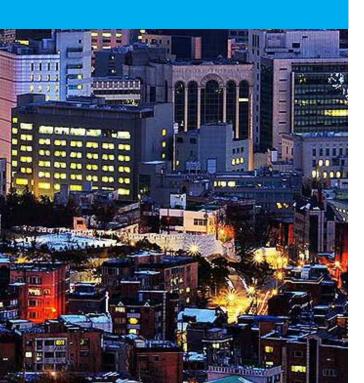






CONTENTS



From the Pacific Council
President & CEO

The Pacific Council and Korea Foundation

3 Agenda

Tony Seba:
Major Industries Will Be
Disrupted by 2030

The United States and South Korea Must Work Together on Technology

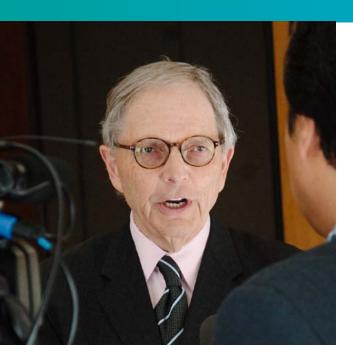
Climate Risk and Oppportunity in South Korea By Kate Gordon

13
The U.S.-Korea Free Trade Agreement is Mutually Beneficial

15
Technology, Not Trade, Will Affect Jobs in the United States and South Korea
By Yong Suk Lee

17
Roster of Attendees

FROM THE PACIFIC COUNCIL PRESIDENT & CEO



The Pacific Council is committed, first and foremost, to making the U.S. West Coast the foreign policy powerhouse that it undoubtedly is. The SeouLA Forum—the first of its kind for the Pacific Council and the Korea Foundation—aligns closely with that commitment.

As the leading gateway to the Pacific Rim, Los Angeles has emerged as the center of Asian-American economic, business, educational, and cultural exchanges. And as Angelenos know, South Korea holds particular importance to Los Angeles in terms of trade, business, and culture. The University of Southern California has the largest number of Korean students of any university in the United States, and more Korean immigrants live in Los Angeles County than anywhere else in the United States.

South Korea is also the Port of Los Angeles's fourth largest trade partner behind China, Japan, and Vietnam, accounting for nearly \$2.5 billion annually.

South Korea ranks sixth among the largest trading partners of the United States in 2017, with the Port of Los Angeles ranking as the top conduit of U.S.-Korea trade.

The longstanding relationship between the Republic of Korea and the United States of America was summed up perfectly by a joint statement in 2013 that described the alliance as an "anchor for stability, security, and prosperity on the Korean Peninsula, in the Asia-Pacific region, and increasingly around the world."

Under a new U.S. administration, will the relationship change? Can Seoul and Los Angeles be a model for broader U.S.-Korea relations? These questions and many others framed the discussions at SeouLA.

Together with the Korea Foundation, we were pleased to see and hear from so many U.S. and South Korean experts in trade, economic policy, technology, clean energy and more, discuss maintaining and strengthening these important bridges between Seoul and Los Angeles. We look forward to continued collaboration and understanding in the years to come.

With my warmest regards,



Dr. Jerrold D. GreenPresident & CEO



Pacific Council ON INTERNATIONAL POLICY

The Pacific Council is an international affairs organization. We are more than a think tank: we work to make the U.S. West Coast a foreign policy powerhouse.

We are headquartered in Los Angeles. We are independent. We are non-partisan.

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The Korea Foundation promotes a better understanding of Korea in the global community and strengthens friendships between Korea and other countries.

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AGENDA

FRIDAY MARCH 31, 2017

WELCOME

The Honorable Mickey Kantor

Director, Pacific Council; Partner, Mayer Brown LLP; U.S. Secretary of Commerce (1996-1997); U.S. Trade Representative (1993-1996)

Ambassador Sihyung Lee President, The Korea Foundation

Ambassador Key-cheol Lee Consul General, Korean Consulate General in Los Angeles

KEYNOTE INTERVIEW

Mr. Tony Seba

Instructor of Entrepreneurship, Disruption, and Clean Energy, Stanford University

Ms. Jennifer Faust (moderator) Executive Director, Pacific Council on International Policy



SESSION 1

Economic Revitalization Through New Technology Between the U.S. and Korea

Dr. Sangkyun ChaDirector, Big Data Institute,
Seoul National University

Mr. Jay Eum Co-Founder & Managing Director, TransLink Capital

Ms. Kate Gordon Senior Advisor, Paulson Institute

Dr. Jinhyung KimPresident & CEO,
A.I. Research Institute

Dr. Angelov Farooq (moderator) Founding Director, UC Riverside Center for Economic Development & Innovation

