

# Building Asia's Economic Architecture: An Opinion from the Republic of Korea

CHOI SEOKYOUNG

Choi Seokyoung is a visiting professor at the Graduate School of International Studies at Seoul National University, and was formerly the Republic of Korea's Ambassador to the World Trade Organization.



**OVER THE PAST 60 YEARS, THE ASIA-PACIFIC REGION HAS EMERGED AS THE WORLD'S ECONOMIC POWERHOUSE.** This is largely the result of the deliberate choice of Asian nations to embrace economic interdependence and engagement. Asian leaders have worked to crack open domestic markets, liberalize trade regimes, tackle structural reforms, and attract foreign investment. If current trends continue, this region will remain the driver of global economic growth for years to come. But we cannot afford to become complacent or assume that our earlier gains cannot be reversed. The Asian region continues to struggle with ongoing political and historical disagreements, and increasingly troubling security developments, such as the Democratic People's Republic of Korea's (DPRK) nuclear provocations. It is imperative for economic progress to continue. This is where the United States will be instrumental.

The United States has for many decades played a central part in promoting peace and prosperity in this region. It has long advocated for key values, such as democracy, open markets, fair governance, and human rights protections, which contribute to a more open and transparent regional architecture. Asian allies and partners will look to President-elect Trump for reassurance that the United States will continue in this role. To be frank, there is deep concern that this may not be the case. Many countries are worried by the populist, and potentially protectionist, rhetoric that has recently dominated U.S. politics, and concerned about the implications for U.S. relationships in Asia.

I hope that now that the elections are over, U.S. leaders will continue to embrace global engagement through the promotion of regional trade and investment, and strengthened economic ties with Asian countries. This would bolster America's long-standing alliances and partnerships and help maintain the momentum of the U.S. rebalance. Should the United States become disengaged from the region, it would create a vacuum that China and Russia could capitalize on to expand their influence. This would be a troubling outcome for both the United States and Asian countries. Given President-elect Trump's stated intention to withdraw from the Trans-Pacific Partnership (TPP), Asian countries will need to see clear and tangible signs that the United States does not intend to walk away from its role as a global economic leader.

President-elect Trump can take several steps that would assure Asian countries he remains committed to U.S. economic engagement in the Asia-Pacific region. **First, the United States should continue to pursue high-standard bilateral trade and investment agreements in Asia.** As the global economy evolves, we are seeing new trends such as the emergence of global value chains, increasing trade in services, rapid development of digital commerce, and the expansion of foreign investment. Countries with more open, transparent, and inclusive trade policies can reap the benefits of these changes and high-quality bilateral agreements remain an important tool for tapping into those benefits. The Korea-U.S. Free Trade Agreement (KORUS) is a great example of a comprehensive, high-standard agreement that has opened markets significantly and resulted in substantial benefits for both the United States and the Republic of Korea. During the U.S. presidential campaign, some suggested that the United States should renegotiate the KORUS agreement. This would most certainly lead to a significant loss of U.S. credibility in Asian minds.

**Second, the United States should continue to champion the benefits of a fair and open global trade architecture.** While international trade agreements have come under increasing criticism in recent years, creating a transparent global trade regime that fosters a sense of fairness and clear rules of the road remains an important objective. Ultimately, this approach also holds the greatest potential for wide-



spread economic progress. Unfortunately, the World Trade Organization (WTO) has lost momentum in recent years, making it unlikely that it can drive large-scale trade liberalization for the foreseeable future. Nonetheless, the WTO still plays an important role in keeping protectionism at bay, upholding the rules-based trading system, and managing international dispute resolutions. And in recent years, it has delivered a number of meaningful deals, such as the Trade Facilitation Agreement in 2013 and the expansion of the Information Technology Agreement in 2015. The United States provided outstanding leadership in bringing these deals to fruition. I hope that the United States will continue to play a proactive role in the multilateral trading system, which will eventually regain momentum for plurilateral trade negotiations. This would ultimately hold the greatest promise for widespread economic benefits.

**Third, the United States should ratify and secure the entry into force of the TPP.** U.S. leaders need to restore the confidence of America's trading partners by finding a path forward with this important agreement and upholding the delicate balance struck between TPP members. Any attempts to alter this balance and strike a new bargain would only undermine U.S. regional leadership and lead to a loss of credibility. It is also imperative to look beyond the current agreement to establish clearly defined accession procedures for non-members, such as the Republic of Korea, that might wish to accede in the future.

**Should the Trump administration follow through with its stated plans to walk away from the TPP, I hope thoughtful consideration would be given to preserving the substantive parts of the agreement that were developed in accordance with the trade promotion authorities provided for by the bipartisan Trade Preferences Extension Act of 2015.** I also hope the incoming administration and Congress will soon develop a new U.S. trade policy platform to provide greater clarity and transparency to private sector stakeholders and trading partners.

U.S. leaders will need to be bold in addressing challenges at home and pushing back against protectionist sentiments that would ultimately be self-defeating.

**Fourth, the United States should also explore opportunities to cooperate with Asian partners on a range of economic issues and pay more attention to numerous Asian economic initiatives already underway, such as the "One Belt, One Road" initiative.** There are numerous opportunities to partner with Asian countries on this and other initiatives that would have an impact on trade and investment. This includes further efforts to establish a bilateral investment treaty with China, which would be an important step in setting shared economic rules of the road between the world's two largest economic powers. Once concluded, it would also provide an important benchmark in promoting foreign investment and market access in China, and in the broader Asia-Pacific region.

**Finally, U.S. leaders will need to be bold in addressing challenges at home and pushing back against protectionist sentiments that would ultimately be self-defeating.** Continued calls for more protectionist U.S. trade policies would only result in increasing misperceptions about the consistency of U.S. economic policy, which could have far-reaching implications on the prospective business environment in the Asia-Pacific and beyond.

The post-World War II global economic order, whose creation was led by the United States, is based on open markets, free trade and the free movement of capital. However, as we have witnessed

during the recent U.S. electoral cycle, trade has become an easy but misplaced target for those angered by the ill effects of globalization. Research has proven that job losses and wage stagnation have been driven primarily by technological changes and domestic policy choices, not by trade liberalization. If trade becomes a scapegoat for all of globalization's challenges, nations risk forfeiting a powerful tool for growth and needed economic reform. It is therefore imperative that the United States leads in making a stronger and more effective case for the value of international trade. The United States built its economy on the promise of open trade and global engagement; it must stand together with Asians to help them do the same.