

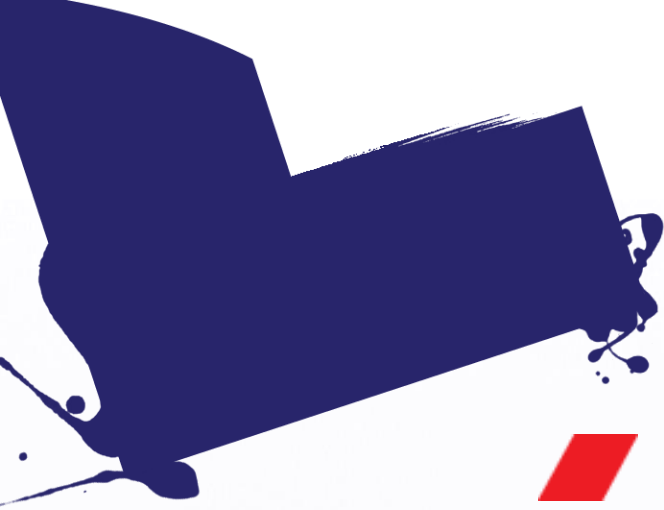


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Korea's Perspectives on the TPP

JIN KYO SUH

Senior Research Fellow
Korea Institute for
International Economic Policy



Outline of the Presentation

1. Introduction

2. Korea's View on the TPP

- Is it a new global standard ?
- Is it a *de facto* isolating China ?
- Membership costs for Korea ?
- Expected gains for Korea ?