SESSION 2

The Status of U.S.-Korea Free Trade

Dr. Taeho BarkProfessor,
Seoul National University

Dr. Byung-il ChoiProfessor,
Ewha Women's University

Ms. Clara Gillispie
Senior Director of Trade, Economic
and Energy Affairs, The National
Bureau of Asian Research

Dr. Yong Suk LeeFellow, Freeman Spogli Institute for International Studies

Dr. Yunjong WangAdjunct Professor,
Catholic University of Korea

Dr. Wook Chae (moderator) Professor, Kyung Hee University

CLOSING REMARKS

Dr. Jerrold D. GreenPresident & CEO,
Pacific Council on International
Policy

Ambassador Sihyung Lee
President. The Korea Foundation



Major industries such as energy and transportation will undergo a complete "disruption" by the year 2030, according to Mr. Tony Seba, an instructor of entrepreneurship, disruption, and clean energy at Stanford University, and the author of Clean Disruption of Energy and Transportation: How Silicon Valley Will Make Oil, Nuclear, Natural Gas, Coal, Electric Utilities and Conventional Cars Obsolete by 2030.

"If you look at any industry: healthcare, construction, energy, transportation; everything will be disrupted in the next 10 to 15 years," said Seba. "It only took 13 years, from 1900 to 1913, for New York City to complete the transformation from horses as the main mode of transportation to automobiles. If anyone in 1900 had said, 'We're on the cusp of a disruption of transportation,' people would have said, 'You're insane.' When disruptions happen, they can happen very, very quickly."

Seba defined a disruption as a convergence of technologies that make it possible for entrepreneurs and companies to utilize products and services that do two things: create new markets and radically transform, weaken, or destroy existing industries.

Seba identified four key technologies that are leading the clean (i.e. total) disruption of energy and transportation: energy

storage, electric vehicles (EVs), autonomous vehicles, and solar power.

"Energy storage costs are going down so quickly that by 2020, the average American household will be able to have 24 hours of energy storage at home for about a dollar a day," said Seba.

The electric vehicle is disruptive in many ways as well, Seba explained. EVs convert 90 to 95 percent of the energy in the battery into usable power, whereas gas-powered cars convert only about 17 to 21 percent. Electricity is cheaper to move than diesel and gas. On a per mile basis, it is 10 times cheaper to charge an EV. Gas-powered cars have more than 2,000 moving parts; EVs have about 20, meaning they require almost no maintenance.

"By 2020, an EV with a 200-mile range and the performance of a Porsche is going to cost \$30,000, which is less than the median cost for a new car," said Seba. "By 2025, all new vehicles will be electric. The technology also already exists where EVs can power a house for two days, so they're disruptive in more ways than one."

He added that if every car in Korea were electric, they could

store 75 percent of the daily electricity demand in Korea. Self-driving cars are another quickly developing technology. Seba pointed out that there are already self-driving taxis on the road in Singapore. There are 33 large, multibillion dollar companies—not just startups—working on self-driving technology. Seba called autonomous vehicles "computers on wheels," which is why a lot of tech companies like Apple, Google, Uber, Tesla, and others are developing self-driving cars that utilize deep learning technology to improve over time.

"Deep learning technology is quickly advancing," said Seba. "If a self-driving Tesla in Seoul learns how to avoid an obstacle, it uploads that data and every Tesla car will then know how to drive that way. The rate of improvement in self-driving is accelerating to the point where some people are talking about zero fatalities within a few years, by 2020. Every year humans kill 1.3 million people with their cars. We're not great drivers."

Seba described a looming transformation of the transportation industry over the next decade.

"The future of transportation will be electric, self-driving, and sharing," said Seba. "Parking will be nearly obsolete. This will be a huge disruption. It's gathering momentum and the tipping point is going to be 2020. It will be complete by 2030."

On the energy side, Seba said solar is another technology that will disrupt traditional industries.

"Every single form of traditional energy has gone up in cost: coal, oil, etc.," said Seba. "Solar keeps going down. By the end of this year, solar will achieve what's called 'grid parity' in about 80 percent of global markets, which means that the cost of unsubsidized solar on residential and commercial rooftops will be at or below what we pay for electricity prices. Technologies have cost curves. They get cheaper and better as time goes on, and we can actually anticipate that. It is going to be in everyone's selfish economic interest to put solar on their rooftops and share electric, self-driving cars."

He added that other key technologies to watch in 2017 include sensors and the internet of things, artificial intelligence and machine learning, robotics, 3D printing, and more. "These technologies are going to disrupt and obliterate the entire energy and transportation infrastructure as we know it today," said Seba. "This is not an energy transition. This is a technology disruption. And this is going to happen despite governments, not because of governments."

