	14.2			13.0	8.8	4.2	5.5	9.7				6.7	5.3	1.6				7.7	2.6	5.5	1.2			
India	2.8	4.1	5.1	0.0	4.6	3.7	3.7	1.3	5.9	6.0	1.2	1.4	2.3	3.6	1.7		2.2			2.8	5.1	0.9	1.8		
Brazil	2.4	3.4	5.1	0.0	5.5	4.3	1.6	1.9			2.2	2.9	3.0	2.4	3.7	0.3	1.1		1.6	5.6	2.3		1.1	9.3	
Russia	2.9	3.6	32.5	0.0		3.2	6.6		8.2					2.7				2.0				2.7	1.8		
Canada	2.3	2.5	7.3	0.0		2.0	2.4	2.0	2.0		2.7	2.4	2.3	2.3	2.7	1.9	2.3		2.9	2.0	3.5	1.1	1.7	1.8	
Korea	2.0	1.9	4.2	23.1	2.6	2.6		2.1	1.6	2.6	1.7	2.7	2.7	2.4	2.2	2.4		1.8	2.2	1.3	3.0	1.6		2.1	
Turkey	1.3	1.3	1.5		3.2	1.9	1.8	1.7	4.2	5.0	2.4	1.5						0.0		1.6				15.1	
B. The "Occasional 9"																									
Argentina			2.2		1.2														0.8				1.0	4.6	
Taiwan				1.1			1.5			3.4	2.0		1.4	1.7	1.4	0.4	0.9	0.5	0.6		1.9	0.7	1.1	3.1	
Switzerland																5.1	0.9	0.1						1.6	
Indonesia				5.8			1.5			4.8		1.4				0.5		0.4						0.6	
Norway										4.8								0.1							
Australia		2.7	0.0	3.5							2.7	3.1	1.4		1.6		2.1		1.2		1.8	1.2	1.3		
South Africa					1.3				1.5											1.4					
New Zealand										3.0						0.2	0.5								
Israel																									
Top 10 [b]	81.9	83.0	82.0	80.8	79.0	82.3	80.3	81.9	80.6	68.6	80.8	79.3	80.1	79.0	81.6	81.3	82.0	87.0	82.4	82.7	79.5	82.0	81.3	77.2	
Occas. 9 [c]	81.9	83.0	86.9	87.8	85.0	82.3	81.7	83.4	82.1	84.5	85.4	83.8	82.9	80.7	84.5	87.7	86.5	88.2	85.0	84.1	83.1	83.9	84.7	87.2	
US-EU	53.9	45.5	7.0	39.4	33.9	46.0	50.7	58.3	40.7	40.7	66.5	57.4	54.6	53.2	59.6	61.3	66.3	75.0	59.9	61.0	48.3	65.5	65.9	44.0	
US-EA	41.8	35.9	33.5	41.5	22.3	35.7	39.1	41.5	31.6	30.9	52.0	28.1	45.5	45.4	48.9	53.7	50.0	77.3	33.8	49.9	27.4	46.9	55.3	8.8	
EU-EA	40.1	32.7	39.3	82.0	56.0	41.0	38.1	45.0	37.2	54.9	38.4	66.0	38.8	33.1	43.5	47.7	44.7	18.1	54.2	30.8	61.1	43.7	34.3	71.0	
East Asia	16.2	22.6	26.2	47.3	36.6	21.2	13.5	18.3	21.2	21.6	8.4	18.1	19.4	14.8	15.5	18.3	12.2	10.4	19.2	11.1	22.0	12.9	10.2	7.7	

Plurilaterals in services: promising negotiating dynamics

- Services: much more complex—and promising—negotiating dynamics because their high regulatory content involves “sub-national” authorities.

