

RIETI-ANU Symposium
Asia's Response to Great Power Disruption and
Global Economic Disorder

Reconstructing Multilateral Trade Regime for “85%”

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Trump Tariffs and “Turnberry System”



- Trump tariffs
 - Product-specific (“Section 232”) tariffs
 - Steel, aluminum, automobile & parts, copper, wood products
 - Country-specific (IEEPA) tariffs
 - Canada, Mexico, China, India, Brazil
 - Reciprocal Tariffs
 - Framed as “fairness” measures tied to trade imbalances
- “Turnberry System” (Greer, *NY Times*)
 - Series of bilateral “deal” with the U.S. replacing multilateralism
 - Joint Statements: UK, EU, Japan, Indonesia
 - Announcement only: Cambodia, Korea, Pakistan, Philippines, Vietnam
 - Interim: China

Systemic Impacts on World Trade Regime



- Undermining the rule of law
 - Disregards WTO rules and procedures
 - Paralyzes the Appellate Body
 - Shifts the system from a “rule-based” to a “power-oriented” order
- Nullifying WTO fundamentals
 - Erodes the Most-Favored-Nation (MFN) principle
 - Undermines tariff bindings and past liberalization gains
- **Abuse of national security exceptions**
 - Expands the national security rationale beyond reasonable limits
 - Even imports of kitchen cabinets and vanities deemed threats to U.S. security

Big Pictures Reflections



“The old relationship we had with the United States, based on deepening integration of our economies and tight security and military cooperation, is over.”

