
The CPTPP & the EU Working Together to Revive the International Trade Order – by Creating an International Trade Law (“CPTPP 2.0”) that Squarely Incorporates the Economic Security Perspective & by Encouraging the US to Join It



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Abstract:

The CPTPP and the EU should jointly work toward rendering legally justifiable under international trade law the efforts for supply chain resilience and for eliminating excessive dependence on certain countries, in accordance with the new paradigm of “balancing efficiency and resilience”. The results of this work could then be used to encourage the United States to become involved in the project of the revival of the international trade order. Also, based on the history of advocacy in the WTO by Japan, the US, and the EU regarding the issue of overproduction due to inappropriate state intervention and the strengthening of subsidy discipline, the CPTPP and the EU should launch discussions based on this joint trilateral proposal, and the results of this work may be used to involve the US in these discussions. For the purposes mentioned above, the EU should join the CPTPP and jointly work on upgrading the CPTPP agreement, and further involve the US to realize an international trade law that incorporates the “economic security” perspective in a “CPTPP 2.0” trade regime that includes the US, EU, and Japan. This would be the most feasible way to establish a new international trade order for the new era.

The purpose of this paper is to discuss how Japan and the EU should work together to revive the international trade order. In doing so, the paper will pay particular attention to the trade policy problems that the EU currently faces, and will try to illustrate how the EU-Japan cooperative relations should be based on the assumption that the EU would not show strong interest unless such relations are directed toward helping to solve these problems. Conversely, it is also true that there are problems that the EU strongly desires to address in the current international political situation, and there are ways in which Japan can lead the relationship with the EU in a meaningful

direction by focusing on these problems. The following discussion considers what moves Japan should make to lead the relationship in such a direction.

The biggest challenge currently facing the EU is how to overcome the situation where it is squeezed between the US and China and unable to fully materialize its industrial competitiveness. The EU debate on countervailing duties on Chinese EVs and its criticism of the enormous decarbonization subsidies under the US Inflation-Reduction Act (IRA) (and their embedded local content and other questionable WTO legal elements as a condition of their granting) are all related to this issue. The strengthening of industrial competitiveness with regard to decarbonization is the biggest challenge of European Commission President Ursula von der Leyen's second term (known as the "Clean Industrial Deal" which is more inclined toward strengthening industrial competitiveness than the EU "Green Deal" that was the centerpiece of her first term). The Draghi Report, which was submitted around the time of her reelection and nomination as European Commission president, also proposes that Europe needs to invest 800 billion euros per year to achieve industrial competitiveness centered on decarbonization, based on the awareness of the above issues, and is currently the biggest issue in the EU. The EU's vision of a renewed international trade order should be in line with this objective. It is very interesting to note that while some member states, such as von der Leyen and France, support the above direction, the 27 member states do not completely agree with it. Germany, for example, is not necessarily positive about the EU actively pursuing industrial competitiveness policies, particularly the financing aspect, as expressed in the Draghi Report. Also, with regard to countervailing duties on Chinese EVs, Germany opposed the imposition of such duties, fearing that its own companies would be adversely affected in their automobile business in the Chinese market. (France was the main proponent and decided by majority vote to impose the tariffs.) On the other hand, with regard to FTAs, the negotiations with Mercosur and Australia have yet to be concluded, reportedly due to opposition from France, an agricultural country, and some other member states. (Germany is a proponent. As for the Mercosur, recently the final agreement was signed by the head of the European Commission, but it is still strongly opposed by France and some other countries, so the fate of this final agreement is not perfectly clear.) The EU's trade policy is intertwined with the interests of member states, making it difficult to take a unified position, and has become even more complicated with industrial policy in the wake of decarbonization and geopolitical changes. It is obvious that unless the revival of the international trade order and the Japan-EU cooperation for it are to be pursued fully reflecting these sea changes, they would not work realistically in relation to the EU.