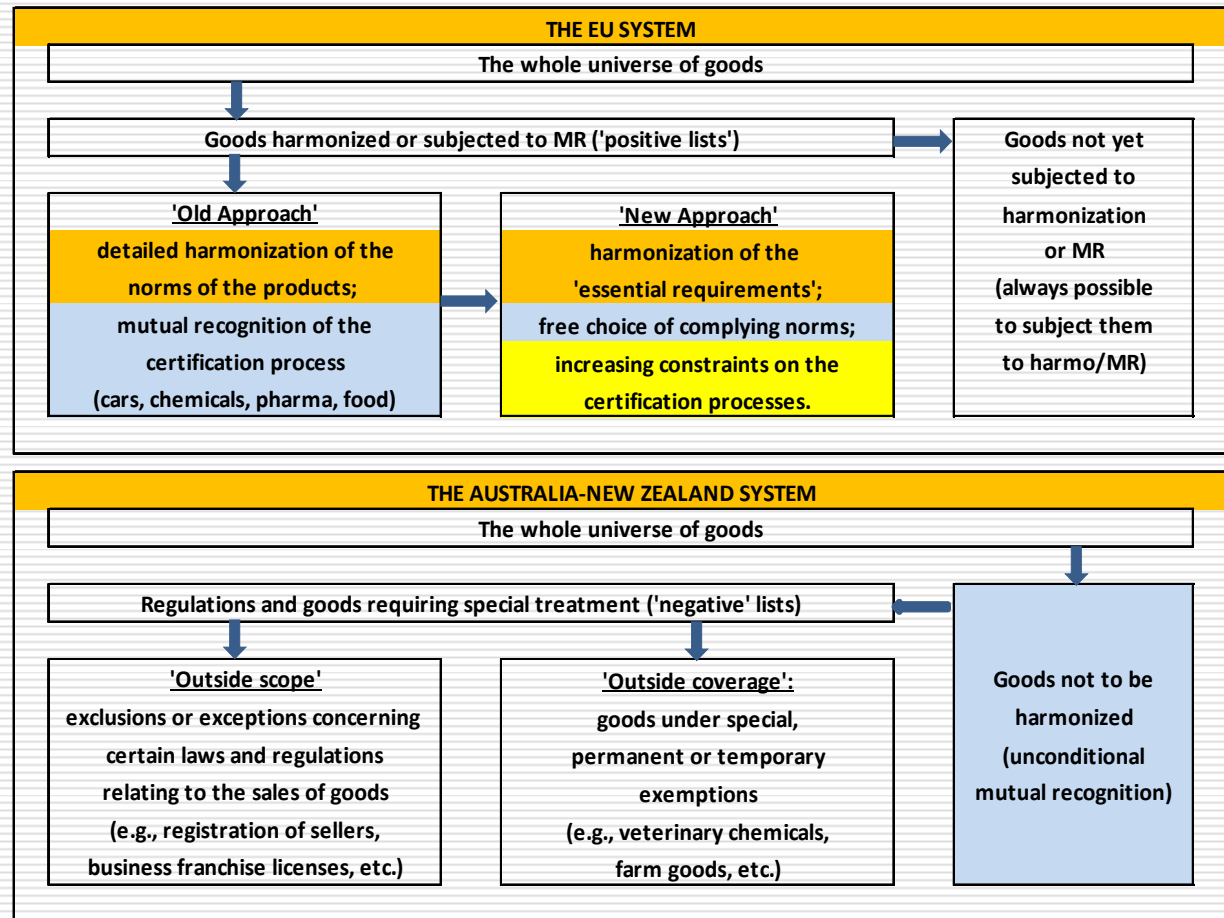
	Highest level of protection		Lowest level of protection	
	PMR	EUMS	PMR	EUMS
Electricity [c]	41.7	Sweden	0.0	Britain
Construction	12.2	Belgium	3.6	Sweden
Distribution [d]	40.9	France	12.7	Sweden
Tourism	13.2	Slovakia	3.4	Sweden
Transport	43.8	Greece	9.1	Denmark
Post & telecoms	27.8	Slovakia	12.0	Netherlands
Financial services	45.9	Slovakia	10.5	Ireland
Real estate	7.6	Poland	1.5	Greece
Renting of machinery	42.0	Austria	10.5	Sweden
Prof. & Business services [d]	40.8	Austria	10.0	Sweden