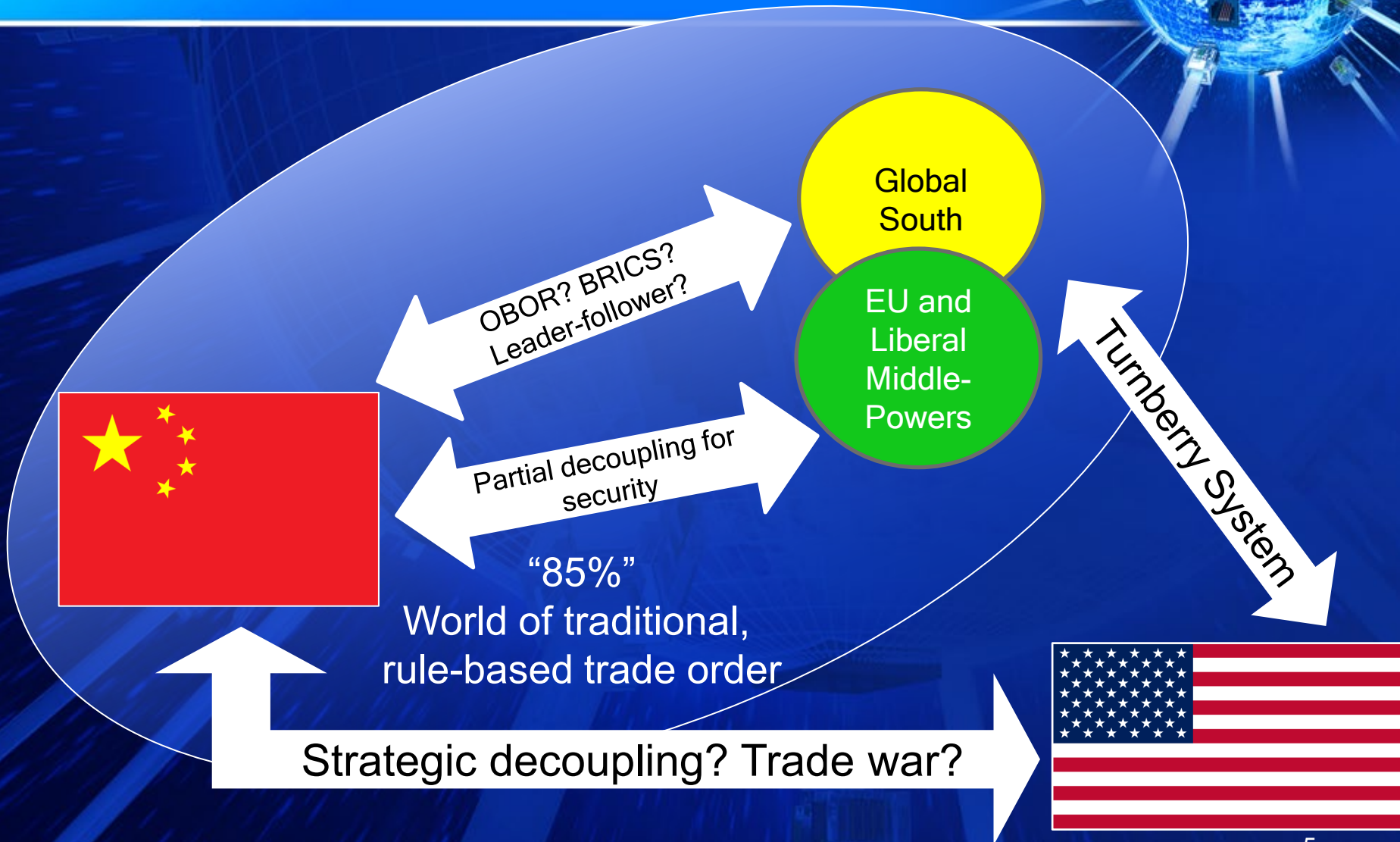
Mark Carney, P.M. of Canada

Big Pictures Reflections (cont.)

WTO Director-General Ngozi Okonjo-Iweala noted that “the United States is indeed very important, but it accounts for just under 15 percent of global trade.” She added, “The remaining more than 80 percent of countries and regions are eager to strengthen and preserve the rules-based trading system – and that is a source of hope.”

Jiji Press, May 1, 2025
(original in Japanese)

Big Pictures Reflections (cont.)





What Should the “85%” Do? – Promptly Restore the Rule of Law

- WTO reform: No early breakthrough expected
 - Institutional issues (decision-making, transparency)
 - Revival of dispute settlement system
- Stand-still agreement
 - Renewal of commitments to current WTO rules
- Multi-party Interim Appeal Arbitration Arrangement (MPIA) membership expansion
 - Encourage key WTO DS users (*ex.* India, Indonesia, Korea) to join



What Should the “85%” Do? – Coalition for Free Trade

- Build a middle-power alliance
 - Inspired by the Ottawa Group at the WTO
 - Core actors: Japan, Australia, Canada, UK, and EU
- Collective bargaining with the U.S.
 - Renegotiate unfair “deals”
 - Normalize the trade relationship with the U.S.



What Should the “85%” Do? – Leverage Mega FTAs

- CPTPP: Deeper integration and enlargement
 - Promptly complete five-year general review
 - Expand membership (esp. ASEAN economies)
 -
- EU-CPTPP linkage
 - *Short term:* Supply chain management, trade facilitation, limited NTBs (*cf.* IPEF, US–Taiwan 21st Century Trade Initiative)
 - *Long-term:* EU accession to CPTPP or creation of an EU-CPTPP mega FTA



What Should the “85%” Do? – Redefine the Trade Regime

- Green transformation (GX)
 - Eliminate tariffs on environmental goods
 - Introduce a new “green” subsidy category
 - Integrate Carbon Border Adjustment Mechanisms (CBAM)
- Digital transformation (DX)
 - Create global digital trade rule more ambitious than a current JSI e-commerce agreement
 - Address AI governance



What Should the “85%” Do? – Redefine the Trade Regime (cont.)

- Security issues
 - Prevent abuse of national security exceptions
 - Address market access in strategic sectors (ex. semiconductor, critical minerals)
 - Create cooperation mechanism for supply chain resilience
- Fairness and income distribution
 - Enhance flexibility in modification of tariff concessions and trade remedies
 - S&D issues
 - Level playing field through oversight of, e.g., industrial subsidies, excess capacities and other non-market behaviors

Conclusion

- The Turnberry System represents a shift from law to power, and from cooperation to coercion.
- The solidarity of the "85%" is key to rebuilding a rule-based multilateral trading system