

This report is written by Aykut Cicekdal, researcher at Hanns Seidel Foundation Korea. It is a report on 2017 KIEP-FES-KDGW International Conference: Asia-EU Cooperation under Changing Environment on November 2nd, 2017 at the Seoul Dragon City Hotel.

2017 KIEP-FES-KDGW International Conference: Asia-EU Cooperation under Changing Environment

Date: November 2nd, 2017, 9:00 a.m. – 5:45 p.m.

Venue: Grand Ballroom D (Baekdu, 5th floor), Seoul Dragon City Hotel

Co-Hosts: Korea Institute for International Economic Policy (KIEP)
Friedrich-Ebert-Stiftung (FES), Korea Office
Korean-German Academy of Economics and Management (KDGW)

In their opening remarks Dr. Kim June Dong (Senior Vice President, KIEP), Prof Kim Yu-Chan (Hongik University, President of KDGW) and Sven Schwersensky (Resident Representative, FES) mentioned the importance of multilateralism, especially in a globalizing and rapidly technologically developing world, and that protectionism following recent nationalist trends could harm global economy. Protectionist policies and the number of anti-globalists of the financial crisis in 2008 have led to, are still impacting our present, making conferences like these highly relevant in these times, to find suggestions to overcome protectionism and to cope with present and future challenges of globalization. Cho Byungjae (Chancellor, Korea National Diplomatic Academy) gave welcoming remarks, pointing at good relations between the EU and Asia and the economic challenges of South Korea, which have become even more difficult after 2008. Then a keynote speech was held by Prof. Gerhard Stahl (Visiting Professor, Peking University HSBC Business School, Shenzhen). He made clear that Asia plays an important role in global economy – and is going to play an even more significant one in the future – with the EU as strong and stable trade partner. However, such partnerships and macroregional integrations are still to be further developed, since networks like these are highly sophisticated cooperation structures with different kinds of institutions leading to higher economic and political dependencies and interactions. This makes globally inclusive, multilateral arrangements, thus also internationally coordinated policy, indispensable to protect and secure the common interest. Shrinking inequality between, but rising inequality inside

countries due to globalization create risk of populist politics and a rejection of an open international economy posing a threat to global economy and politics. Therefore, sharing the benefits of globalization within countries and maintaining global and multilateral partnerships are challenges that must be met.

The first session, “The Recent Rise of Protectionism: Feasibility and Impact on the Existing Trade Order and the Global Economy”, chaired by Prof. Sohn Seyung-Hee (Dankook University), started with Prof. Park Sung-Hoon’s (Korea University) presentation “Increasing Protectionism and Challenges to Global Economic Governance” giving an overview of currently increasing protectionist developments in the World Trading System, such as Economic Nationalism as practiced by China and USA under Trump administration and other isolating trends, like Brexit or Catalonia’s attempted independence. He mentioned that a leadership vacuum in multilateralism is a major challenge to Global Economic Governance. The cooperation between Europe and Asia would be a first step and an important basis to overcome current and future challenges. Afterwards, Dr. Kim Se-Um presented his “Prospects for the Impact of Expanding Protectionism on the Labour Market” showing that employment, especially created by exports to China and the U.S., would decline significantly through strengthened protectionism, rising the unemployment rate by 0.2-1.2%p. Thereby he also distinguished by groups: males, 30-39-year olds, high school graduates or people with lower education level as well as equipment, machine and assembly workers would be affected the most. He concluded that policies should minimize the duration of protectionism and support vulnerable industries (e.g. shipbuilding), to overcome short-run shocks.

Chair Lee Yeon-Hee started the second session “Asia-EU Cooperation to Overcome Protectionism”, which should be more about a specific partnership between Korea and the EU. The first presentation “Digital Innovation and Korea-EU Cooperation” was held by Dr. Kim Jung-Gon, outlining the importance of Digitalization and digital innovation for growth these days and in the future. Korea is showing high potential in this area, such that it could compete on global markets, while the EU is implementing a Digital Single Market, in which an EU-wide basis of digital innovation and new growth potentials shall be created. Finally, he suggested a close cooperation between Korea and the EU, that are offering very promising sectors, in which both partners could benefit. Prof. Kim Taehwang (Myongji University) held his speech “Reinforce Korea-EU FTA against Global Politico-Economic Risks” addressing the risk, which protectionism is posing due to recent international political dynamics, regional conflicts and other developments. If these protectionist trends go on, they could induce a positive feedback effect, that would weaken global economy significantly. Thus, today’s complexity of global

trade as well as of exchanged goods and services themselves and the asymmetry of bargaining power in bilateral negotiations make global cooperation and multilateralism so important. Hence cooperation needs be reinforced by promoting the multilateral trade system, building the Korea-EU FTA and revitalize regular practical meetings and policy dialogues to improve it.

The third session, “FTA Policies of Korea and the EU: from the Perspectives of Consumers and Public Policy”, was opened by Chair Prof. Kang Yoo-Duk (Hankuk University of Foreign Studies) before Tim Peter (Accredited Assistant, Office of MEP Bernd Lange, Chair Committee on International Trade) took the floor. In his presentation “Implications of the EU-Korea FTA: Position of the European Parliament” he explained the EU Parliament’s functions in making trade policies, after mentioning the new political landscape, which is marked with populist, protectionist and inward-looking tendencies. He concluded that a cooperation between Korea and the EU was necessary and that it would be a continual process, whose key for implementation are dialogues. Prof. Ko Jong-Hwan (Pukyong University) presented his study “Brexit and Its Economic Implications for the Global Economy”, in which he simulated policy scenarios of/after and their impact on global economy. In conclusion Brexit and its protectionist effects will lead to lower economic growth of the UK and the 27 member countries of the EU with a lower level of welfare, resulting in “a loose-loose-situation for everyone, with no possible win-win-situation “, as Prof. Stahl phrased the consequences appropriately after the presentation.

After summarizing each session in the closing session, Prof. Kim Yu-Chan in his closing remarks mentioned that further discussions like these in such a wide spanning topic will contribute to future cooperation between Korea and the EU, while Schwersensky outlined the importance of multilateralism and particularly the EU-Korea partnership. Dr. Joe Dong-Hee closed the conference pointing out that there is still a lot to do to overcome protectionism and to improve the situation in partnerships, but the future is looking quite bright.