3. Conclusions

1. Korea's GDP structure

$$\text{GDP} = C + I + G + (X - M)$$

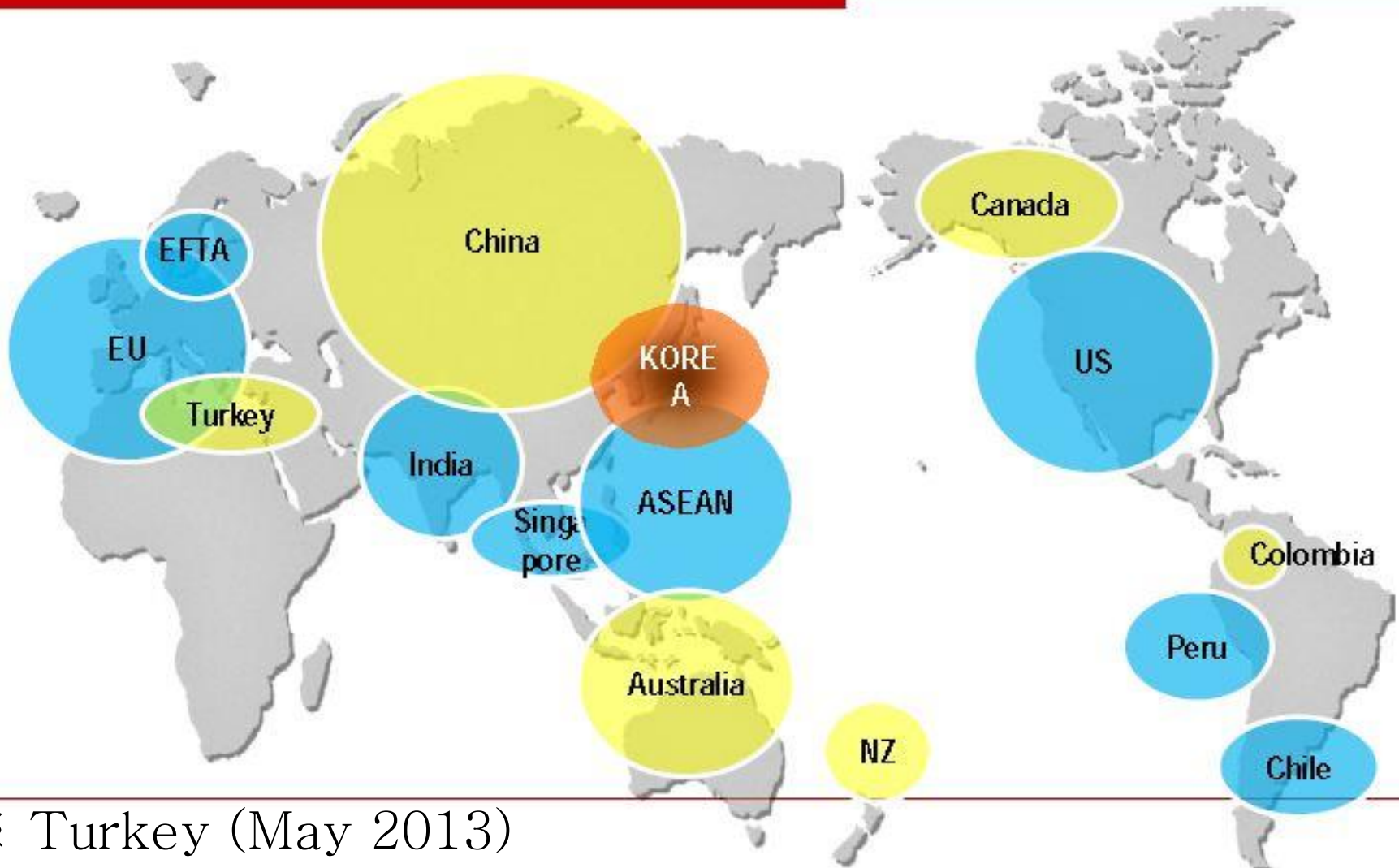
GDP (2012)	KOREA (100.0)	US (100.0)	JAPAN (100.0)
1. C (Consumption)	53.5	70.9	60.9
2. I (Investment)	26.7	13.1	16.3
3. G (Govt. Expenditure)	15.8	19.5	25.5
4. Net Export (X-M)	3.1	(-)	(-)
- Export	(56.5)	(13.9)	(14.7)
- Import	(53.4)	(17.5)	(16.7)
5. (Export + Import)/GDP	109.9	31.4	31.4