The EU's desire to revive the international trade order is, of course, due to the high dependence of its own economy on trade, the importance it places on the rule of law not only in its economy but also in its international activities in general, including political and social dimensions, given

the history and structure of the EU as an advanced regional economic zone established on the basis of treaties, and the fact that it is a middle power compared to the US and China. The EU's position as a middle power has given it a strong incentive to curb the dominance of hard power by the superpowers through the force of international law. In particular, it is linked to the fact that one of the main competences of the EU in relation to its member states is trade (Common Trade Policy, Article 3 of the Treaty on the Functioning of the European Union). However, this does not necessarily mean that a "simple" revival of the WTO, which was (and still is) the center of the international trade legal order, is a realistic solution. The ultimate goal is to have a functioning WTO system with the GATT and other agreements dealing with various substantive issues and the DSU dealing with dispute settlement procedures, but many WTO members believe that a variety of options should be pursued on the pathway to that goal, and the EU is no exception. With regard to the revival of dispute settlement, the EU is a key member of the Multilateral Provisional Appellate Arbitration Arrangement (MPIA) established under Article 25 of the DSU, as well as a key member of the Ottawa Group, which consists of intermediate countries that are actively making various proposals for WTO reform. (The same is true for Japan in these respects.)

On the other hand, there is a view that, in addition to reforming the WTO itself, the development of non-multilateral frameworks such as FTAs should be promoted in order to revive the international trade order. It is true that the emergence of regional frameworks such as the EU, NAFTA, and APEC in the course of the development of the GATT and WTO has brought great dynamism. Japan participates in most of the regional trade frameworks in the Indo-Pacific region, is a member of the TPP, RCEP, and IPEF, and has bilateral frameworks with India and the US, and in effect is located at the center of the region's trade order. The EU, on the other hand, has developed its own customs union and has concluded FTAs with Japan, South Korea, Singapore, New Zealand, Canada, and other countries, but it does not have FTAs or similar frameworks with major countries such as the US, China, India, Australia, and the Mercosur nations, and the prospects for many of them are not necessarily bright. (Japan has not concluded an FTA/EPA with the Mercosur, either.) In terms of relations with third countries, the EU has traditionally developed special trade relations over the years with African countries that are their former colonial areas, and in recent years, the cooperation in renewable energy has been progressing, but economic relations with these countries are complicated by the biggest socioeconomic problem the EU currently faces: immigration. In order for the EU to properly manage the inflow of immigrants that could threaten its existence, there is now a very strong incentive to prevent the inflow of migrants into EU territory by providing economic assistance to these countries as source or transit countries. Both the EU and Japan share the urgent need to strengthen supply chains and realize economies of scale as major powers such as China and the US are becoming increasingly protectionist, and the economic partnerships with the "Global South" are an urgent issue for this

purpose. However, the reality is that, especially for the EU, for the reasons stated above, economic cooperation and economic partnerships with African countries are closely tied to non-economic motives, and it is therefore essential for the EU's economic interests to also strengthen ties with other emerging regions apart from Africa. For this reason, the EU has strong incentives to expand into the Indo-Pacific region, which is also the world's largest economic growth center, and I believe that the EU has strong incentives to be involved in the establishment of a trade order in the Indo-Pacific region that Japan is promoting. In addition, France, a major EU country, has a large number of overseas territories in the Indo-Pacific region (over 90% of France's Exclusive Economic Zone are in the Indo-Pacific region) and has a unique stake in strengthening relations with the region. The EU's desire to reduce its dependence on China and increase its connectivity with many countries in the Global South can be seen in the decision by the European Commission and the European Council to postpone for one year the application of the EU Deforestation Regulation (EUDR), one of the mainstays of von der Leyen's "Green Deal" during her first term, partly in consideration of strong requests from Brazil. (Furthermore, the EU appears to be getting serious about its relationships with Latin American countries in response to the growing need to reach out to the Global South outside of Africa. Many EU member states are of the strong opinion that the FTA negotiations between the EU and the Mercosur nations, which have been ongoing for over 20 years, should be finalized. Although there is strong opposition from some member states, such as France, there is a possibility of the finalization thereof from the perspective of breaking away from dependence on China and strengthening the reach of the Global South, and this should be closely monitored.)

Japan is a key member of the CPTPP. After the US withdrew from the TPP negotiations, Japan was instrumental in holding the remaining members together and bringing about the formation of the 11-member CPTPP, a regional trade framework. The CPTPP is considered to be at a higher level than other frameworks such as the RCEP, but the future course of its development is not always clear. Although the United Kingdom recently joined, the new members in the queue include countries that retain a degree of trade freedom and domestic regulation that is not necessarily the same as the level originally envisioned by the TPP. Japan, for its part, hopes for the further development of the CPTPP and is likely to be looking forward to the participation of other willing countries that can work with it to build a higher-level trade order.