He pointed out that South Korea is uniquely positioned to take advantage of this disruption in the years ahead.

"Korea has many of the key technologies and companies that can be disruptive," he said. "The GM Bolt electric vehicle was designed in Korea. It uses LG batteries and electronics. It's a Korean car. The largest solar company is Korean. Korea has the skills, the technologies, and the infrastructure to be a winner and wealth generator in this disruption."

Governments in general, he added, can either help accelerate this disruption in their own countries, which will enable trillions of dollars of wealth creation, or they can help delay it—but they can't stop it entirely.

"The governments that push back on this disruption are deciding to make their citizens poorer, and they're going to use all kinds of excuses and 'FUD news'—fear, uncertainty, and doubt—to do that," said Seba. "But those are the choices for governments. You can help lead or you can help follow."



THE UNITED STATES AND SOUTH KOREA MUST WORK TOGETHER ON TECHNOLOGY

Bilateral cooperation on technology can boost the economies of the United States and Korea, according to experts during the first panel at the SeouLA Forum.

The panel featured Dr. Sangkyun Cha, director of the Big Data Institute at Seoul National University; Mr. Jay Eum, co-founder and managing director of TransLink Capital; Ms. Kate Gordon, senior advisor at the Paulson Institute; and Dr. Jinhyung Kim, president and CEO of the A.I. Research Institute; and was moderated by Dr. Angelov Farooq, founding director of the UC Riverside Center for Economic Development & Innovation.

Kim set the scene, noting the challenges Korea faces and how new technology can help.

"The driving force of the Fourth Industrial Revolution is digital technology," said Kim. "Korea is a manufacturing country, in hard competition with China and Japan, but traditional manufacturing industries are not profitable... It is now Korea's turn to transition to clean energy and other industries."

Kim identified technologies like artificial intelligence (AI) as a potential solution to economic dislocation.

"The gap between the haves and have-nots is getting wider," he said. "We need to have a discussion about sustainable societies... We have to reform education. Next year, we will start teaching software coding as a regular course in K-12 education. Technologies such as AI create jobs."

Eum agreed that Korea must innovate to reach the "next level" economically.

"If you think back to the 1980s, there was concern about the state of the U.S. economy," he said. "The manufacturing base was under attack, especially from emerging economies out of Asia. The largest companies today started back then, and most of them are tech companies. You can see how tech has played a key role in revitalizing the U.S. economy. The conversation we're having in Korea today is similar to the United States 30 years ago. Korea has emerged from one of the poorest countries in the world to one of the most successful economies."

If Korea hopes to follow the path of the United States in terms of tech, he said, Seoul will benefit from pursuing greater bilateral collaboration, including sending more Korean students to study at U.S. universities and to work at cutting-edge U.S. tech companies.





"What Korea could do a little better is find a way to facilitate not only acceptance to U.S. universities, but also opportunities to have Koreans work at U.S. startups," he said. "It's one thing to get knowledge from an academic level, but they should also be getting experience at a practical level."

He added that tech communities are concerned about recent U.S. immigration and protectionist trade policies that might hinder collaboration and growth.

"The growth engine we've put together in the tech sector, which has powered the U.S. economy over the last 30 years, was due in large part to the many talented engineers who were the best and brightest from all over the world," he said. "If we are creating barriers or turning away the best talent that wants to come to the United States, then we are potentially jeopardizing our economic future."

Cha agreed that educational cooperation between the United States and South Korea will drive innovation and growth.

"A lot of academics are trained in the United States, so we need to keep this relationship and also strengthen [it]," he said. "The governments of both sides, Korea and the United States, need to sponsor bigger collaboration projects."

Cha said that one of the challenges Korea faces is that it is a smaller country than China and the United States, who are the big players.

"Korea is very dynamic," he said. "We have a lot of agility, we have a lot of educated people, a lot of people abroad, but one of the disadvantages of Korea is the scale. We cannot repeat what China and the United States do. We have to find our own space, especially now that China has come back from a long sleep in history. Korea is strong in manufacturing, but we have to go beyond that because with digital innovation, the guys at the top will control everything."

During her remarks, Gordon told the group about the Paulson Institute's Risky Business Project, which examines the economic risks and opportunities associated with climate change and the transition to a clean energy future.

