



Future International Trade Agreements and Wine Trade

Gary Horlick
info@ghorlick.com

October 1, 2018

WTO

- No imminent tariff negotiations, Doha Round would have substantially lowered tariffs in major markets but killed in 2008.
- Important possible moves forward in services trade but no final agreement within next 2-3 years.
- WTO as possible home for digital trade negotiations.
- Binding effective dispute settlement until next year.

Regional trade agreements

- Really 'preferential trade agreements' which discriminate against third countries, which forces them to join [e.g., EU, EEA, Mexico into NAFTA, etc.]
- Permitted by WTO within limits set by Art. XXIV [cover substantially all trade]
- Very varied: US RTAs eliminate almost all tariffs and quotas, EU eliminate almost all except in agriculture, some countries much less so
- So far ineffective dispute settlement except EU/EEA, sometimes Mercosur, Pacto Andino

TPP/CPTPP/P+x?

- Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. The eleven countries represent 13.4 percent of the global gross domestic product or \$13.5 trillion, US left in January 2018 so disadvantage for US exporters [e.g., US exports of beef pay 38.5% into Japan, Australia pays 19% declining eventually to 9%]. Ratification likely in early 2019. Korea, Colombia, Taiwan, Thailand, and UK have expressed interest in joining. If UK joins it probably starts to snowball.
- All U.S. tariffs on wine go to zero for imports from TPP countries.
- Note especially the Wine Annex to the Chapter on Technical Barriers to Trade, a result of work of the governments with World Wine Trade Group [the main winemakers from US, Chile, Australia, New Zealand, South Africa, Canada, Georgia, Uruguay and Argentina?
<https://ustr.gov/sites/default/files/TPP-Final-Text-Technical-Barriers-to-Trade.pdf>

RCEP

- **Regional Comprehensive Economic Partnership (RCEP)** is a proposed free trade agreement (FTA) between the ten member states of the Association of Southeast Asian Nations (ASEAN) (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam) and the six Asia-Pacific states with which ASEAN has existing free trade agreements (Australia, China, India, Japan, South Korea and New Zealand).
- RCEP negotiations were formally launched in November 2012 at the ASEAN Summit in Cambodia.^[1] The free trade agreement is scheduled and expected to be signed in November 2018 during the ASEAN Summit and Related Summit in Singapore, after the first RCEP summit was held on 14 November 2017 in Manila, Philippines.^[2] RCEP was viewed as an alternative to the Trans-Pacific Partnership (TPP), a proposed trade agreement which included several Asian and American nations but excluded China and India (TPP is now the CPTPP).

RCEP continued

- In 2017, prospective RCEP member states accounted for a population of 3.4 billion people with a total Gross Domestic Product (GDP, PPP) of \$49.5 trillion, approximately 39 percent of the world's GDP,^[4] with the combined GDPs of China and Japan making up more than half that amount.
- RCEP is the world's largest economic bloc, covering nearly half of the global economy.^[5] According to estimates by PwC, the Gross Domestic Product (GDP, PPP) of RCEP member states is likely to amount to nearly \$250 trillion by 2050, or a quarter of a quadrillion dollars, with the combined GDPs of China and India making up more than 75% of the amount. RCEP's share of the global economy could account for half of the estimated \$0.5 quadrillion global GDP (PPP) by 2050.
- So far some major RCEP countries are considerably less ambitious about lowering tariffs, etc. than others. A 'major' meeting [probably not the last] is scheduled for December 2018. Very little of the substance of the talks has been leaked.

Many more on the way

- EU is negotiating or has completed recent negotiations or updates with Canada, Mexico, Japan, Singapore, Vietnam and others – but US unlikely soon, after Trump ended TTIP. Canada and others are following suit, and China already has a web of RTA's.
- An Africa-wide FTA is being started, based on existing regional agreements within Africa.
- The US says it seeks more bilaterals, but so far only the UK and the Philippines seem interested.
- Stay tuned!