As discussed above, for the revival of the international trade order, it is more significant than ever for Japan and the EU to work together, and for the EU to work with the CPTPP in some form. For example, if the EU joins the CPTPP and becomes a part of this huge free trade zone, it would be a great opportunity for the EU to achieve its above-mentioned objectives, considering that the CPTPP is the core free trade zone in the Indo-Pacific region and that its member countries include Malaysia, Vietnam, Chile, and Peru, which are part of the Global South. This could help achieve

the EU's objectives: to strengthen supply chains through connectivity to the Global South and the Indo-Pacific region, and to realize economies of scale that does not depend on China. From the EU's point of view, however, it is not simply a matter of increasing the number of free trade partners, but it must be directly linked to strengthening the "Clean Industrial Deal", or promoting the "New Industrial Policy", which is currently the EU's main concern. This is of course in line with the EU's traditional position of (1) focusing on the WTO, emphasizing the rule of law in the international economy, and focusing on realizing economies of scale through trade with countries outside the region, but also (2) avoiding over-reliance on specific countries in building decarbonized industries, preventing "weaponization" of the economy by those specific countries, and creating robust supply chains, as well as (3) ensuring that the EU's industrial competitiveness is not disrupted by subsidies to decarbonized industries from countries with greater financial resources than the EU. These points are not so much about "market access", which is one pillar of FTAs, but rather about "rule-making", which is the other pillar thereof. (It should be noted that, as will be discussed later, in order to increase the number of member countries while aiming for high-level discipline in the "rule-making" of FTAs, it will be necessary to provide accession benefits through "market access" or other means). Point (2) above concerns the formation of rules for rendering legally justifiable under the WTO the member countries' efforts to break away from excessive interdependence in order to prevent the occurrence of "weaponization", while point (3) involves the formation of rules to bind or improve the transparency with regard to subsidies by large countries, which are either engaged in race-to-the-bottom subsidy competitions with their abundant financial resources, or cause market distortions through excessive government intervention in the economy. Membership in the CPTPP could allow the EU to work with the CPTPP to formulate these rules, other than enjoying economies of scale with Indo-Pacific countries.

The importance of point (2), which is recognized as "supply chain resilience", was evident when the international community as a whole suffered supply disruptions of critical commodities due to the Covid. However, from the standpoint of the EU, in addition to the Covid, the supply disruptions of natural gas from Russia due to its war in Ukraine, and the significant impact of the Chinese economic malaise caused by the EU's excessive dependence on the Chinese market, pushed the EU to recognize the issue of "supply chain resilience". Thus, the EU now understands that the over-reliance on certain countries as a result of pursuing efficiency under the free trade regime and its vulnerability caused by it should be considered as the negative side of free trade and a threat to its national security. In particular, while being cut off from natural gas from Russia is a problem known as the "weaponization of dependence", the EU has previously faced this problem in a case where China took discriminatory trade measures against exports from Lithuania (i.e., the EU) in response to Lithuania allowing the establishment of a "Taiwan Representative

Office” within its borders. (In January 2022, the EU filed a WTO complaint against China, and a panel was established (WT/DS610) to hear the dispute through the dispute settlement procedure, but in January 2024 the panel suspended the procedure upon request by the EU.)

The EU is shifting its trade policy to strengthen the resilience of these supply chains or, in its own parlance, to achieve “strategic autonomy” (also called “open strategic autonomy” in the sense that it does not undermine free trade). In other words, the EU is transforming its trade policy to reduce its vulnerabilities stemming from its over-reliance on non-EU countries. This trend has been evident since the appointment of von der Leyen as European Commission president in December 2019, and its foundation was solidified when she used the term “derisking” to describe “open strategic autonomy” in March 2023 and adopted the EU’s economic security strategy in June of the same year. On this foundation, various measures have been taken, including the Anti-Coercion Instrument (December 2023).

Of course, von der Leyen has clearly stated that the pursuit of strategic autonomy is “de-risking” and not “decoupling,” and in fact, she is aware that engagement in the WTO, FTAs, and other free trade measures will also continue. The idea that strategic autonomy aims at eliminating “excessive” dependence on specific countries, and that diversification of sources and markets rather increases strategic autonomy, continues to be adopted by the EU. In the past, however, the dominant idea might have been a linear one, that WTO reform and further mega-FTAs would lead to effective solutions to the restructuring of the international trading system (e.g., the establishment of NAFTA led to the creation of the WTO). However, in the current era of “economic security”, i.e., the dilemma between efficiency (concentration) and resilience (diversification), a change of a different, more ideological dimension is required. By “a change of a more ideological dimension”, I mean the argument for rendering legally justifiable the countries’ efforts to increase supply chain resilience rather than treating them as a threat to the international trading system. The emerging need to balance efficiency and resilience should be met head-on and internalized by WTO law, an international legal system traditionally built on efficiency, and the EU, with its emphasis on WTO integrity, appears to have a positive motivation to promote this internalization. Otherwise, the perception that the WTO is a legal system with no sympathies for economic security will spread, and confidence from the EU as well as the US may diminish.

