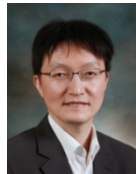



Rethinking ASEM in the Era of Neo-Protectionism



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On the morning of the parliamentary debate on December 18, 1945, Lord J. M. Keynes delivered his last official speech to the House of Lords, stating that "the object of the multilateral system is to enable us to pay the United States by exporting to any part of the world and it is partly for that very reason that the Americans have felt the multilateral system was the only sound basis for any arrangement of this kind. All the most responsible people in the United States,..., have entirely departed from the high tariff, export subsidy conception of things, and will do their utmost with,..., the support of public opinion in the opposite direction. That is why this international trade convention presents us with such a tremendous opportunity. For the first time in modern history the United States is going to exert its full, powerful influence in the direction of reduction of tariffs, not only by itself but by all others."¹

The parliamentary session was held to discuss in the House of Lords why the UK must accept American financial arrangements such as the IMF and IBRD, as set out in Command 6546 of 1944. Lord Keynes asserted

¹ Hansard Parliamentary Debates, Vol. 138, Lords Sitting of 18 December, 1945, pp. 792-793.

to the law makers that the UK, the impoverished land of the old Empire, should utilize this chance presented by the emerging multilateral system initiated by the US, for the recovery of the UK economy. Noticeably, the US had enjoyed a gigantic trade surplus against Europe and the world, and free trade was strongly supported by the citizens of the US.

The testimony by Lord Keynes strikes a sharp contrast with what we observe in the contemporary international economy. The Trump administration has initiated a trade war against China, the EU, Canada, and other countries by conducting bold tariff measures against its major trading partners. US President Donald Trump argues that the current trade order is far from "fair" to the US and is largely responsible for the severe loss of jobs within the US, meaning it is imperative to level the playing field by shaking up the existing trade regime. The Doha Development Agenda (DDA), already in stall, is now de facto dead, and the WTO Dispute Settlement System is being stifled. The multilateral trade regime is in crisis.

Against this backdrop, it is no wonder at all to see talk about changes in the current trade regime that the WTO represents. The EU, together with Canada and other countries, is said to have recently taken a step toward reform of the WTO. While the beginning of talks on WTO reform are yet to be officially announced, let alone the direction of reform fixed, we need to talk about the issue in many international venues from now on, and the approaching Asia-Europe Meeting (ASEM) Summits in mid-October can present such a major arena to discuss the issues.

ASEM, an intergovernmental process of 53 partners of Europe and Asia, was established in 1996 to foster dialogue and cooperation between Asia and Europe, and it addresses political, economic, social, cultural, and educational issues of common interest.² Over its twenty-two years, ASEM has been a strong supporter for the multilateral trading system. It has demonstrated its sound capacity to build up mutual trust and cooperative efforts for the WTO as well. The 12th ASEM Summit meeting, which will be held in Brussels, 18-19 October 2018, will address diverse impending issues including the crisis of the multilateral trade regime, under the banner of "Global Partners for Global Challenges."

It is undeniable that ASEM has quite often been criticized as a mere talking shop with no action. Considering the fact that ASEM is an informal and multi-dimensional dialogue entity, the criticism is not without reason. At the same time, however, it has played an important role in

² Fostering Dialogue and Cooperation between Asia and Europe. Asia-Europe Meeting. Available at <https://www.aseminfoboard.org/about/overview> (accessed September 12, 2018).

producing various ideas and new thinking among members, and spreading them throughout the international society. The uniqueness of the Asia-Europe dialogue in that it does not include the US is also noteworthy, as there are few such international dialogues.

In this coming ASEM Summits, it is strongly recommendable to pronounce a confirmation on the importance of free and fair trade under the multilateral trade regime. It would also be desirable for ASEM members to recognize the important role of the WTO within the contemporary trade regime. At the absolute time when we are in absolute need of free, fair and open trade, the 12th ASEM summits should play a role, so that APEC and the G20 can follow the same road. ASEM can be a stepping stone to carving a seal of resurgence for the multilateral trading system on the hearts of people around the world.

Let me close my words by quoting again the last testimony of the late Lord Keynes. To sum up, we cannot hand over a *crazy* world to the future generation.

"The separate economic blocs, and all the friction and loss of friendship they must bring with them are expedients to which one may be driven in a hostile world, where trade has ceased over wide areas to be co-operative and peaceful and where are forgotten the healthy rules of mutual advantage and equal treatment. But it is surely *crazy* to prefer that."³ KIEP

³ Hansard Parliamentary Debates, Vol. 138, Lords Sitting of 18 December, 1945, p. 794. Mr. Keynes passed away several months later, in April of 1946.