

## LEE HYE MIN

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Thank you Thomas. I am very happy to be here in Abu Dhabi with you this morning. First I would like to congratulate Thierry and his staff at Ifri for their courage and their ability to organize this wonderful conference, despite the numerous sanitary and logistic constraints. Congrats and thank you!

The extending tension and conflict between the United States and China is a much more serious concern to Korea than any other country in the world because of history and geographical vicinity. The military alliance with the United States is a backbone of Korea's foreign policy but we must note that more than 30% of Korea's total exports go to China and Hong Kong, and Korea is the largest source of China's imports. In addition, and maybe more importantly, the US and China are two indispensable partners for Korea to manage the threat from North Korea, maintaining the peace and stability of the Korean Peninsula. It is almost impossible for Korea to segregate economic and geopolitical concerns and I think the idea of eventual economic decoupling with China is a non-starter for Korea. Having said that, as an ally of the United States, Korea will follow US strategic trends and it was [inaudible] confirmed at the face-to-face summit meeting of the two countries in May at the White House. However, it would be difficult for Korea to join any initiative explicitly targeting China, such as AUKUS.

The international political order we want to see is non-exclusive and we value highly the cooperation with all countries worldwide because more than 90% of Korea's GDP is generated from external trade. Korea wants to remain a good and reliable partner of the United States without confronting and provoking China in the future. In response to the current geopolitical situation, Korean companies like Samsung, LG, SK and Hyundai Motors, are all trying to increase their investment in the United States and are currently examining how to change their current global supply chain. On the sidelines of the Korea-US summit meeting in May, those four companies announced around USD 14 billion investment in the United States. This investment in the United States will allow those Korean companies to produce high-end technology products in a trusted and predictable political and legal environment. Korean business leaders are well aware that the US-China conflict will continue, and it is a constant, important factor in considering their business strategy.

I would now like to briefly touch on the TPP and the RCEP in the context of US-China rivalry. I think that the US will come back to the TPP, although not immediately. In the case of a US return, it will play a very significant role in changing the current global supply chain dominated by China and in establishing international trade rules, such as digital trade without China and even without the European Union. The decision of the Biden administration regarding the TPP



will most likely be made after next year's mid-term elections, because trade is not such a popular issue in domestic policies and does not help to increase supporting votes in the election. In the case of a US return, it will not return to the TPP of 2016 but it will propose a TPP plus based on the provisions of the US NCA and that would strengthen labor and the environment, as well as diesel trade and climate change provisions.

The Regional Comprehensive Economic Partnership agreement (RCEP), on which negotiations began in 2011, was signed in November last year among ASEAN 10, plus five countries and without India. However, the agreement is not as commercially meaningful in substance because its level of liberalization in both goods and services remains almost unchanged from the current ones provided by the existing bilateral FTAs between the signatories. The prospect of it entering into force is not even clear yet. To enter into force, it requires ratification by at least six ASEAN countries and three non-ASEAN. As for non-ASEAN countries, China and Japan have already ratified the agreement and Korea plans to do so before the end of the year. For ASEAN it seems rather complicated. Myanmar may not be able to ratify soon because of the recent political situation. Malaysia is also unlikely because it recently became rather negative to the trade liberalization agreement. We should note that Malaysia and Brunei have not even ratified the CPTPP (or TPP 11) yet. It would take rather a long time for the agreement to enter into force in case the US raised concerns or if the US comes back to the TPP. Ironically, the fact that the RCEP is not so commercially meaningful, could be a reason why the US might not care much about it, but the symbolic and political importance may matter more to the United States.

Thank you.

**Thomas Gomart, Director of Ifri**

Thank you very much, Ambassador Lee. I think one of your main points is a reminder that Korea wants to stay in line with the US without provoking China, which is a balanced position.