

Foreword

I am delighted to launch this new e-book, *“The Road to Bali: ERIA Perspectives on the WTO Ministerial and Asian Integration”*. This is the first product from the collaboration of the Economic Research Institute for ASEAN and East Asia (ERIA), UPH (Universitas Pelita Harapan), and the World Trade Institute (WTI).

In December this year, the World Trade Organization (WTO) will host its Ninth Ministerial Conference (MC9) in Bali, Indonesia. Looking back on the WTO’s young history, the very first ministerial conference also took place in this region, in Singapore in 1996. Over the past 17 years, we have witnessed significant changes. The WTO’s Doha Development Agenda negotiations were launched in 2001 but its conclusion has faced huge and recurring challenges. In the meantime, preferential trade agreements (PTAs), particularly bilateral ones, have offered a faster track for trade liberalization and market integration. Many new issues and policy agendas have been taken up in preferential deals. Beyond bilateral PTAs, the world has also recently witnessed the rise of mega-PTAs: such as the Regional Comprehensive Economic Partnership (RCEP), the Trans Pacific Partnership (TPP), the Pacific Alliance, and the Trans-Atlantic Trade and Investment Partnership (TTIP).

Although not generally considered a mega-FTA, the ASEAN Economic Community has provided a far broader and deeper economic integration path for the 10 ASEAN member states than usual PTAs. At the same time, the proliferating web of PTAs has become the source of a number of systemic problems, creating a veritable spaghetti or noodle bowl of overlapping trade disciplines and market opening commitments. Differing sets of rules are maintained in many areas, particularly rules of origin (ROO), trade-related intellectual property rights, and investment protection. Such developments have likely both generated and diverted trade and investment flows. On the other hand, preferential agreements have yielded few meaningful advances on thorny issues such as subsidy and related trade remedy regimes or agricultural trade.

Despite the surge of preferentialism, the WTO's engagement has remained limited. The dispute settlement body has monitored some PTAs, but only a few. The WTO's Committee on Regional Trade Agreement has provided an important venue for peer review of PTAs, but not all agreements have been thoroughly discussed.

Bali has long been an epicenter of Asian regionalism. In 2003, ASEAN Leaders agreed on their goal of establishing the ASEAN Community (originally targeted in 2020, now accelerated to 2015). In 2011, ASEAN Leaders proposed a new mega-regional PTA construct – the RCEP, which brings together the ASEAN+6 members (Australia, China, India, Japan, Korea and New Zealand). Heads of states have also recently discussed the possibility of concluding the TPP negotiations on the margins of the latest APEC Leaders Meeting held in Bali. It is critical for trade ministers gathered for MC9 in Bali to ponder the WTO's continued relevance in a world of heightened preferentialism and to do so in a creative way.

This e-book offers insights from East Asian scholars to help WTO Members make a success of the forthcoming Bali Ministerial and set the membership on a needed post-Bali reform path. The e-book features contributions from a number of ERIA's regional institute network (RIN) members, complemented by a paper from a legal scholar from UPH which enriches the economists' discussion with a legal perspective on the manifold challenges WTO Members confront. The e-book also features an introductory chapter penned by the publication's co-editors, ERIA's Yoshifumi Fukunaga, UPH's John Riady and the WTI's Pierre Sauvé, summarizing key messages and advancing a set of recommendations flowing from the analyses on offer. Last but not least, we highly appreciate the supports for this e-book from H.E. Gita Wirjawan, Minister of Trade, Government of Indonesia, as the Chair of MC9.

Special thanks are hereby extended to Prof. Fukunari Kimura (ERIA) and Mr. Nathaniel Santoso (UPH) for their support throughout the e-book's preparation as

well as to the WTI's Susan Kaplan for her excellent editorial assistance. I am also keen to acknowledge the precious support from the Swiss State Secretariat of Economic Affairs (SECO) for affording the three institutes the means to initiate their unique cooperation and policy dialogue.

Last but not least, I would like to thank the authors of this book's various chapters for enriching us with their deep insights and forward-looking proposals on how the WTO can best continue to underpin global prosperity and the Asian lessons WTO Members can usefully draw on in charting new directions for the multilateral trading system.

Hidetoshi Nishimura
Executive Director, ERIA
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