

US-Korea Cooperation on GVCs and Trade

Webinar on the Biden Administration and US-ROK Economic Cooperation

April 2021

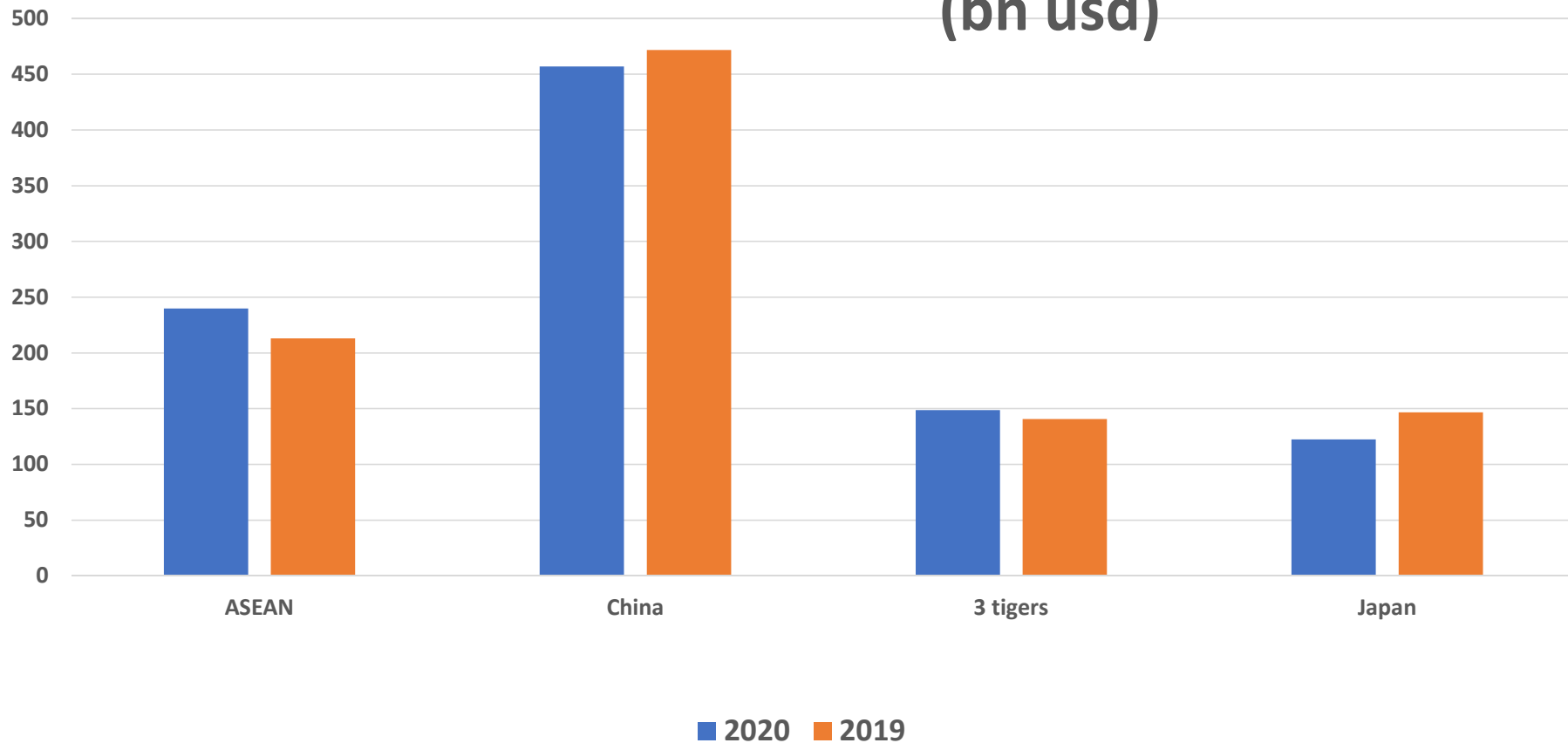
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Summary

