



BARK TAEHO

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

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Our next speaker is BARK Taeho, former Dean at the Graduate School of International Studies of Seoul National University. He served as Minister for Trade for Korea from 2011 to 2013. Mr Park has already given some insights on trade issues but I think that we could expect some more detailed ideas on how PPP and RCEP will develop.

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

Thank you, Mr Chairman. Yesterday, I participated in one of the sessions which discussed the current global trading environment and today I will take the opportunity to briefly discuss about China-US trade relations, especially in the context of trade negotiations and agreements.

To give you a kind of frank observation as a private scholar, the relationship between China and the United States in the context of trade negotiations and agreements does not seem to be very good. I will start with the multilateral front. We know that the Doha Round has been stalled for many years and we have not had this kind of delay in the history of the multilateral the trading system. It started in 2001 and we still have no expectation of completing these multilateral trade negotiations.

However, there are many reasons why we are not able to produce the outcome here and one is that the big trading nations, such as the United States and China, cannot find any common ground to conclude the negotiations. Particularly from the US viewpoint, China has not been really forthcoming in terms of market access for goods and services market opening, while on the other hand China considers the US position on agricultural subsidy reduction not to be relevant. As we all remember, China became a member of the WTO in 2001 and, personally, I felt that China considered that it had opened up significantly when it acceded to the WTO. Why have the remaining major countries then asked China to open up further? This may be one of the reasons why China is not very forthcoming in terms of effective market access. In any case, we are unable to conclude the Doha Round negotiations and that is one of the main reasons why we are very concerned about the global trading environment.

I will now move quickly to the regional front. We all know that TPP negotiations were concluded last month and that the TPP does not include China. It does not include Korea either, but many experts and observers think that the United States has tried to marginalise China by not inviting it into the TPP. The TPP agreements have not been revealed in detail yet but if we look at some of the templates, they include some where China might not feel comfortable, such as the template on state-owned enterprises, and there might be a template on currency, which we have just heard about. Currency manipulation is not spelt out explicitly but if it is also included, this will make China very uncomfortable.

On the other hand, if we look at the Korea – China – Japan free trade agreement (FTA) negotiations and more importantly RCEP negotiations, where the ASEAN 10, with Korea, China and Japan plus New Zealand, Australia and India participate, are taking place but we do not expect this to end up as a very high-quality regional trade agreement (RTA). Some people have said that the RTA is led by China, although I do not think that that is true. I think the RCEP is led by ASEAN. I therefore think that we need more leadership from China to push RCEP to aim for a more high-quality RTA. In any case, people see that TPP and RCEP are possibly competing, with TPP being led by the United States and RCEP being led by China. China has also mentioned that it might pursue a so-called FTA Asia-Pacific agreement. A couple of days ago, Asia-Pacific Economic Cooperation (APEC) Economic Leaders meeting was held in Manila and the Chinese leader and other supporting leaders talked about the Free Trade Area of the Asia-Pacific (FTAAP). In a way, therefore, on the regional front it seems as if China and the United States are competing.



Lastly, there is the plurilateral front where things are more technical. At the WTO, it is not a case of multilateral trade negotiations but of negotiations among like-minded countries, where 20 or so countries are negotiating on services trade liberalisation, which is known as the Trade in Services Agreement (TISA). There are also negotiations on an environmental goods agreement. As regards TISA in particular, I have heard that China has shown an interest in joining the negotiations, but the US position does not suggest that they should come in at this particular moment as it is being done with that small number of countries.

If you wanted to add one more thing on the regional front, you might include the Transatlantic Trade and Investment Partnership (TTIP). The United States and EU are having these negotiations, although there is very slow progress. Nevertheless, they are very keen on creating a regulatory regime and standards, with harmonisation between the two big economic groups. Some experts say that this is also about putting pressure on China in the future.

Therefore, if we look at these kinds of multilateral, regional and plurilateral fronts, the two largest trading nations do not seem to be getting along too nicely and this makes a lot of other countries concerned about the future of the global trading environment.