Re-energizing WTO Committees

- Re-energize some key WTO Committees with the mandate:
 - to collect the best existing instruments of negotiation which have been tested in WTO or PTAs,
 - to collect the new issues (21st century) to be dealt with,
 - to map the two.
- First example: Technical barriers to Trade
 - Harmonization (hopeless for good economic reasons),
 - conditional mutual recognition: mutual recognition conditional to a core of “common (harmonized) rules”.
 - unconditional mutual recognition: mutual recognition with no condition; for being acceptable, it requires preliminary mutual evaluation from both sides.
- Second example: a Committee examining how to introduce the notion of “supply-chain” in trade negotiations.
 - Participation of business people in addition to trade officials.

The case of the TBT Committee

- contrary to the EU, the Australia-NZ principle is: all goods are under **unconditional MR**, with **negative lists** of well defined exceptions, some of them to be reviewed.
- changes totally the dynamics: the exceptions have to be justified.
- very flexible: list of exceptions can vary by partner.
- generates trust among partners.

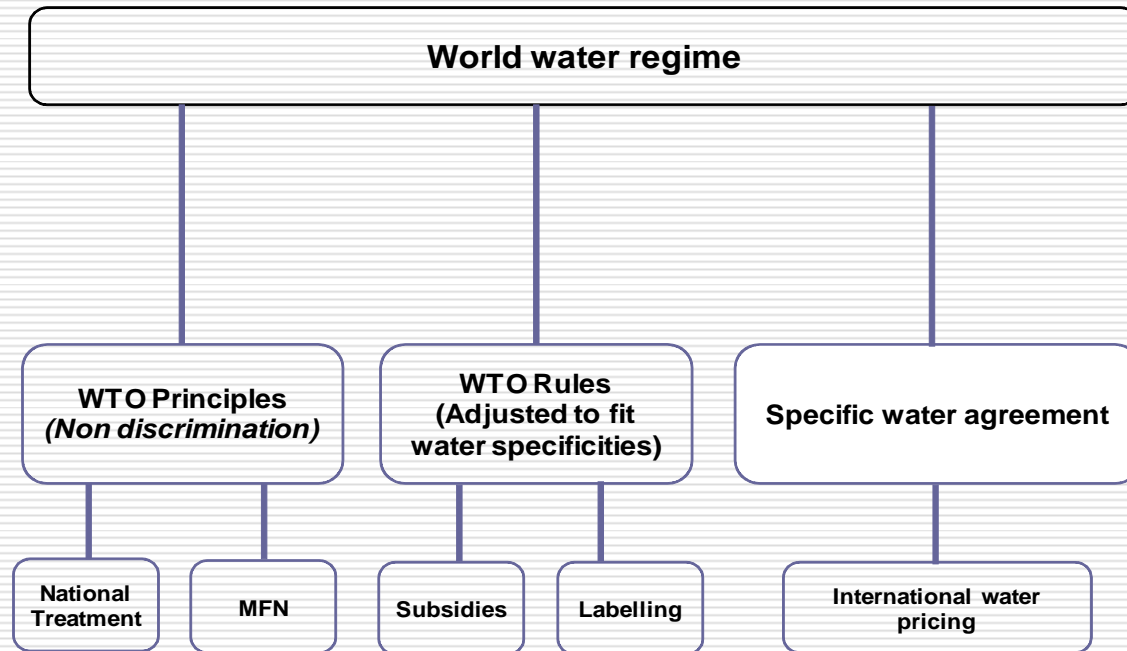


Opening the WTO to non-trade issues requiring multilateral governance

- The WTO (trade community) should invite other communities facing the same deficit of multilateral governance
 - Most promising communities: climate change and water.
 - This deficit is here to stay (political economy of “tiny” majorities in democracies).
- These communities should discuss three points:
- their common problem: “public good”
 - Trade: very few unilateral liberalization strong collective approach (GATT, WTO)
 - A difference: optimal tariff is 0%; optimal CO2 or water price is ?%.
- their common foes: most-CO2 intensive sectors are very active in protectionist measures (steel, chemicals, cement, paper); same for water (farmers).
- their common friends: increasingly “offensive” interests (exporters) in CO2- or water-saving products and equipment goods and services.

