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Next, is Bark Tae-Ho, whose many distinctions include being Minister of Trade for Korea a few years ago.

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First, I would like to join the previous speakers in thanking the WPC organizers, particularly Professor Thierry de Montbrial, for inviting me to this wonderful event.

In my presentation for this session, I would like to briefly discuss the responses of the business sectors to recent changes that have taken place in the global trade environment. I have classified the cases into four different categories and for each case I will look at the effects of the change as well as the derisking behaviors of global firms, and then the overall result.

The first case is the incidents of Covid-19 pandemic and the recent wars. As we know very well, the effects of these incidents are disruptions in supply of materials, parts, components, agricultural products, energy, and so on. In response to these effects, global firms diversified the import sources and, in this way, reduce excessive dependence on a few countries or regions for their business activities. Of course, the firms may have lost some efficiency, but they are able to develop more stable supply chains and increase their geoeconomic resilience. It should be noted that in these cases, some new economies participated in the global value chains. Some trade experts recognized this as a positive so-called “re-globalization effect” coming from maintaining interdependence without overdependence.

The second case is the imposition by the US of tariffs and non-tariff barriers on imports from China during Trump’s first presidency and the current Biden administration. The effect is the decline of bilateral trade between the two countries, which is true although I do not have any specific data. Naturally, Chinese firms tried to circumvent the US trade restrictions by investing and producing in the third-party countries, which some experts are calling “connector” countries, like Vietnam and Mexico, from where they export their products to the US market. As a result, investment in these countries and their exports to the United States increased. Trade experts see this phenomenon as another positive re-globalizing effect that mitigates harm produced by the decoupling policy.

Turning to the third case, in which US imposes strict import restrictions against China in certain high-tech products based on national security concerns. As you know, exports of high-end semiconductors to China declined as not only the US, but also other countries followed the same measures and stopped exporting them to China. Therefore, China is facing problems with importing high-end semiconductors needed for their advanced sectors. And other countries that used to export high-end semiconductors to China are struggling to find alternative export markets. This is clearly a kind of de-globalizing effect, which worsens fragmentation in global trade.

The last case is where the US measures on EV subsidies discriminate foreign producers and EV batteries using materials and parts from what they call “Foreign Entities of Concern: FEOC”), which in fact means China. As a result, the US imports of EV fell, foreign EV producers have sought to produce in the United States and foreign EV batteries manufacturers have diversified their supply sources of critical minerals and parts. In this case, some economies emerged as new supply sources for minerals and parts for EV batteries. However, overall global trade in EVs and EV batteries was negatively affected, worsening fragmentation in global trade flows.

From these four cases, we see that business sectors have made proper adjustments through re-globalization although there are some areas where de-globalization effects appeared quite significantly.

Regarding our concerns that US-China tensions might be intensified when President Trump’s second term begins next year, President Trump has been talking about imposing a universal tariff of 10% to 20% with a 60% tariff on Chinese goods and a 25% tariff on goods from Mexico and Canada, even though the latter are the USMCA partners. If all these tariffs are implemented, we expect quite negative effects to prevail in global trade. We do not know whether these tariff measures will be implemented and ironically if they are, the result for the US may be inflationary pressures, which we talked about in the session this morning. Also, Chinese exports to the United States through third party countries will decrease and China will export these products to other markets outside the United States, which may cause negative spillover effects. Therefore, positive re-globalization benefits will diminish increasing negative de-globalization effects.

Lastly, I have some suggestions, which I think a lot of people share, for the future global trade order. First, even though it sounds a bit naïve, like-minded country, particularly middle-power countries could raise their collective voices and urge the US to take a leadership role in re-invigorating multilateral trade governance by reforming the WTO. Second, WTO member countries with similar interests and positions should pursue open plurilateral trade agreements in areas such as trade in services, investment and digital trade. Third, WTO member countries should work together to reach agreements on areas of common interests, such as climate change, public health and food security. Finally, like-minded WTO member countries should strengthen WTO rules on subsidies to discipline unilateral industrial policies.

I will stop here. Thank you very much.

**Bertrand Badré**

Thank you very much for being very specific, I think it is good to move from general observations to specific cases. I think that when it comes to the general conversation, we will discuss whether there are enough like-minded countries to reach a critical mass, but that is another point.