Source: BOK(Bank of Korea), BEA(US Bureau of Economic Analysis)
JPN(Cabinet Office)

2. Korea's FTAs

In effect: 9 FTAs

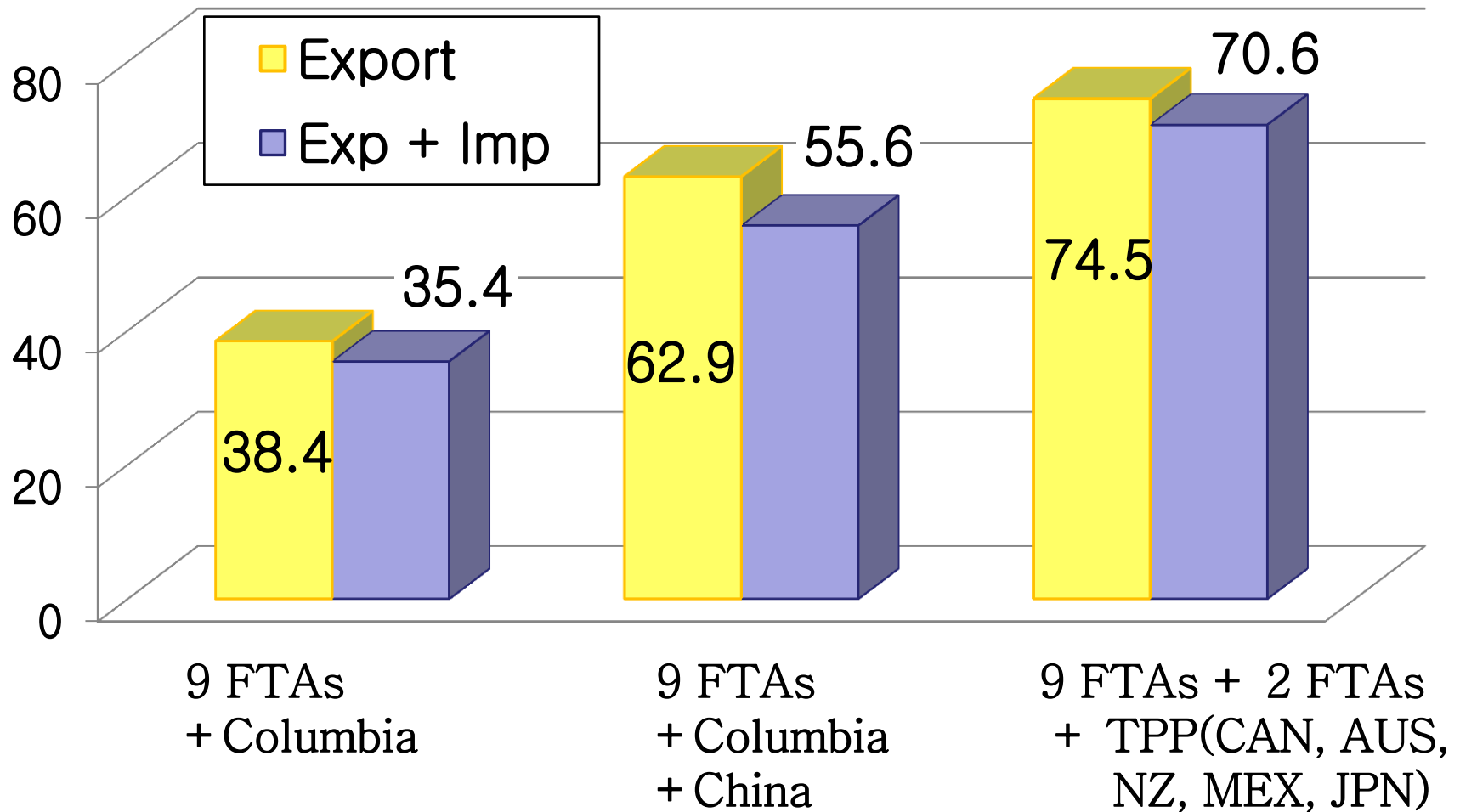
In effect **In negotiations**



※ Turkey (May 2013)

3. Trade with FTA partners

35%(2012) ⇒ Target(80%)



Source: KITA (Korea Trade Statistics)

4. Still strong resistance

- Especially, farmers strongly opposed all types of market liberalization for farm products.



- The TPP partners seek new global standards on emerging issues which are not addressed in both the previous FTAs and the WTO
- The TPP **could be served as a template for a future global trade rule** among WTO members

- However, the TPP is one of enormous economic bloc between the three advanced giants (US, Japan, EU)
- Developing countries **have a suspicion**
 - **Make the discriminative club for only themselves**
 - **Make new rules reflecting only their interests within their club**

- The current content of TPP is beyond China's acceptance limit.
 - China is still far behind more advanced economies in quality, extent and abilities of its nascent service
- The living agreement of the TPP can be a purely rhetorical device.
 - China may believe that Japan's joining the TPP means that the US has taken a step forward encircling China

China: a leading trade partner of Korea

Korea's Merchandise Trade (2012)

Unit: \$ Billion

	Total (A)	With China (B)	(B/A)
Export	547.8	134.3	0.25
Import	519.6	80.7	0.16
Balance	28.2	53.5	1.89

Moreover...

- China can influence on North Korea's decision making, which directly relates to national security issues of Korea

■ In the case of Canada

- Supply management system for dairy & poultry
- Copyright laws

■ Korea has now 5 pending FTAs with TPP members

- Canada, Australia, and New Zealand: Ag. Products
- Japan: Manufacturing goods (Vehicles)
- Mexico: Maintain protective measures

