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Now, I would like to invite our former Trade Minister Bark Taeho to talk about TPP and trade issues.

Taeho BARK

I am very happy to participate in the China Workshop two years in a row. This morning, based on my field of interest, I will briefly touch upon China's role in the world trading system. Let me first overview the current state of the world trading system. As we all know very well, the Doha Round of multilateral trade negotiations is stalled going nowhere. There was an informal trade ministers' meeting in Oslo Norway last month. As expected, not much has been discussed on the remaining issues of the Doha Round. Instead, Ministers tried to find a few areas for another small package to be delivered at the MC11 to be held in Argentina next year. As to the RTAs, the big news is that the US will withdraw from the TPP agreement as Donald Trump promised during the presidential campaign. At the moment, we do not know exactly what will happen to the TPP. One thing which is clear, however, is that even if the US changes its position and decides to participate in the TPP, it may take quite a long time because of the possible renegotiations and the ratification process. In addition, as to other RTAs such as the RCEP, CJK Trilateral FTA and the TTIP, negotiations are moving very slowly without knowing when these negotiations will be actually completed. Regarding the RCEP negotiations, at the East Asian Summit held in Laos early September this year, leaders confirmed that the RCEP negotiations will not be completed before the end of this year. As you know the initial deadline was the end of 2015. Likewise, CJK trilateral FTA negotiations are also moving slowly and the TTIP negotiations seemed to be deadlocked. Furthermore, negotiations on TISA and EGA will be slowed down since appointing new USTR will take time. President-elect Trump made numerous negative remarks on the US trade relations with China during the campaign. He said that if he is elected, the US will impose 45% tariff on imports from China, name China as a currency manipulating country, continue to refuse the China's market economy status and so on.

After hearing that the US will not participate in the TPP, some news media and trade experts suggest that China's role in the midst of the uncertain world trading environment will be increased. In particular, they argue that China will actively participate in the RCEP negotiations to exert leadership on the trade integrations in East Asia. Furthermore, they point out that China will take major initiatives for establishing the FTAAP in the future. I think these observations make a lot of sense as I often hear remarks made by Chinese scholars and government officials.

They are saying that the Chinese Central government is pursuing domestic economic reform though opening its markets to foreign goods and services. In particular, China is implementing its plan to gradually open its services market to enhance the service industries' productivity. In line with this policy direction, China has recently concluded its bilateral FTA with Korea and participates in the negotiations for the CJK FTA and the RCEP. China also strongly supports the formation of FTAAP in the future, has become a member of the recently concluded ITA-II and actively participates in the EGA negotiations. I have also heard that China would like to join the TISA negotiations and views the TPP as an opportunity to join rather than a threat to China's interests. Considering these proactive trade policy approaches of China, we can expect that China may be able to show effective leadership in the multilateral as well as regional trade negotiations. I think this argument seems to be reasonable and legitimate since the US is now reverting back to the protectionist policy regime at all levels. However, until now, on the contrary to its proactive trade policy stance, China has not showed much leadership either in the Korea-China FTA or in the CJK FTA as well as the RCEP



negotiations. To some extent, Chinese government is still somewhat reluctant to open its markets to foreign goods and services. Therefore, trade experts are predicting that the CJK FTA and the RCEP will not reach the high quality RTAs implying the idea of forming FTAAP to be a remote possibility. Under this situation, I would like to make a few suggestions to China. First, China along with other major countries, developed as well as developing should make every effort to find ways to save the Doha Round negotiations. Of course, China should also actively participate in agreeing on the subjects for another small package to be delivered in the MC 11 next year.

Second, China should closely consult with the EU and the US for its participation in the TISA negotiations. Last but not least, China should show its leadership in the negotiations of the CJK FTA and the RCEP in order to make them achieve the high-standards RTAs.

In particular, although it cannot reach such a high standards RTA as the TPP, China should try to minimize the gap between the RCEP and the TPP. In this process, China's role in the trade integrations in the Asia-Pacific region will become more important. I think now is a critical time for Chinese leaders to seriously consider its role in stabilizing the rapidly changing world trading environment. I will stop here. Thank you very much.