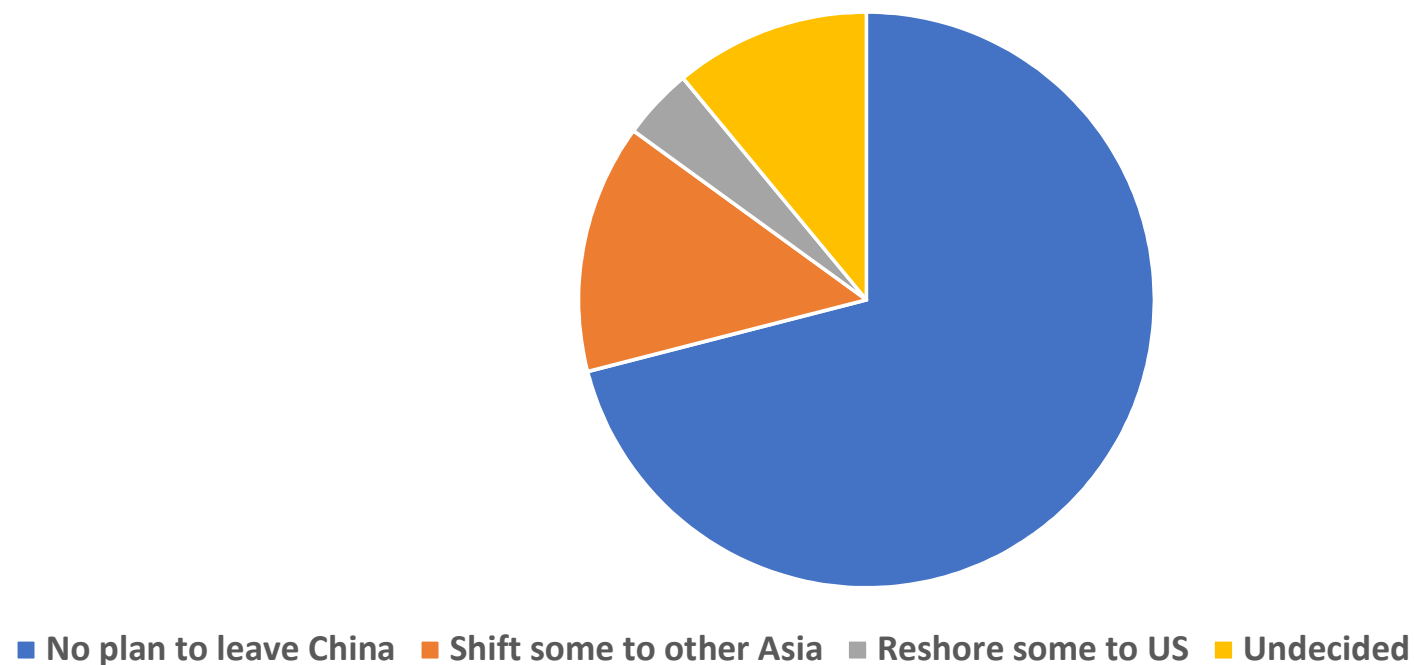
- GVCs surprisingly resilient despite shocks
- Decoupling from China unrealistic, costly
- US, Korea, China have some common interests (climate, DPRK)
- National security controls should focus on a small number of truly sensitive technologies
- Government Procurement Arrangement creates a club of like-minded economies

US Imports from Asian Partners, 2019-2020 (bn usd)