I would now like to take the opportunity to discuss what we can do given this kind of situation and how China can make a contribution to correcting these kinds of issues.

First of all, I think that it is very important to save the multilateral trading system. We are all in a very gloomy situation and the WTO is facing one of the most serious crises since its establishment 20 years ago. This year is the 20th anniversary of the establishment of the WTO and next month in Nairobi the 10th Ministerial Conference meeting will be held and a lot of people are saying that they have little hope as regards that meeting. I have heard that the US might even walk out of the Doha Round negotiations unless something new happens.

I would therefore like to suggest that we cannot just walk out of the Doha Round and say that we have failed; instead, we want to restart a kind of Doha Round with a revised agenda since we cannot stick to the 2001 agenda for future negotiations. We have already seen that we have failed there so to continue to work within the multilateral trading system we need to somehow come up with a good, revised Doha Development Agenda (DDA) which should be completely neutral and without prejudice to any specific country's position. In other words, we might have a revision on the agricultural subsidy area, a Non-Agricultural Market Access (NAMA) area or include some new issues to address 21st century commercial issues such as the global value chain. Therefore, without changing a lot of the agenda, we can update and revise it so that every member of the WTO can accept it. Next year, we might then try to provide this kind of new revised agenda for the future Doha Round. This could be important because the G20 Summit meeting will be held in Beijing next year and it was agreed this year that Trade Ministers should meet regularly to discuss this kind of thing. The G20 meeting in Beijing might then provide a good momentum to revitalise the life of the Doha Round with a more objective and neutral setting of the agenda.

The next thing that I would like to talk about is that China should make an effort to enhance the quality of the mega-RTAs taking place in North-East Asia and East Asia. In other words, we are now negotiating among the three countries of China, Japan and Korea in terms of trilateral FTA and there is also RCEP. However, both of them are making very slow progress and many experts are predicting that these two mega-RTAs will not aim for very high-quality agreements.

Professor Zhang mentioned that China's new commercial policy will include deep reform and comprehensive liberalisation. To be consistent with domestic policy directions – and we have to talk about other countries as well here – China at least should show more active leadership in both China-Japan-Korea (CJK) and RCEP negotiations so that perhaps in the future the gap between TPP and RCEP will be a small one. We might then hope that they could be integrated into the FTAAP in the long run. In that context, I think that China's role for future negotiations on CJK FTA and RCEP is very important. Korea might also play a role here along with Japan and China in the CJK FTA and RCEP to achieve higher-quality FTAs.

I have one more issue to discuss. Given the setting of the mega-RTAs that are taking place, why not East-Asian economies with the leadership of China or other countries should consider diversifying their relationship with other



parts of the world. For example, Korea already has an FTA with the EU and Japan is negotiating an FTA with Europe. China is also negotiating a bilateral investment treaty with the EU. Why are we doing all this separately? We might suggest that East Asia – and I do not know whether we should include India here or not – and RCEP participating countries should talk to Europe to develop a more comprehensive partnership. I do not know what we would call that kind of partnership but it is something that we could try as we are now in Europe. Additionally, what about the Gulf Cooperation Council (GCC) countries where there are not many FTAs with East-Asian countries? Korea tried this at one point but it ended up being suspended. The GCC might therefore be another kind of economic bloc or region and perhaps we should diversify our relationship with other parts of the world.

I will stop there. Thank you.

PARK In-kook, President of the Korea Foundation for Advanced Studies; Co-chairman of the Beijing/Shanghai Forum

Thank you for those very comprehensive pictures on the future of the world trade negotiation system. I would like to focus on the interest in the Chinese implication. For example, a traditional FTA is quite different from the TPP in various senses. It is my understanding that even the Chinese leadership recognises the high standard of the TPP. For example, with procurement issues, a traditional FTA does not include a stipulation on internal government procurement. However, the TPP has a part in that. In this case, the current Chinese leadership might have some idea of acceding to the TPP regime which entails more progressive domestic regulation reform to make their domestic system more open to the outside world. I hope that we will be able to narrow down on that specific focus if possible.