Opening the WTO to non-trade issues requiring multilateral governance

- Then common structures:
 - two key pillars of national treatment and most-favored nation;
 - other WTO rules adjusted to fit climate change or water specificities,
 - specific rules, if needed.



World trade situation, May 2012

- ❑ Comatose Doha leave preferential trade agreements (PTAs) as the only option...
- ❑ ... including for the largest countries. Problems at the top: EU, US Japan and China.
- ❑ Korea is a game-changer (50 times its GDP, 70% Doha equivalent). Is Taiwan catching up?

G20 Members [a]	Share (%) of world GDP	EU27	USA	China	Japan	PTAs of Emerging/developing countries with other G20 Members
Mammoth economies						
EU27	26.6	---	<i>Transatlantic</i>		<i>JEU</i>	
USA	23.9	<i>Transatlantic</i>	---		<i>TPP</i>	
China	9.6			---	<i>CKJ</i>	
Japan	9.0	<i>JEU</i>	<i>TPP</i>	<i>CKJ</i>	---	
Emerging and developing G20 members						
Brazil	3.4	ongoing				Argentina, India
India	2.8	ongoing		concluded	concluded	Argentina, Brazil, Indonesia, Korea
Russia	2.4					
Mexico	1.7	concluded	concluded		concluded	Argentina, Brazil, Canada, Korea
Turkey	1.2	concluded				
Indonesia	1.2	[c]		concluded	concluded	India, Korea
Saudi Arabia	0.7	[d]			ongoing	
Taiwan [b]	0.7			concluded	[e]	
Argentina	0.6	ongoing				Brazil
South Africa	0.6	concluded				India
Industrial G20 members						
Canada	2.6	ongoing	concluded		ongoing	Mexico, EU, Korea
Korea	1.7	concluded	concluded	<i>initial step</i>	<i>CKJ</i>	Indonesia, EU, US, India, Japan, Canada, Mexico, China, Turkey
Australia	1.5		concluded	ongoing	ongoing	Indonesia, US, China

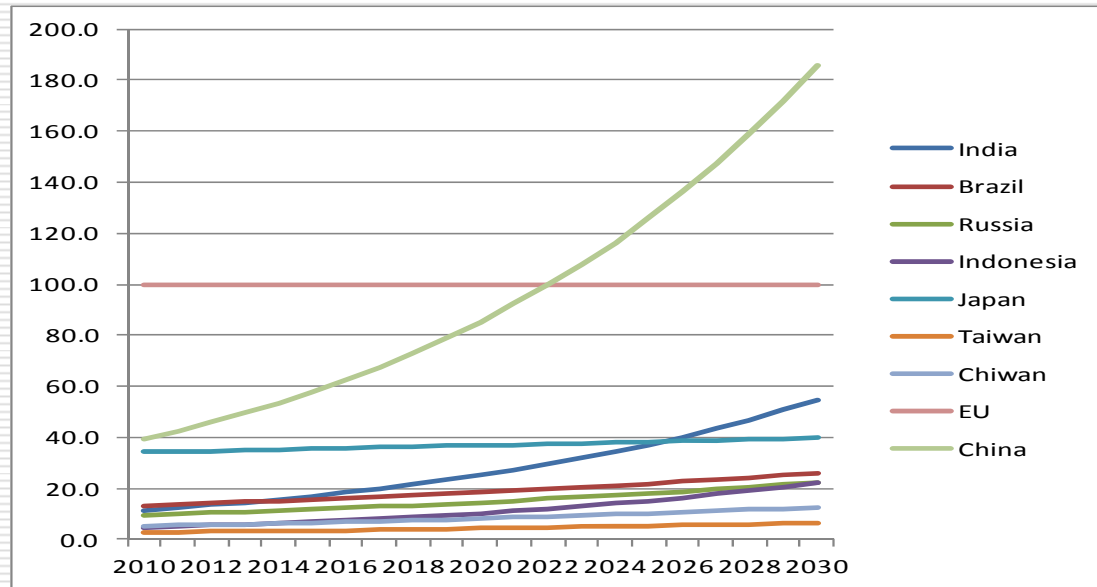
The growth approach: a view to 2030 and 2050