What would be the argument for rendering legally justifiable the efforts to increase supply chain resilience, rather than treating them as a threat to the international trading system? Measures that restrict trade with a particular country in order to dilute excessive dependence on that country could include tariffs or import restrictions on imports from that country. These include antidumping duties and countervailing duties that focus on the market conditions and the degree of government intervention in a particular country. From the perspective of WTO legality,

antidumping duties and countervailing duties can target only specific countries if the conditions are met, so the key to legality is the fulfillment of the conditions stipulated in the relevant WTO agreements. In the case of antidumping duties, the conditions for triggering them are the facts of dumping and damage to the importing country, while in the case of countervailing duties, the existence of subsidies and associated benefits from the exporting country government and damage to the importing country are the conditions for triggering the duties. In these cases, there is no direct connection to the policy motive to strengthen supply chains or eliminate excessive dependence on specific countries. Of course, trade restrictive measures that directly address excessive production capacity due to excessive government intervention on the part of a specific country, such as the EU's countervailing duty on Chinese-made EVs, may well lead to the strengthening of supply chains and the elimination of excessive dependence on a specific country. On the other hand, in the case of invoking a legal instrument such as Article 232 of the US Trade Act, which provides for the imposition of tariffs or the introduction of import restrictions for the direct purpose of ensuring security, if the restrictive measures are focused on trade with a specific country, unlike antidumping duties or countervailing duties, the non-discrimination principle (most-favored-nation (MFN), GATT Article 1) would be violated. Moreover, even if not targeting only some countries, imposing tariff rates higher than the bound tariff rates would also be a violation of tariff concessions (GATT Article 2). This is precisely what happened in the case (WT/DS544) in which China filed its WTO complaint against the US regarding the latter's imposition of tariffs under Article 232 of the US Trade Act. The panel found a violation of GATT Articles 1 and 2 by the US of the measure in question. In the process, the justification under GATT Article 21, which was invoked by the US as a defense, was not accepted by the panel. (Afterwards the case was appealed by the losing party, the US, to the Appellate Body, which has effectively placed the case in a frozen status (due to the AB's inability to function).

The US maintains that the determination of the applicability of the security exception clause, GATT Article 21, is not judiciable (i.e., it is not a matter for the panel to decide) and should be left to the self-judgment of the invoking country. This argument is at variance with previous precedents of the WTO's dispute settlement mechanism, and most WTO members do not support it. Leaving the determination of the applicability of GATT Article 21 entirely to the self-judgment of the invoking country would mean that, with respect to all trade restrictive measures, the invoking country would make arguments justified by GATT Article 21, which, combined with the lack of functioning of the WTO, would ultimately allow them to be preserved. This situation would lead to the complete collapse of the WTO dispute settlement mechanism. Is there any way to stop this downward spiral?

It is necessary to move away from the simple pattern of exchange between an argument and a counterargument in which import restrictive measures for security purposes (such as US Trade

Act Article 232) are complained about by the affected exporting countries based on basic principles such as GATT Articles 1, 2, and 3 and the invoking country defends the measures with GATT Article 21. And it is necessary to move away from ignoring differences in nuances such as the volume and number of items covered by the measure and the degree of damage suffered by the exporting country. It may be necessary to pursue legal interpretations that create a space where certain trade restrictive measures are justified from the perspective of “balance between efficiency and resilience”. This would require more objective criteria to justify efforts to address excessive dependence. A more objective interpretation and application of WTO law would require more involvement of economists (primarily economists in the field of industrial organization). Traditionally, however, economists have not been very much involved in the WTO adjudication process, except in the area of trade remedies such as antidumping and countervailing duties, where economists have played a significant role; perhaps they have played a major role only in the analysis of GATT Article 3’s discussion of price elasticity for “like products” in the WTO panel process. This lack of involvement by economists contrasts sharply with competition law. This is remarkable given the similarities between the two legal areas.

