

PATRICK MESSERLIN

Professor of Economics and Director of the Groupe d'Economie Mondiale (GEM) at Sciences Po Paris

Welcome to this seventh session, which is devoted to trade and politics. We have a splendid panel of speakers who have been involved in officialdom and business, so we have the two sides of the equation.

When you think about trade and politics, there are three points to stress. Firstly, many people tend to believe, and yesterday we had this impression, that trade and politics are a source of increasing conflicts and interactions, and I would like to know whether the panel shares this view or if there are some nuances. We have to be careful about this impression, because it can be related to from which place you are. For example, an European would probably say that the 1980s were pretty quiet. But the Japanese and Koreans were subjected to many anti-dumping duties which were really unfriendly and harmful. The protocol of the accession of China to the WTO imposed a lot on concessions on China that were not met by other WTO members. In short, tough times were already present in Asia.

Secondly, there is the relationship between trade and international politics. Everybody has mentioned China, and this is the first big change compared to three decades ago. The conflicts during the 1960s and 1970s were quite different: the US-Soviet Union conflict was a very static one. By contrast, the rise of China creates a very dynamic source of conflicts. What does this mean in the long run? One thing which is not necessarily well understood is the unfortunate coincidence between the emergence of China and the change in issues raised in the WTO. These days, we do not just discuss tariff cuts, but also regulations in services. When you “negotiate” on regulations, you have to trust the partner. It is very difficult to trust the 159 WTO partners—hence the need for free trade agreements as a way to solve this trust problem.

Finally, we have trade and domestic politics. What happened in Ukraine and Russia raised serious questions. We imposed sanctions on Russia, which hurt this country, but also EU activities. By contrast, no one in Europe has mentioned the option of increasing the integration of the European gas market. This measure would have eroded Gazprom’s monopoly in EU member states, hurting Gazprom in the short term, but probably forcing it to become more competitive in the long run. And this measure would have very positive for EU consumers. Regarding domestic politics, observers should always look at what is happening in democracies where majorities are very thin. It is very difficult to solve trade issues when you have thin majorities, because tiny lobbies can easily capture a power disproportionate with their size.

We have thus plenty of topics, and a splendid panel to discuss them. John Manley was Minister of Finance, Minister of Foreign Affairs and Deputy Prime Minister. He is now the CEO of Canadian CEOs, sitting on the business side.

The second speaker will be Alejandro Jara, who started his career at the Ministry of Foreign Affairs in Chile. He has a long connection with Korea since he was negotiating the first free trade agreement involving Korea. He was Deputy Director General of the WTO, and is today also part of the business community, being a senior counsel at King & Spalding law firm.

The third speaker will be Professor Taeho Bark, Professor of Economics at Seoul National University Graduate School of International Studies. He also has a deep sense of the business views since he was the chairman of the Korea Trade Commission. He was also Minister of Trade for the Republic of Korea, and launched in particular the South Korea-China free trade negotiations.

Finally, Mr Pascal Lamy was a member of Jacques Delors’ cabinet at a time when Europe was undergoing a lot of regulatory reforms in services, so he has a view on internal affairs. He was Trade Commissioner at the EU and



Director General of the WTO, and he is now President emeritus of Notre Europe-Jacques Delors Institute, a think tank based in Paris. It is a splendid panel with all the skills needed.