

**RIETI-ANU Symposium**  
**Japan and Australia:**  
**Leading Asia Pacific regionalism in uncertain times**

Handout



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# Threats to Global Trade and Asia's Response

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# The global scene

- President Trump has fired what could become the first shots in global trade war
- ominous developments: not business as usual
- most serious crisis in trade policy in my professional lifetime
- recovery from the GFC but protectionism growing globally
  - Brexit and Europe's troubles
  - American retreat from leadership against protectionism
  - not short term but fundamental structural problems
  - China's rise anti-globalization; mal-distribution of the gains from trade
- Asia's response to the unfolding global crisis?
- 'wait-and-see' not viable

# The threats

- Asia has its problems but the most dynamic part of global economy: object of global envy and hope
- economic dynamism depends on major reform programs that are made more difficult with a hostile external environment
- critical importance of confidence in global system to Asia
  - underpinned growth in Asian interdependence
  - rules and dispute resolution
  - implications for economic and political security
- rapidly growing uncertainty and trade war risks; already damaging to economic and political security

# Asia's choices

- Asia's guardianship: regionalism with global objectives
- growth through domestic reform and liberalization
- idea of open regionalism: avoiding the European problem
- unravelling of the TPP: TTP-11 strategic response to global system problems
- first step in Asia's strategic response to policy uncertainties
- RCEP ready-made coalition for buttressing regional reform AND ALSO checking the retreat from globalization
- engage on new issues of industrial adjustment; investment and the digital economy: remain open to the US
- political and security dimensions of robust global trade regime

# Asia: regionalism with global objectives

- Asian bulwark against regime collapse
- hard choices on whether to retaliate or not is escalating trade war: measured response, maintaining course on liberalisation
- lines of defence: global (G20); APEC; TTP-11; EU-FTA initiative; East Asian RCEP platform
- RCEP not simply a free trade arrangement: also economic cooperation and political arrangement with global weight: requires the engagement of China and India to protect the rules-based order
- time for collective Asian leadership