7. Expensive Entry Fees? (2)

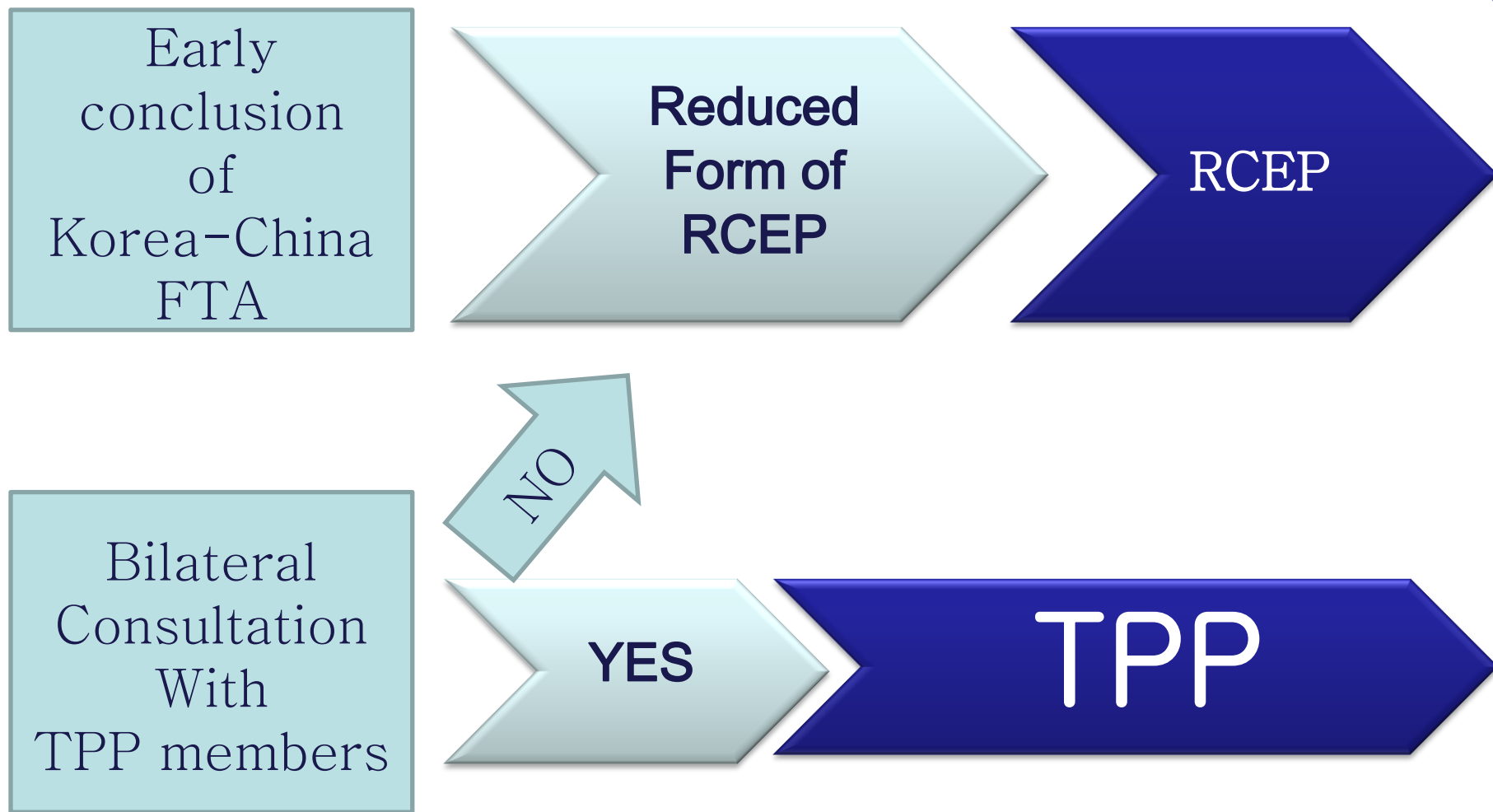
Trade with Japan, Canada, Mexico

Unit: \$ Billion

		Export	Import	Balance
Japan	Total	38.8	64.4	-25.6
	Ag. Product	4.8	1.2	3.6
	Manufactured Prod.	34.0	63.2	-29.1
	- Autos, Machines	12.1	22.6	-10.5
Canada	Total	4.8	5.2	-0.4
	Ag. Product	0.1	1.2	-1.1
	Manufactured Prod.	4.7	4.0	0.7

Source: KITA (Korea Trade Statistics)

9. Two-Track Approach





Thank you !!!