- Projections 2030-2050: be careful! But doubts are about the dates, not the trends.
- EU: no more the “*largest world economy*” within a decade (2020-2025): loses a lot of leverage since it is not a military power (different from US in this respect – by this can also be an advantage).
- Who is filling up the room left by the EU and US? Emerging Asia and Africa (not Latin America, Middle East and CIS) but for very different reasons: income increase in Emerging Asia, population and income increases in Africa.

	2000	2010	2015	2030	2050	2030/10	2050/10
Gross Domestic Product	Shares in world GDP, in %					Changes in shares	
Western Europe	26.4	25.4	21.8	13.5	8.6	53.1	33.9
Central Europe [a]	2.2	2.8	3.0	2.7	2.2	96.4	78.6
North America	33.0	26.5	24.0	16.5	10.3	62.3	38.9
Advanced Asia	17.0	11.8	10.5	7.3	3.8	61.9	32.2
Australia+NZ	1.5	2.2	1.8	1.4	1.0	63.6	45.5
Emerging Asia	7.0	15.0	22.0	38.0	46.0	253.3	306.7
China [b]	3.8	8.2	10.1	18.8	20.2	230.9	247.9
India [c]	1.4	2.1	2.8	6.5	9.3	301.6	435.8
Latin America	6.6	7.7	8.1	7.9	7.9	102.6	102.6
Middle East	2.3	2.8	2.6	3.2	3.6	114.3	128.6
CIS [d]	1.1	3.2	3.7	3.9	3.2	121.9	100.0
Africa	1.8	2.6	2.7	6.0	13.0	230.8	500.0

The growth approach: a view to 2030 and 2050

- **Growth-thirsty EU: any EU PTA needs to fulfill three conditions:**
 - partner needs to be big enough to exert growth-traction on the huge EU economy,
 - it needs to be big enough to do so in the immediate future, not in a few decades,
 - it has to have a regulatory framework good enough to push for better regulations in the EU and to generate growth-generating regulatory competition.
- **Japan is the first choice, then Taiwan (twice bigger than it seems), then the “unthinkable” China-EU PTA (if the Doha Round continues to be comatose).**



The growth approach: “pivoting” to Japan and Taiwan

- Economic size (left) and regulatory quality (right, Doing Business ranks)

Countries	EU market expansion (% EU GDP)		WTO approximation (% World GDP)	
	2010	2030	2010	2030
	3	4	5	6
A. Negotiations launched by the EU since 2006, selected				
India	10,7	49,7	3,8	8,7
Brazil	12,9	23,5	4,6	4,1
Russia	9,1	20,2	3,3	3,5
Total	32,7	93,3	11,8	16,3
B. A pro-growth EU PTA policy				
Japan	33,9	36,1	12,2	6,3
Taiwan	2,7	7,6	1,0	1,3
Subtotal C	36,5	43,7	13,2	7,6
C. Long term perspective: China, Taiwan, Chaiwan				
China	36,2	168,6	13,1	29,4
Chiwan (low)	3,6	10,4	1,3	1,8
Chiwan (high)	5,1	14,6	1,8	2,5

EU Members States by cohort		EU Partners	
EUMS	Rank	Partner	Rank
EC-1973	7	Singapore	1
		Korea	8
		Canada	13
		Malaysia	18
EC-1995	19		
		Japan	20
EC-2004b	24		
		Taiwan	25
EC-1958	41		
EC-2004a	50		
EC-1980s	58		
EC-2007	66		
		China	91
		Argentina	113
		Russia	120
		Brazil	126
		India	132

The insurance approach: TPP discriminating against the EU (and Taiwan)

- The TPP has two effects: (i) it puts Japan at the core; (ii) it has definitively the capacity to discriminate heavily against the EU (and Taiwan) if the EU does not “pivot”.