In considering the jurisprudence that creates an area where certain trade restrictive measures are justified in terms of a “balance between efficiency and resilience”, reference should be made to the EU’s supply chain vulnerability analysis. The European Commission calculates the vulnerability of its own supply chain by using the analytical tools of competition law (Cf. European Commission (2021) “Strategic dependencies and capacities”, Staff Working Document). It has analyzed all of its external imports (5,381 items) to determine how dependent they are on imports from specific countries outside the EU and how much could be sourced within the EU if external sourcing were to be disrupted. These analyses are based on the following three criteria. (The Herfindahl-Hershman Index (HHI) is a competition law index that measures the degree of concentration of share in a particular product market. It is the sum of the squared and added-up shares of individual businesses. A monopoly is 1 ($1 \times 1 = 1$), and an oligopoly with two companies each holding 50% of the market is $0.5 \times 0.5 + 0.5 \times 0.5 = 0.5$.) Criterion (i) is concentration of imports: for imports from foreign countries into the EU, we look at the degree of concentration of the import origin country. The European Commission has set a threshold of $HHI > 0.4$. The higher the value, the more imports from outside the region are dominated by imports from a limited number of countries. (The HHI for lithium-ion batteries for EVs is 0.209 (41% in China and 15% in South Korea), and for solar panels 0.216 (43% in China and 10% in Malaysia). In accordance with the EU threshold stated above ($HHI > 0.4$), it is concluded that “none of them are vulnerable”. (Of course, this threshold is a number “decided” by the EU, as are the thresholds in (ii) and (iii) below).

Criterion (ii) is the importance of imports from outside the EU for the demand for the item in

question in the EU. The criterion is set at imports from outside the EU/total EU (intra- and extra-regional) imports >0.5 . Criterion (iii) is substitutability by intra-EU production: imports from outside the EU/total EU (intra- and extra-regional) exports >1 . By criteria (ii) and (iii) above, the European Commission is attempting to present the extent to which the EU's internal production capacity can supplement imports from outside the EU in the event of a disruption in imports from outside the EU.

According to the European Commission's methodology described above, 8.56% (378 out of 5,381) of the EU's total imports are considered to have "strategic dependencies", i.e., trade vulnerabilities. However, there are some works done by economists who attempt to further refine this Commission analysis. For example, while the Commission's analysis is based solely on current trade data (the above (iii)) to determine vulnerability, these works, by directly using data on production capacity and inter-firm relations, try to directly determine the potential for ex-post substitution in the event of a disruption in procurement from outside the region. Isabelle Mejean and Pierre Rousseaux's article "Identifying European trade dependencies" in the second Paris Report of the CEPR (Centre for Economic Research, Paris Report 2 "Europe's Economic Security", 2024) is one of such efforts, and their analysis further narrows the EU's vulnerable items down to 0.56% (49 items).

In any case, while there is room for further refinement of supply chain vulnerability analysis methods, there is also the major challenge of data availability. Another issue is how to understand "indirect dependencies", since the vulnerability of A cannot be easily analyzed as the disruption of A can also be caused by the disruption of other products that are upstream of A, such as its components. It should also be noted that, apart from the issues of analytical methods and data availability, determining the threshold for judging vulnerability is a task that involves subjective judgment and value judgments rather than an objective process. Moreover, even if several tens or hundreds of products are vulnerable, some of these products are strategically important and some are not. Determining what is a strategically important product is also a task that involves subjective judgment and value judgment. (For example, cobalt ores and concentrates (88% China, HHI 0.78) and umbrellas (92% China, HHI 0.85), even though both are found vulnerable, would naturally be treated very differently.)

However, while keeping the above points in mind, based on the premise that trade restrictions in certain cases should be legally permissible in order to resolve vulnerabilities in accordance with the new paradigm of "balancing efficiency and resilience", the reform of international trade law should be discussed in the CPTPP with the EU with regard to the methods for analyzing vulnerabilities. This is where economists, who usually do not play a primary role in interpretative and legislative discussions of international trade law, should be involved. The discussion should then involve legal scholars to determine what interpretation of the trade agreements is legally

acceptable in such cases, whether the interpretation of the existing agreements is insufficient and, if insufficient, how the agreements should be revised. For example, instead of the problematic GATT Article 21, it might be better to use GATT Article 1 (MFN) as a watershed, and to interpret “like products” in the Article in an “evolutionary” manner; that is, to treat an imported product from Country A, which is the cause of vulnerability of the supply chains of a certain importing country, as “not like” the products imported from Country B, which are not the cause of its vulnerability. This may be possible according to the “evolutionary” interpretation utilized by the WTO Appellate Body in the Shrimp and Sea Turtle Case (WT/DS58. Cf. paragraph 130 of the AB Report). This interpretive approach is particularly familiar to the EU as it is utilized in the case law of the European Court of Human Rights.