"Every major country in the world has agreed that we need to reduce our carbon emissions dramatically in order to reach levels that are safe," said Gordon. "This is often posed as a tradeoff between that goal and an economic one, in large



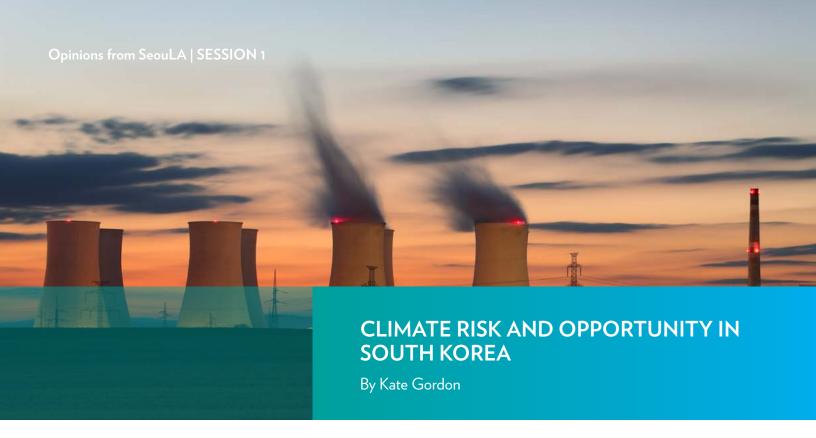
part because we were powered by the industrial revolution. However, we're starting to see through tech advances that there doesn't have to be a tradeoff, that we can see climate change action as a driver of economic growth."

"Countries must use electricity that is mostly renewable, but not too much," she said. "This is not the current energy approach that Korea is taking. Korea is an extremely fossil fuel-dependent country with a very low amount of renewables—only 1 percent of the mix right now, although the government just announced a \$36 billion investment in renewable energy, which is a great start."

Gordon said that even with the loss of fossil fuel jobs, renewable energy is a job creator.

"You cannot realize this kind of change without a strong policy framework," she said. "This is where the United States is about to fall behind. We're reversing course. Other countries have an opportunity to pull ahead here. This is a moment of revitalization in how we power this transformation and meet the global demand for clean energy. It's a moving market, and this is an area for Korea to look in providing new things in the world and showing leadership."





When making decisions about backing companies or allocating capital, investors and businesses are increasingly looking at climate risk as a key factor. "Climate risk" can mean a number of things but is best boiled down to two: physical risk, i.e. the risk to operations and installations from sea level rise, extreme heat, and other specific climate impacts, and transition risk, i.e. the risk of not paying attention to climate regulations, technology advances, price shifts, and the other things that come along with the transition to a low-carbon economy.

These used to be niche considerations, confined to sustainability directors or socially-responsible investment firms. Back when I worked with Mike Bloomberg, Hank Paulson, and Tom Steyer to launch the Risky Business Project, few serious mainstream investors had thought much about the real material impact of climate change

to specific regions and sectors of the economy.

Since we published our first report quantifying these risks to the U.S. economy in 2014, the picture has changed. Investors, insurers, and corporations have begun to proactively address climate risks in their portfolios and capital investments. Most recently, the G20 Task Force on Climate-Related Financial Disclosures acknowledged that "climate-related risks and the expected transition to a lower-carbon economy affect most economic sectors and industries," and must be considered in any rational investment decisions.

How does all this relate to South Korea? Simply stated: if South Korea were an investment, it would look extremely risky from a climate perspective.

But it would also present some exciting opportunities to change direction and take a leadership role in the carbon-

constrained economy of the future.

The physical climate risks are clear: most of South Korea's population lives on or near the coast, with approximately half the entire population in or near Seoul. Korea is considered one of the top 20 countries in the world most at risk of sea level rise due to either inundation or flooding from storm surges. As we found in our 2014 Risky Business report, flooding has serious economic implications, especially for coastal real property but also for infrastructure like roads, water and sewage treatment facilities, and the electricity grid.

These systems are also at risk from extreme heat effects, which can decrease the supply of electricity (by requiring more cooling of power plants, and because transmission is less effective in hot weather) while increasing demand for air conditioning.

All of these impacts lead to high costs for consumers, businesses, and the government.

South Korea is at risk from another direction as well: the country relies on energy imports of fossil fuels for more than 98 percent of its energy consumption. That's a staggering amount and puts the country at risk from two quarters: first, it is a national security concern for a country already surrounded by threats. Second, it is a climate transition risk, as the world begins to wean itself off fossil fuels through policies that price carbon, which will lead to reductions in fossil fuel drilling and trade, and ultimately higher prices to the buyers. Any rational, cleareyed investor looking at this picture from a climate risk perspective would be wary, and for good reason.

But there's another, brighter side to the picture: South Korea has an incredible opportunity to become a leader on low-carbon technology for its own use, and for export across the world.

