

Panel: South Korea - China FTA (Cosmos & Violet Room)

Date/Time: Tuesday, December 11, 2012 / 14:15-15:30

Talking Points for: Xiong Lili, Associate Professor, University of International Business and Economics

China- South Korea FTA Talks: Benefits and Challenges

First of all, the two countries participating in the process of the FTA talks can share a broader common market, thus economic growth in both of the two countries can be enhanced. Secondly, consumers in both of the two countries can have easier access to better commodities manufactured in the other country at lower prices. Thirdly, as two of the biggest economies in East Asia, China and South Korea can have closer economic ties with each other, which will not only amplify economic gains to both of the two countries, but also promote mutual trust and political cooperation between the two countries. As economic ties can promote mutual understanding and communications between the two different societies in East Asia, peace and stability in East Asia can get better guaranteed. Finally, even FTA talks themselves can be interpreted as a signal of cooperation, not only economically but also politically.

Although there are above-mentioned benefits for all the two countries to share an FTA or even FTA talks, it may be a great challenge for some of the industries and enterprises in both of the two countries. While the South Koreans are mainly concerned about opening their agriculture sectors, China, which has lower level of industrialization and bigger market between the two countries, has much more industries and enterprises to worry about in opening up its market to the other highly industrialized economy. Therefore, just because of trade barriers, such as industrial protection or market protection, China- South Korea FTA faces a long negotiation journey. Furthermore, as there have already been a number of existing trade agreements and more under negotiation in Asia-Pacific region, such as South Korea-US FTA, China-Asean FTA, Transpacific Partnership Agreement and China-Japan-South Korea FTA, here the numerous trade agreements are just like noodle in a bowl. Therefore, it will be a greater and greater problem that how to chart a way out of the “noodle bowl” of overlapping trade agreements in the region. Finally, different investment policies

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and political factors can also be great challenges for the process of China-South Korea FTA talks.

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