	Magnitude of the risk	Criteria used to classify a TPP country as highly protected
Border barriers		
Tariffs		
agriculture		
applied	73.4	Non-US TPP c'tries with average tariff higher than 10 percent
bound	75.7	Non-US TPP c'tries with average tariff higher than 10 percent
manufacturing		
applied	0,0	Non-US TPP c'tries with average tariff higher than 10 percent
bound	14,0	Non-US TPP c'tries with average tariff higher than 10 percent
"high"	29.5	Non-US TPP c'tries with high bound tariffs lines > 25% all tariff lines
Trans-border trade	43.3	Non-US TPP c'tries not included in the 18 top ten countries
	34.2	Non-US TPP c'tries not included in the 36 top ten countries
Barriers behind the borders		
Norms (ag and ind)		no systematic information available
Services	89.9	Non-US TPP c'tries with an index > 20 (max is 100)
	11.3	Non-US TPP c'tries with an index > 30 (max is 100)
Intern'l investment		
transport	100.0	Non-US TPP c'tries with an index > 20 (max is 100)
telecoms	96.2	Non-US TPP c'tries with an index > 20 (max is 100)
media	40.9	Non-US TPP c'tries with an index > 20 (max is 100)
financial services	12.3	Non-US TPP c'tries with an index > 20 (max is 100)
real estate	11.3	Non-US TPP c'tries with an index > 20 (max is 100)
all others	0.0	Non-US TPP c'tries with an index > 20 (max is 100)

Concluding remarks: negotiating issues

□ A few key points

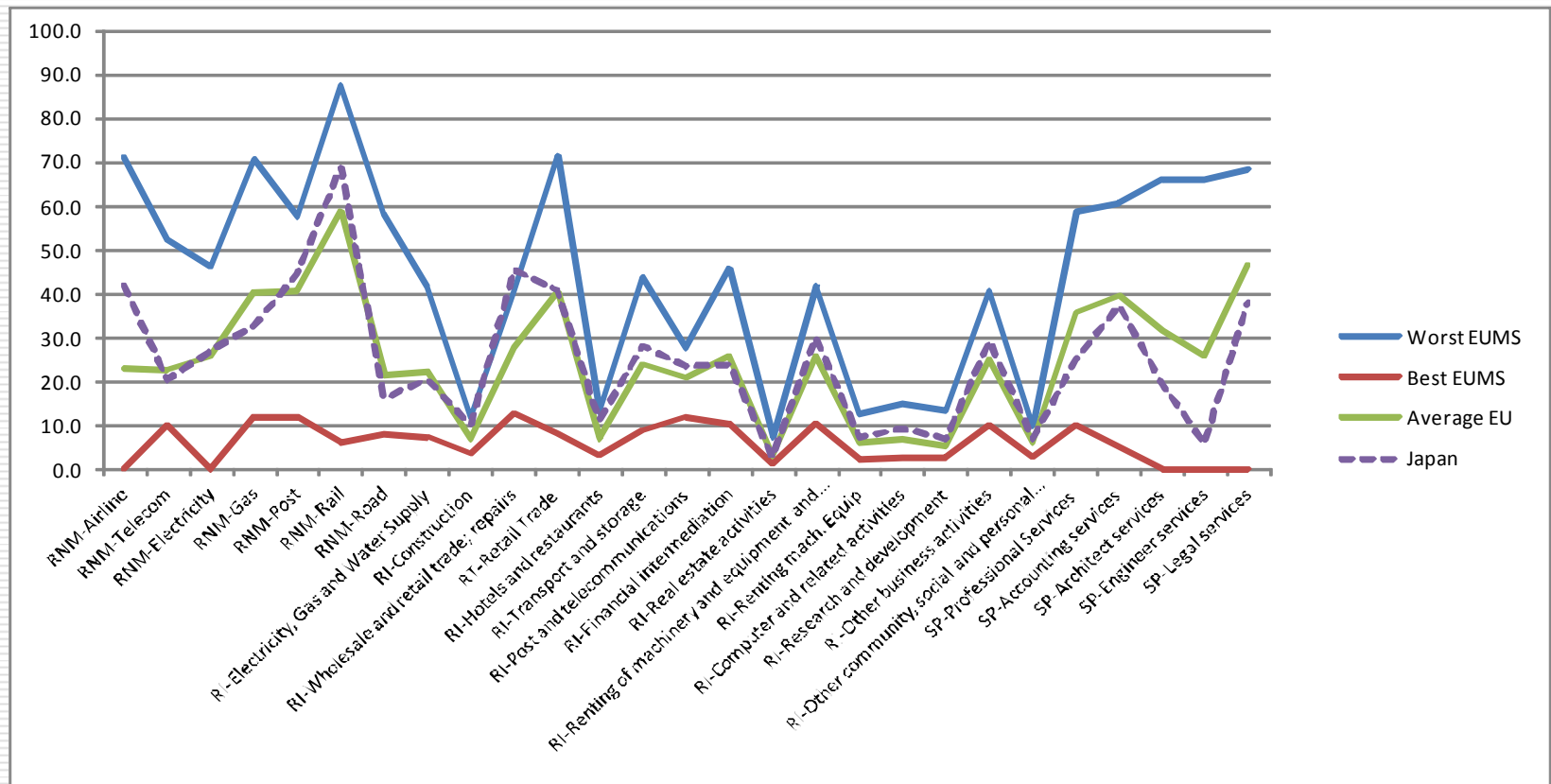
- **Meaningless EU average and intra-EU political dynamics: that EUMS are back leads to down-payments.**
- **Negotiating with Taiwan will be different than negotiating with Japan: (i) need to focus on a “brick by brick” approach; (ii) focus on “small and medium” enterprises.**
- **Addressing the consequences of “sequential negotiations”:**
 - “backward”: how to make the Japan-EU PTA “consistent” with the Korea-EU PTA?
 - “forward”: how to shape the Taiwan-EU PTA in a perspective open to a China-EU PTA.