In respect of the other issue as well, that is, formulating rules for controlling subsidies (see (3) above), the EU and the CPTPP can work together. Unlike agriculture, there is no WTO agreement on quantitative restrictions on subsidies given to the production of industrial goods. (Quantitative restrictions are prescribed in the WTO Agreement on Agriculture, but for industrial goods, the Agreement on Subsidies does not provide for quantitative restrictions, but only stipulates the disciplines on what are prohibited subsidies (red) and what are subsidies subject to countervailing duties (yellow)). Thus the idea of a quantitative agreement following the example of agriculture is proposed by some scholars (Cf. Jennifer A. Hillman and Inu Manak, “Rethinking International Rules on Subsidies”, 2023). Moreover, Japan, the US and the EU have already made a joint proposal on the expansion of prohibited subsidies at the WTO in 2020. (The current WTO Subsidies Agreement limits prohibited subsidies (red) to two types: export subsidies and local content subsidies, but the proposal is to add four new types to these subsidies). The CPTPP has a very well-known feature: having the State-Owned Enterprises Chapter (Chapter 17). Like the chapter on subsidies, the CPTPP’s SOE Chapter is concerned with the unfair distortion of the level-playing field caused by government intervention. However, the scope of the SOE Chapter is limited to “state-owned enterprises” and does not extend to the distortion of the level-playing field that could occur when ordinary private companies receive subsidies from the government. On the other hand, the EU traditionally has its “state aid” rule (Articles 106-109 (state aid) of the Treaty on the Functioning of the European Union), which addresses subsidies granted by the EU member government to its private companies, and is therefore conscious of the problem of ensuring the level playing field between EU member states and non-EU countries, too. From this perspective, the EU has been making efforts to diffuse its own idea of subsidy discipline to its trading partners through FTAs. (Cf. Takemasa Sekine, “The Possibility of Developing and Extending Subsidy Discipline through Free Trade Agreements (FTAs): An Analysis of Developments in FTAs Concluded by the EU”, 2019.) The basic direction of the EU in these FTAs is to introduce a competition law perspective into the operation of international trade law, which

is the discipline of subsidies, and this is also where economists have a role to play.

As described above, the CPTPP and the EU can jointly work to render legally justifiable under international trade law certain efforts for supply chain resilience and the elimination of excessive dependence on certain countries. With the outcome of this work, it may be possible to demonstrate to the US a pathway for its own economic security other than asserting non-juciability under GATT Article 21, and at least encourage its involvement in the project of the revival of international trade order. Also, with regard to the issue of overproduction due to inappropriate state intervention, based on the history of advocacy by Japan, the US, and Europe regarding the strengthening of subsidy discipline, it may be possible to restart discussions based on this joint trilateral proposal between the CPTPP and the EU, and then to involve the US in these discussions.

No wonder there may be an option for the CPTPP and the EU to jointly make these proposals to the WTO, but the discussions at the WTO would be slow. Rather, the EU should join the CPTPP and jointly work on upgrading the CPTPP agreement and present the revised CPTPP to the US in order to realize “CPTPP 2.0” as a trade regime that includes the US, Japan, and the EU, and as an international trade law regime that incorporates an “economic security” perspective. This seems to be the most feasible way to establish a new international trade order for a new era.

Of course, the goal is to further expand the number of member countries to the Global South and other emerging economies in the process, and ultimately to link this to the revival of the international trade order. However, in order for emerging economies to accept high-level rules in the process of expanding their accession to the CPCPP 2.0, it will also be necessary to provide them with materialistic accession benefits, including market access. In this respect, since the EU is perceived by emerging countries as a market with too burdensome non-tariff barriers related to the environment and human rights, it seems essential to make efforts to give comfort to emerging countries about these issues. Therein lies the reality that a shift from idealism to realism on the part of the EU is needed, and that the EU will have to respond immediately to the geopolitical changes of the rise of the Global South. Japan, together with other CPTPP members and other like-minded countries, has the task of communicating such a reality to the EU. Only through such a process will we be able to see a true revival of the international trade order.

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