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Professor at Seoul National University, former Minister for Trade, Republic of Korea

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May I cover a little bit of multilateral negotiations and then move to the mega-regionals like TPP?

Let me start with several observations I have made on the recent development in the area of trade. Let me begin with the WTO's Doha Round. As you all know, last year we tried very hard to ratify the agreement we made in Bali, the so-called Trade Facilitation Agreement, but the ratification by member states is quite slow, so there is no dynamism from that. Also we are supposed to prepare some work programme to deliver something for the remaining Doha Round issues by the upcoming MC10 which will be held in Nairobi next month, but that work programme seems to be incomplete. Therefore we cannot expect much to be achieved from the next Nairobi MC10 meeting either. In other words, the multi-lateral trading system is really in great trouble and maybe it is now at a kind of critical crossroads. In response to that I think many parts of the world are moving for more bilateral FTAs, so far but very recently many countries are participating in a larger kind of scale that we call mega-regional trade agreements. In Asia-Pacific, the TPP, RCEP (ASEAN plus 6 RTA), or China, Japan and Korea FTA are taking place, and also between Europe and United States they are negotiating for TTIP, but up until now, no major RTAs have been concluded, but in the last month as you already mentioned the TPP negotiations were completed, so given the very gloomy picture of the global trading system, I welcome the news that the TPP negotiations have been completed. However, if you look at the overall participants, even though they have twelve different countries, they missed the major other, more dynamic economies in East Asia. For example Indonesia was not part of them, nor Thailand or Philippines, and of course Korea and China are not part of them either. If you look at the ASEAN 10 countries, some people already suggest that TPP is dividing ASEAN into two. Because of these facts the economic gains from TPP could be limited. In other words, sooner or later after they finish the ratification of the TPP agreements by the members, maybe they should open the door to additional members and maybe Korea will try to join the TPP with other countries.

Kemal DERVIS, Vice President and Director of Global Economy and Development, Brookings Institution, former Minister of Economic Affairs of Turkey

Why has Korea not been part of the TPP? Korea is one of the most dynamic economies in the world.

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I think that was based on the policy priority. In 2012, I was serving Trade Minister and we did not really consider that very seriously because Japan was not participating. We are still implementing major FTAs such as KORUS FTA and the Korea-EU FTA, which was a big event and also we have just begun the negotiations with China. Anyway, we see the TPP positively, but since we already have bilateral FTAs with the 10 TPP participating countries, the only exception being Japan and Mexico, we are not in a hurried kind of situation, but we want to join the TPP in the future. In any case we hope that TPP can be expanded. It is too early to say that because the ratification is not finished.

Let me say one more thing about the background. The G20 meeting was held in Antalya in Turkey last week. If you look at the declaration, there are two paragraphs on trade, but most in a rhetoric kind of situation. No serious nor substantial statement was made in the G20 meeting.

However there is one noticeable agreement. Leaders agreed that the Trade Ministers of the G20 countries will meet regularly, and also they will be allowed to establish some kind of supporting working group for trade. In other words, G20 is a non-binding kind of organisation, but we will have a very high level communication mechanism, specifically on trade among the G20 Trade Ministers. I think it is a welcome news that there will be communications between Geneva and the G20 participating countries.



Kemal DERVIS, Vice President and Director of Global Economy and Development, Brookings Institution, former Minister of Economic Affairs of Turkey

Thank you very much. Very good comments and very much to the point.