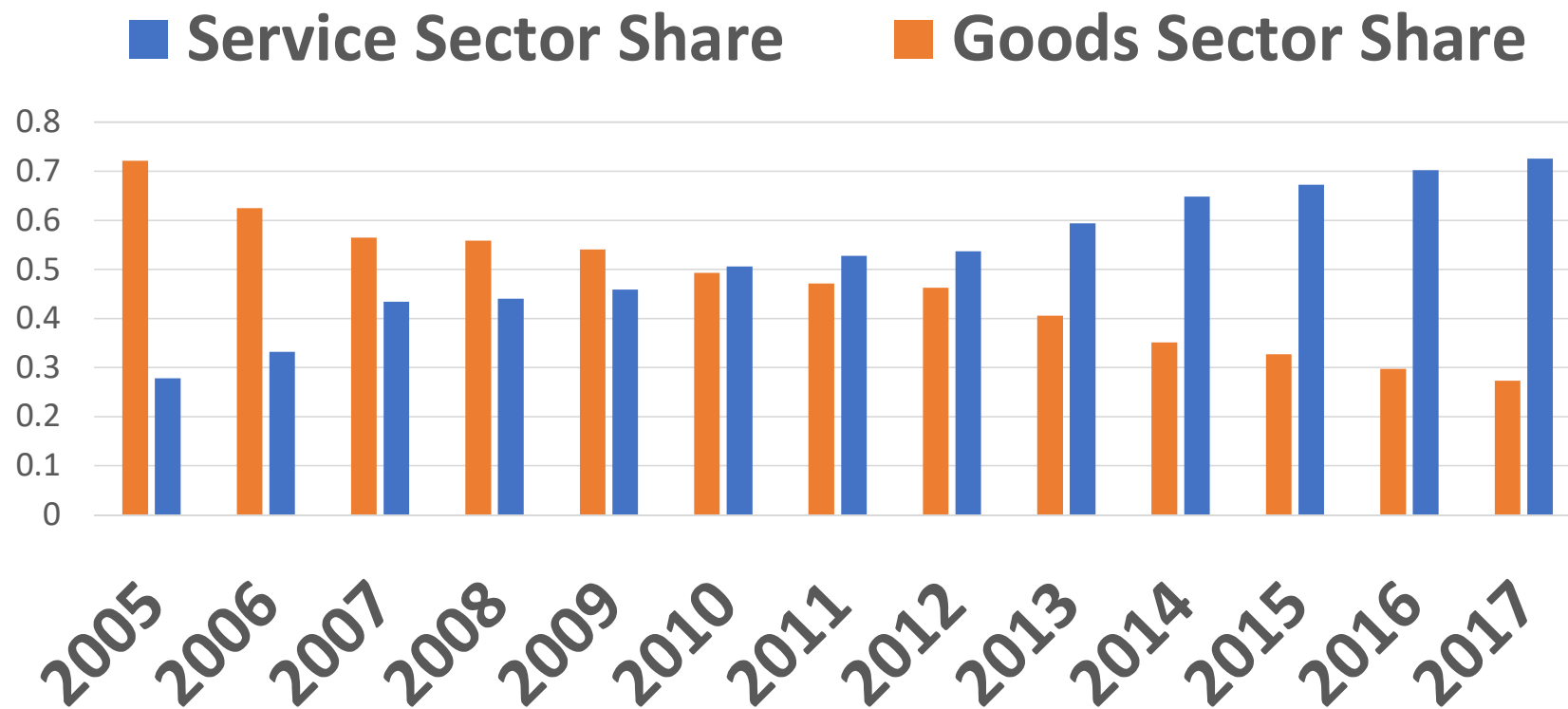


AmCham China's 2020 Survey of U.S. Firms

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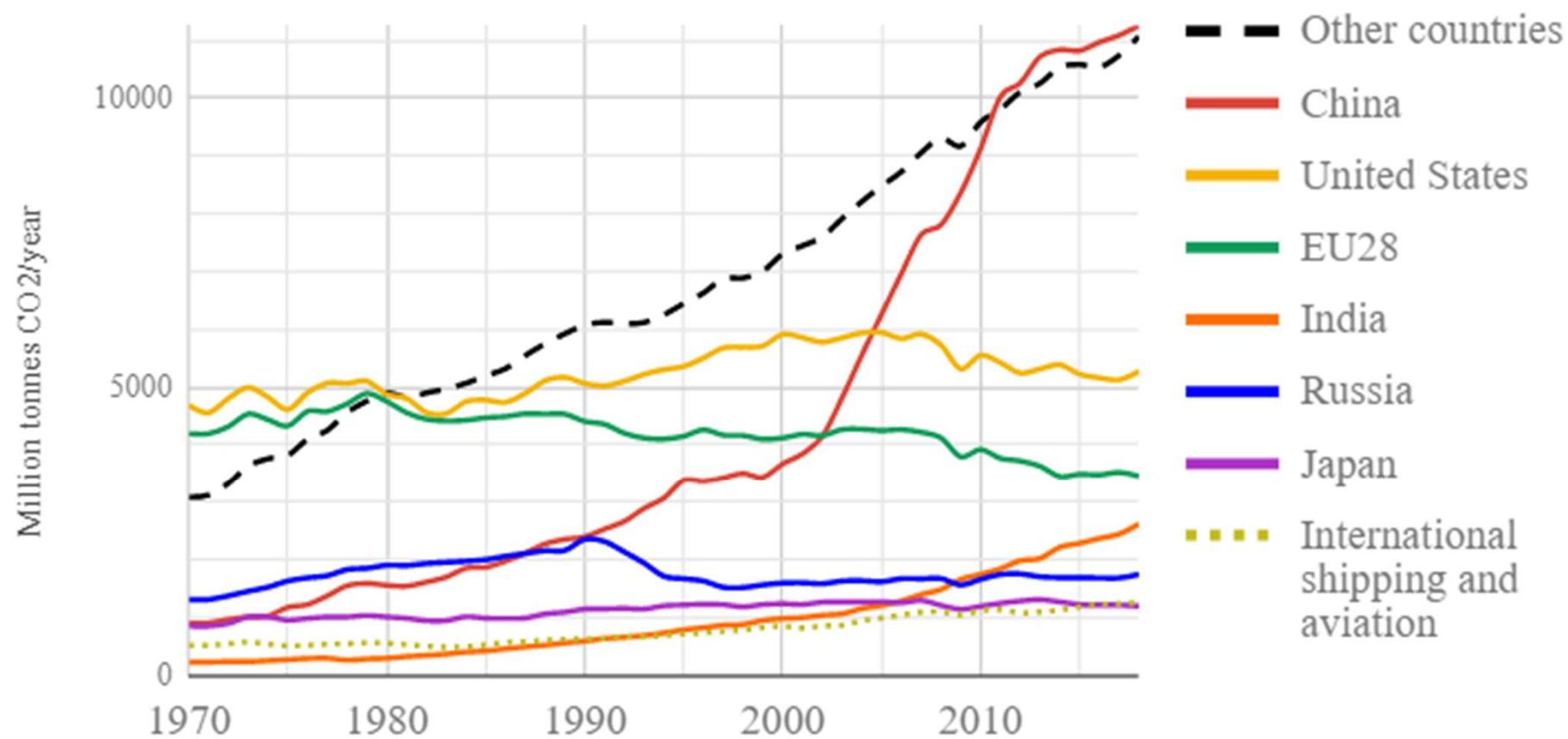
FDI into China has shifted from goods to services



US-Korea Cooperation on the China Challenge

- Three countries have a common interest in reducing carbon emissions, domestically...
- But also throughout developing world (peer pressure on China to halt financing of coal-fired power in BRI)
- Three-way cooperation on DPRK also crucial: denuclearization, family reunification, economic ties
- But also serious security and human rights concerns (Hong Kong, Xinjiang)

World fossil carbon dioxide emission 1970-2018



“Buy American” Provisions Threaten U.S.-Korea Cooperation

- Biden’s \$3 trillion infrastructure package likely to pass in some form
- Significant increase in investment in roads, bridges, ports, rail, water and sanitation, broadband, electric vehicles
- Political pressure to “buy American” – more costly and undercuts global trade regime
- Government Procurement Arrangement group within the WTO is a natural, like-minded club

Asia-Pacific Trade Agreements

- U.S. missing from recent Asia-Pacific trade agreements: TPP and RCEP
- China moves ahead with RCEP and CAI
- Ideally, U.S. and Korea join TPP but tough politically
- Asia-Pacific agreement on cross-border data flows could be a practical step in the right direction

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