□ Elements for possible solutions

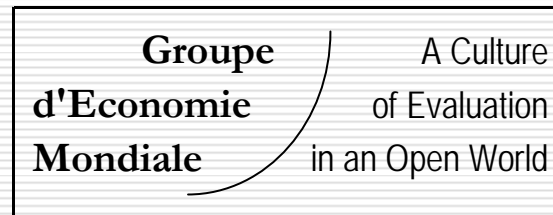
- **Negative lists for behind-the-borders issues:**
 - Every item (good, service, etc.) not in a negative list is fully liberalized,
 - Negative lists of different types: no liberalization (for a given duration or no), conditional liberalization where meeting the conditions opens fully the markets.
- **Unconditional mutual recognition is much preferable: but it requires mutual evaluation.**
- **All that takes time: how to fragment the “EPA” Treaty (liberalization process) in progressive and balanced phases which generate trust (Treaty of Rome).**
- **“Pluri-lateralization” of PTAs: for instance generate a Japan-Korea-EU. This option would be much facilitated by the use of negative lists.**

Concluding remarks: negotiating issues

□ Meaningless EU average: restrictiveness in services.



Thank You for Your Attention



Internal Market in industrial goods

International dimension

- The EU inability to enforce properly internal MR has been the source of its reputation as a difficult partner in terms of technical norms:
 - The REACH directive (chemicals in the transatlantic context). Main beneficiaries: China, India.
 - The environmental norms in the car sector (cars in the EU-Korea FTA???)

