

Press Release



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The 41st PAFTAD Conference The Future of the Global Economic Order

The Korea Institute for International Economic Policy (KIEP, President Siwook Lee) held the public session of the 41st Pacific Trade and Development Conference (PAFTAD) on "The future of the global economic order" on September 15, 2023, starting at 9:30 AM at The Plaza Hotel in Seoul.

Mari Pangestu, who is the Chair of the PAFTAD International Steering Committee and Professor at the University of Indonesia (former Indonesian Minister of Trade), chaired this special public session. The panel discussants of the session included Professor Myung-hee Yoo of Seoul National University (former ROK Trade Minister), Dr. Chad Bown, Reginald Jones Senior Fellow of the Peterson Institute for International Economics, Professor Danny Quah of the National University of Singapore, and Professor Barbara Stallings of Brown University.

The contents of the panel discussion are as follows.

The global economic order is in transition and under threat. East Asia is at the centre of international economic dynamism and interdependence. It is also where the most important global geopolitical, economic and security fault lines are. East Asia has been the biggest beneficiary of the existing rules-based economic order and has the most reason to prevent its fracture.

Barbara Stallings explained that the US-China relationship made the world much more complicated now than it had been since the end of world war 2. The role of emerging market and developing economies will be much more important in the coming years. She added the possibility that China and Russia might form a long-term relationship and discussed its implications for the world economy.

Chad Bown addressed the key questions of how the United States finding ways to de-risk, and what to look for. The tools deployed by Washington include discriminatory tariffs, industrial policy and bespoke new forms of market access. He also discussed the future of supply chains by asking and answering an important question, “Will supply chains become more resilient and responsive but less efficient and higher cost?”

The future of the world order does not need to be left to the great powers, **Danny Quah** told us. Other countries — South Korea, those in Southeast Asia, Europe — can play an important role in the new geopolitical order. He explained what can productively be done.

This public forum highlighted the deliberations of the 41st PAFTAD conference on Globalization and the Economics, Technology and Security Nexus.

Participant Profile

(Chair)

Mari Pangestu, Professor of the University of Indonesia, former World Bank Managing Director of Development Policy and Partnerships, and former Minister of Trade, and former Minister of Tourism and Creative Economy for Indonesia.

(Panellists)

Myung-hee Yoo, Professor of Seoul National University GSIS and former Trade Minister for South Korea.

Chad Bown, Reginald Jones Senior Fellow of the Peterson Institute for International Economics, and previously served as senior economist for international trade and investment in the White House on the President’s Council of Economic Advisers.

Danny Quah, is Li Ka Shing Professor in Economics and Dean of the Lee Kuan Yew School of Public Policy at the National University of Singapore. He is also Commissioner on the Spence-Stiglitz Commission on Global Economic Transformation; and serves on the Executive Committee, International Economic Association.

Barbara Stallings is William R. Rhodes research professor at the Watson Institute for International and Public Affairs at Brown University.

Background Information

(Theme: The future of the global economic order)

The international economic order has underpinned political stability and economic prosperity around the world. Yet the international economic landscape is currently undergoing a profound transformation, driven by a complex interplay of forces that challenge established norms and structures. This order is under threat as rising tensions between the United States, China and

Russia intersect against a backdrop of long-standing failures in global economic governance and domestic policies.

Two distinct drivers of disruption include economic competition, marked by concerns that markets do not always function optimally and that not all economic growth is inherently beneficial, and geopolitical standing and influence, with contentious issues such as extending influence in developing countries impacting international stability. The coexistence of these two disruptive factors, economic competition, and geopolitical influence, often creates tension and self-inconsistencies in the global order's analysis. This complexity is further compounded by the absence of signs indicating a retreat from these disruptive dynamics.

Historical evidence provides no uniform narrative about the current geopolitical rivalry. This lack of consistency suggests that the existing global order is neither natural nor inevitable.

The relationship between the United States and China is fundamentally reshaping the early-to-mid 21st-century world, driven by the size and dynamism of the Chinese economy, complex interconnections with Western nations, and the pivotal vision of China's leadership.

In response to these disruptive forces, the United States is pursuing a strategy of de-risking rather than resorting to protectionism. This approach is driven by several key considerations, including the need to address the excessive geographic concentration of production, which renders the global economy vulnerable to various shocks related to climate, health, and geopolitics. The urgency surrounding climate change and sustainability acts as a driving force, while maintaining political support for an open global economy requires tangible progress in environmental, labor, and sustainability standards.

Large nations traditionally assume significant roles in geopolitical and economic activities due to their economies of scale, while other nations face distinct challenges, as many crucial domains lack economies of scale, demanding innovative approaches for meaningful engagement in geopolitics. Hence, emerging market and developing economies are on the cusp of playing increasingly vital global roles, as they gain power and influence, express a desire for non-alignment, and foster multifaceted relationships with China, particularly in Southeast Asia.

This public forum serves as a platform to show the future trajectory of the global economic order, marking the culmination of PAFTAD 41. This longstanding tradition underscores the importance of sharing insights with the wider public, fostering open dialogue, and inspiring further discourse on the pressing issues that shape the international economic landscape

Photo 1. Group Photo



The Korea Institute for International Economic Policy (KIEP) hosted the 41st Pacific Trade and Development Conference (PAFTAD) from Wednesday, September 13 to Friday, September 15 at The Plaza Hotel in Seoul under the theme of "Globalization and the Economics, Technology, and Security Nexus: The Future of the Global Economic Order."

Prominent figures who participated in this academic conference included President Siwook Lee of KIEP, Chair Mari Pangestu of PAFTAD and Professor at the University of Indonesia (former Indonesian Minister of Trade), Professor John Ikenberry of Princeton University, Senior Fellow Chad Bown of the Peterson Institute for International Economics, Honorary Professor Peter Drysdale of the Australian National University, Honorary Chairman Soo-gil Ynag of SDSN (former Chairman of the Green Growth Committee), Professor Il-hyung Lee of the Free University of Brussels (former Member of the Monetary Policy Committee), Senior Vice President for External Affairs Chul Chung of KIEP and others.

Photo 2. President Siwook Lee of KIEP



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Photo 3. Chair Mari Pangestu of PAFTAD and Professor at the University of Indonesia (former Indonesian Minister of Trade)



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Photo 4. Public Session



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(from the left) Professor Myung-hee Yoo of Seoul National University (former ROK Trade Minister), Senior Fellow Chad Bown of the Peterson Institute for International Economics, Professor Mari Pangestu, who is the Chair of PAFTAD and a Professor at the University of Indonesia (former Indonesian Minister of Trade), Professor Danny Quah at the National University of Singapore, Professor Barbara Stallings of Brown University.
