

## BARK TAEHO

Président, Lee&Ko Global Commerce Institute, ancien ministre du commerce de la République de Corée

### **PARK In-kook**

The next speaker will be Professor Taeho Bark, who is working as President of Lee & Ko Global Commerce Institute. He served as former Minister for Trade of the Republic of Korea and Ambassador at large for International Economy and Trade. He will focus on trade issues, especially the TPP and RCEP.

### **BARK Taeho**

Thank you Mr. Chairman. I am very happy to say that I have been participating in this WPC workshop on China for three consecutive years since 2015. Based on my expertise, I would like to briefly discuss trade and economic issues related to China. To be more specific, I would like to ask several questions to our Chinese colleagues. Before I start, I would like to congratulate Chinese colleagues for the successful conclusion of the 19th Party Congress of the Chinese Communist Party.

Numerous world news media acknowledged that the leadership of President Xi has been definitely strengthened and predicted that major policies including economic policy will be more effectively implemented. Although details of economic policy are yet to be revealed, experts outside China seem to be welcoming the outcome of the Party Congress.

I would now like to discuss a few issues related to international trade. First, I would like to start with the Chinese role and its leadership in the coming years. As President Xi noted, China will show a more proactive leadership in the international community. As we know well, the 11<sup>th</sup> ministerial conference of the WTO will be held in Buenos Aires next month. According to the Geneva sources, a few issues regarding fisheries subsidies and agriculture will be seriously discussed at the MC11. However, we also hear that there are still large differences among major participating countries. Some news media reported that the US strongly argues that there will not be any agreements at the upcoming MC11 due to difficult negotiations. Furthermore, it is predicted that how to deal with the Doha Round in the future will not be included at all in the official agenda of the MC11. One more frustrating issue is that vacant members of the WTO Appellate Body cannot be filled due to the blocking of the selection process by the US. We are concerned that this kind of incident may hurt the credibility of the WTO dispute settlement function which has been fully respected by the members despite the long impasse of the Doha Round negotiations. I would like to hear the positions of China as the largest trading nation in the world on the MC11, WTO Appellate Body situation and more generally on the current difficult situation of the multilateral trading system.

Second, I would like to discuss about the regional trade agreements. In response to the ineffective performance of the multilateral trading system, a large number of bilateral and regional free trade agreements have been pursued. Among the mega-RTAs, only the TPP was concluded but failed to be implemented because of the US decision to withdraw from it. Recently, trade experts and news media are suggesting that China should play a leading role in the RCEP negotiations which are yet to be concluded and in forming FTAAP in the long run. However, based on the progress made so far, the RCEP is not expected to be a high standards RTA. I would like to hear from Chinese colleagues the major reasons for slow progress of the RCEP negotiations and the possible Chinese leadership in remaining negotiations.

Third, I would like to discuss about the trade policy of the US President Trump. President Trump is frequently saying that the US is seriously concerned with the excessively large magnitude of its bilateral trade deficit against China and

argues this huge bilateral trade imbalance is mainly due to unfair trade practices of China. Recently, President Trump has enhanced his criticism against the Chinese unfair trade practices such as dumping, circumventing trade remedy duties, export subsidies, violation of IPRs and so on by saying they are predatory. Furthermore, the US considering a Section 232 investigation based on the security concerns to restrict imports of steel and aluminum. The US is also examining its major trading partners whether they are manipulating the currency in favor of their export and refuses granting the market economy status to China. Some trade experts are concerning that the trade disputes between the US and China may lead the world trading environment to a kind of trade war. I will greatly appreciate if our Chinese colleagues give us the Chinese view on the current US-China trade relations.

Fourth, I would like to touch upon China's future economic policy direction. After the conclusion of the Party Congress, there seems to be an agreement that China's policy of reform and opening will be continued. However, I would like to raise one question on the future economic policy. During his speech at the Party Congress, President Xi mentioned that the role of state owned enterprises (SOEs) will be strengthened in the future. I thought that it may be contradictory to deepening market-oriented economic reforms. I would like to hear the background of President Xi's statement on the SOEs. One more concern is that we are experiencing global oversupply as well as overcapacity problems in certain sectors such as steel. If certain industries enter into the restructuring process, there will be some resistance from workers in those industries. Then the implementation of the market opening policy may face difficulties and possibly be delayed. I would like to hear from Chinese colleagues how China is dealing with these problems.

Lastly, I would like to know how the expansion of Free Trade Zones after establishing the first one in Shanghai in 2013 has been pursued and the current state of the China's BIT negotiations with the EU.

I will stop here and thank you very much.

#### **PARK In-kook**

Thank you very much, Mr. Bark. He raised many questions for the Chinese delegation. I hope we can hear their responses in the latter part of our discussion. Our next speaker will be Professor Yuichi Hosoya from Keio University. He is a member of Prime Minister Abe's advisory panel on restructuring the legal basis for national security and on national security defence capabilities. You have the floor.

