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It is significant that Hilary Clinton, whom we just heard was strengthening her candidacy, one never knows but she has a very good chance of becoming the next President of the United States, is saying no to the TPP. It could be a campaign issue, but I think it is significant and there is some dynamic behind it. Let me say a few things and then ask Professor Taeho to react.

For example, you mentioned regulatory convergence and certainty in some sense, and of course I fully agree. If you want to invest you cannot have a situation where the country you invested in all of a sudden decides to change the whole regulatory system two years later. That would be a constraint on international investment and we need international investment to spur growth. It was one of the big conclusions of the Australia G20, that pro-growth investment push is very important. In infrastructure, where we have huge needs, again the regulatory framework will be extremely important. Yet Joe Stiglitz, for example, latched on to the issue of smoking. If a country had decided to be more health-conscious and take a stronger stand against smoking and tries to change the regulatory framework, will it be hampered by the fact that the US tobacco companies said this is violating regulatory consistency and regulatory foresight? How does one react to that? I think the TPP actually moved in a certain direction on that and dropped some of the so-called objectionable parts that seemed to be under discussion although one never quite knows because the discussions are not public.

The other point I want to raise, and it is very much in line with the spirit of this conference, Thierry de Montbrial has always said that we must somehow get to global governance but trade is usually the only tool one has to have some kind of influence on another country short of invading it. There is a trade agreement and the WTO in some sense through its adjudication and legal mechanisms that were followed, in some ways was the most successful international organisation because there was international law under the WTO. Much more than under, say the IMF. On the other hand, who is profiting from the TTIP? We think as economists that a larger market normally creates more competition. That seems to make sense but at the same time there is something in global technology and globalisation that seems to create greater size. Giants. If I am not mistaken the last merger between the two biggest beer manufacturers means that 60% or 65% of all beer sold in the world will be sold by one multi-national enterprise. Beer is fairly harmless product I would say; we are not talking pharmaceuticals here. Now if we remember our microeconomics textbooks, that is not very good for competition, so can we really stand behind the trade agreements, as freer trade, more harmonised regulation as progress in international governance or should we worry about the strong corporate interest and lobbyists that are behind the scenes in the negotiations? Who protects the consumers, the citizens and every one of us as individuals against the framework that may in the end work in favour of some more investment and maybe more growth, but the distribution of the results of that growth that accrues to the most powerful and to the wealthiest?

BARK Taeho, Professor at Seoul National University, former Minister for Trade, Republic of Korea

You do not have to go that far.

Let me say a few words on the benefits of trade globalisation. Korea has very many different FTAs including very big FTAs with the United States and the EU, but our consumers are complaining because we are not getting many benefits. The reason is that our distribution sector is not very competitive. We have many different layers and each layer will take a kind of premium or the economic profits so consumers are not getting any benefits. That is the kind of system you have. This is why we want to emphasise competition policy. However competition policy for consumer benefits is not yet being progressed very much, they only talk about who is gaining from the producers' point of view. Also, we do not have any global competition policy to govern this kind of merger or things like that. Maybe the United



States wants to apply their domestic anti-monopoly law to other cases. In addition, the regulatory convergence will be awfully difficult. For example, let us talk about regulatory standards for the safety of automobile parts. Korea has treaties based on the European and US standards, and for that reason Korean companies are experiencing difficulties in making these parts for different standards. However, if you want to merge these standards together, to which standard will it merge? It is a huge task. That is why Ambassador Fried mentioned that regulatory harmonisation and regulatory convergence is a very important issue but whether can we get there is another issue. It may be even more difficult than having trade agreements. Those are my initial comments to your question.

Kemal DERVIS, Vice President and Director of Global Economy and Development, Brookings Institution, former Minister of Economic Affairs of Turkey

Candidate Clinton's stand?

BARK Taeho, Professor at Seoul National University, former Minister for Trade, Republic of Korea

Well if you apply very simple political economy you have a clear answer. You do not have to welcome this TPP at this early stage. By saying the TPP has some problems she can invite more support for her campaign. President Obama, who was a candidate running a campaign around 2008/2007, mentioned that the Korea-USA FTA had fundamental flaws so he could get all the votes from Detroit. Right now Mrs. Clinton says there are some problems. That is much better politically than to truly support the TPP at this stage. That is how I understand it.