	Australia	Belgium	Denmark	Finland	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	Britain	All ECMS
Automotive Products	1					7						2	9
Electromagnetic compatibility	1	1	2	3	3	1	1		1	6		13	31
Low Voltage Equipment	4			1	1	8		2		4		7	23
Machinery	2				2	10		1		1	1	5	20
Medical Devices	1		1		1	9		1	1			4	17
Pressure Equipment	1			1	2	7				5		3	18
Telecommunication Equipment	[a]				1				1	1		1	4
Total	10	1	3	5	10	42	1	4	3	17	1	35	122

The TPP approach: Japan on a par

- Japan often seen as a “demandeur” by the EU.
- The TPP changes the situation: Japan on a par with the EU/US – or “pivot” if no EU-US PTA.
- Anti-China aspect of the TPP: not an issue for the EU if the EU relies on bilateral PTAs.

years 2009-2010	US preferential agreements				EU preferential agreements			
	GDP	concluded	negotiated	futur	GDP	concluded	negotiated	futur
Australia	924.8	924.8			924.8			[b]
Brunei	10.7			10.7	10.7			
Chile	203.4	203.4			203.4	203.4		
Malaysia	237.8		237.8		237.8		237.8	
N.Zealand	126.7		126.7		126.7			
Peru	153.8	153.8			153.8	153.8		
Singapore	222.7	222.7			222.7		222.7	
Vietnam	103.6			103.6	103.6			103.6
Canada	1574.1	1574.1			1574.1		1574.1	
Japan	5497.8			5497.8	5497.8			5497.8
Mexico	1039.7	1039.7			1039.7	1039.7		
Total (Mrd USD)	10095.1	4118.5	364.5	5612.1	10095.1	1396.9	2034.6	5601.4
Total (%)	100.0	40.8	3.6	55.6	100.0	13.8	20.2	55.5
GDP US et EU	14582.0	<== US GDP			16222.2	<== EU GDP		
GDP China & India	5878.0	<== China GDP			1729.0	<== India GDP		

Projection 2030	US preferential agreements				EU preferential agreements			
	GDP	concluded	negotiated	futur	GDP	concluded	negotiated	futur
Australia	2376.7	2376.7			2376.7			[b]
Brunei	50.8			50.8	50.8			
Chile	876.7	876.7			876.7	876.7		
Malaysia	2618.2		2618.2		2618.2		2618.2	
N.Zealand	325.6		325.6		325.6			
Peru	662.9	662.9			662.9	662.9		
Singapore	561.2	561.2			561.2		561.2	
Vietnam	1140.6			1140.6	1140.6			1140.6
Canada	3966.7	3966.7			3966.7		3966.7	
Japan	13854.5			13854.5	13854.5			13854.5
Mexico	2620.0	2620.0			2620.0	2620.0		
Total (Mrd USD)	29054.0	11064.2	2943.8	15045.9	29054.0	4159.6	7146.1	14995.1
Total (%)	100.0	38.1	10.1	51.8	100.0	14.3	24.6	51.6
GDP US et EU	36746.6	<== US GDP			34715.5	<== EU GDP		
GDP China & India	64716.8	<== China GDP			19036.3	<== India GDP		

Concluding remarks: negotiating issues (2)

□ Another key negotiating problem

- Addressing the consequences of “sequential negotiations”:
 - “backward”: how to make the Japan-EU PTA “consistent” with the Korea-EU PTA? “Pluri-lateralization” of PTAs: for instance generate a Japan-Korea-EU. This option would be much facilitated by the use of negative lists (see below).
 - “forward”: how to shape the Taiwan-EU PTA in a perspective open to a China-EU PTA.

□ Elements for possible solutions

- Negative lists for behind-the-borders issues:
 - Every item (good, service, etc.) not included in a negative list is fully liberalized,
 - Negative lists could be of different types in order to increase the agreement flexibility: no liberalization at all (exception for a limited or for an infinite duration), liberalization conditional to some criteria, etc.
- Unconditional mutual recognition is much preferable: but it requires mutual evaluation of their regulations by the two parties.
- All that takes time, hence a key question: how to fragment a PTA Treaty in progressive and balanced phases which generate trust (the Treaty of Rome as the best illustration).
- Japan-EU PTA: one text at the beginning. Taiwan-EU PTA: a series of small texts.