#### **Yuichi HOSOYA**

Thank you very much, Ambassador Park. Last year, I also joined in this workshop and I am very glad to be included in this room again this year, or I should say that I am very pleased that Japan is also included in this room. I just remember that last year, the situation was quite the same. I remember that I was the last speaker perhaps, and I saw many faces of people who had been waiting for two hours to ask questions and comment. Ambassador Park told me that I only seven or six minutes to comment and I must be brief, and maybe this year as well, to go to the question and answer session.

Of course, China and the United States are two elephants in a room in East Asia and Japan is not equal to these two giants. However, I would say that Japan is perhaps one of the most influential players in the region, or Prime Minister Abe may be becoming the most influential player in the region.

One of the reasons for that is that he has a quite close relationship or friendship with President Trump. I think it is quite exceptional to be so close to President Trump. Of course, I would suppose that President Trump cannot sit in a room for three hours to discuss something that serious, as we are doing. That is why, the best way to talk to President Trump is to play golf. Tomorrow, Prime Minister Abe will play golf with President Trump in Japan. I think that they will spend more than several hours together and of course. In the meantime, Prime Minister Abe will talk and tell him so many things about East Asia, security and international relations, as he did in Florida in February this year. In February this year, he also played golf with President Trump and Prime Minister Abe informed him about so many things about China, Russia, North Korea, everything, because President Trump has no serious experience in politics beforehand. That is why, he wanted to know some personalities, such as President Xi Jinping, President Putin, and



other leaders, because Prime Minister Abe has met President Putin 20 times at summit meetings, and has also met President Xi Jinping many times as well. That is why it is quite useful for President Trump to talk with Prime Minister Abe on various issues of world affairs.

What I wanted to talk about was the Japanese approach to the rise of China. The rise of China is one of the most significant events that Japanese politics have faced recently, and Japan is now approaching the issue in two ways. One way is that Japan is now trying to improve its relationship with China. Last year in this workshop, I predicted that Sino-Japanese relations would be improved, and I was afraid that I was wrong. However, I think I was right, because in the last few years, there were four foreign ministers' meetings and two summit meetings and between 2002 and 2014, there were no summit meetings between the two countries. However, for three years from 2014, there were four summit meetings between Prime Minister Abe and President Xi Jinping. It is easy to understand that the two leaders are trying to overcome some difficulty regardless of the distance of territory and other difficult issues. I think, as I said last year, that they both quite pragmatic and they fully understand the importance of better relations between their two countries. That is why recently, the two leaders started to say that Japan and China are the number one and number three biggest economies in the world. It is essential for the two countries, and really responsible for the two leaders, to make a stable, peaceful, regional order. That is why I think that the trend continues next year as well, the two leaders with a much more powerful political base, and they will continue to improve the relationship between the two countries.

The other approach that Prime Minister Abe is taking is to create a democratic diamond which he proposed in 2012. According to Abe, Asia's democratic security diamond has four powers: The United States, Japan, Australia and India. Prime Minister Abe says that these four democracies should cooperate more, especially on security issues. By cooperating much more deeply, the four countries can create a much more stable and peaceful Pacific region. They are using a new regional concept of the Indo-Pacific and they are trying to consolidate the norms, such as freedom of navigation, in some ways human rights and democracy, etc. That is why I think that in addition to improving the bilateral relationship between Japan and China, I think that Prime Minister Abe is trying to create this kind of big democracy, or Asia security democratic diamond. I think that in the coming summit meeting between Prime Minister Abe and President Trump, in a few days, I think that the two leaders will propose a much more concrete vision of this regional order.

Then, I would like to take a few minutes before ending, to point out that two regional concepts exist. On regional concept is defended by China, the Chinese government, which is the One Belt, One Road initiative. This continental or Eurasian vision is strongly supported by Russia and the two great powers, Russia and China, are trying to create a continental, more or less, international order based upon very strong Chinese power.

The other regional vision is defended by the United States, US-centric in the Pacific order, previously called the liberal international order, which focuses on the importance of freedom of navigation of the sea. This is becoming more and more difficult because of President Trump, because he has been showing a much more inward-looking vision of the world. That is why, without strong American commitment, I think that Japan has to change a previous strategy for the region, to create something like TPP without the United States. Without the United States is a new trend in the regional vision of Japan. It depends on the United States and the will of President Trump, for the United States is intending to join in the kind of regional order. Of course, the Japanese Government is always trying to invite the United States to come back and join in this kind of regional framework.

In the end, I would like to conclude my talk by saying that even though there are two regional visions, it is also very important to bridge these regional visions. We do not have to see the new Cold War between those two blocks, which are different from Cold War blocks. There are some overlaps, like India and Australia are joining in some Chinese initiatives, such as AIIB and our Japanese Prime Minister Abe recently supported the idea of the Belt and Road initiative. That is why I think that there are many rooms to collaborate between those two regional visions. Of course, there are some overlaps and I think that one of the most important Japanese strategies is to try to combine two different blocks of regional order as much as possible. At the same time, it is essential for the Japanese Prime Minister or government to try invite the United States to come back to the regional order as a leader of this region.

**PARK In-kook**

Before I invite our last speaker, I have one basic question. You are talking about East Asian order, but in the One Belt, One Road initiative, Korea and Japan and the whole Korean peninsula are excluded. Why will that kind of format be a central issue for East Asia? That is my question, to be replied to during our discussion.