The county is already a clear technology leader, having blazed a path in electronics in particular. It also has some of the core elements necessary for innovation: an advanced manufacturing infrastructure; high rates of internet usage; considerable government support of R&D; and a well-trained, highly-skilled workforce. Put simply, South Korea is poised to take a front-runner role in the research, development, and deployment of the renewable energy, efficiency, battery, and smart grid technologies that will underpin the next phase of global economic development.

There is huge opportunity in the lowcarbon energy economy. A more recent Risky Business Project report, released in 2016, pointed to the investments in technology that will be necessary for the U.S.—or any country—to achieve "deep decarbonization." There are three main elements of decarbonization: moving from fossil fuels to electricity wherever possible, including in the transportation sector; using renewable energy wherever possible to generate that electricity; and using less energy overall. All three pillars require forward-thinking investment, especially at moments of "capital stock turnover," when assets from power plants to cars to buildings need to be replaced. At these moments, governments and businesses can choose to stay on the same path, or can invest in new low-carbon technologies like wind and solar farms, electric vehicles, and zero-net-energy buildings that use innovative carbon-capturing materials and smart appliances.

All across the world, governments are starting to make these kinds of investments. South Korea's massive neighbor, China, aims to spend \$360 billion on renewable energy by 2020; the People's Bank of China estimates the overall need for green finance to meet its low-carbon development needs at \$600 billion annually. China also plans to put a carbon price in place at a national level this year, joining the European Union, Canada, and U.S. states like California.

These policies will create dynamic new markets for innovative low-carbon technologies—the kind of technology South Korea could pilot domestically, and export internationally.

In taking this kind of leadership step, South Korea could look to the United States, especially the private sector, for partnership. U.S. companies currently hold the majority of global patents on clean energy technology, and U.S. financial firms are beginning to get the message that low-risk, low-carbon strategies are a good bet for long-term investment. There's real opportunity here for public-private partnerships, with U.S. firms piloting near-commercial technologies in South Korea; or investing in South Korean to bring new ideas to market, or existing ideas to scale.

The time is now to build the low-carbon future. South Korea has much to gain by taking on a leadership role—and even more to lose by standing by and watching.



Kate Gordon is a senior advisor at the Paulson Institute, a nonresident Fellow at the Center on Global Energy Policy at Columbia University, and a regular contributor to the Wall Street Journal as one of the paper's "Energy Experts."



THE U.S.-KOREA FREE TRADE AGREEMENT IS MUTUALLY BENEFICIAL

South Korea and the United States should keep their mutually beneficial free trade agreement in place, according to experts during the second panel at the SeouLA Forum.

The panel featured Dr. Taeho Bark, professor at Seoul National University; Dr. Byung-il Choi, professor at Ewha Women's University; Ms. Clara Gillispie, senior director of trade, economic, and energy affairs at the National Bureau of Asian Research; Dr. Yong Suk Lee, fellow at the Freeman Spogli Institute for International Studies; and Dr. Yunjong Wang, adjunct professor at the Catholic University of Korea; and was moderated by Dr. Wook Chae, professor at Kyung Hee University.

The U.S.-Korea Free Trade Agreement (KORUS) was enacted in March 2012. Since it came into force, nearly 95 percent of all bilateral tariffs have been eliminated. The United States is now South Korea's second largest trading partner, and South

Korea is the sixth largest trading partner of the United States.

"Maybe it is too early to have an overall evaluation after only five years, but even so, it is fair to say that KORUS enables Korea and the United States to accomplish mutually beneficial trade relations despite the sluggish global trade flows," said Bark. "U.S.-Korea economic relations in general look very strong. I'm sure it'll remain strong for many years to come, as long as the agreement remains in place."

Gillispie said there is "an incredibly positive role for U.S.-Asia energy trade in particular."

"Countries are looking for the supplies and choices that best provide three core needs: economic security, environmental security, and geopolitical security," she said. "Korea has been quite thoughtful and one of the leaders in the region in terms of codifying its national framework for its energy policy. Trans-Pacific trade can play a powerful role in addressing these goals."

She added that there are a number of areas where collaboration "should and ultimately very easily could support common goals for both the United States and countries across Asia, including Korea."

Wang pointed out that South Korea's current political turmoil is negatively impacting the country's economic growth this year. President Park Geun-hye was recently impeached, removed from office, and later arrested for charges of corruption and influence-peddling.

"Without strong political and policy responses to the economy, our growth rate, particularly this year, looks very pessimistic," Wang said. "However, we have some good news—and that is because of the United States. We expect our exports to the United States will grow

this year. We expect the U.S. interest rate will grow, and our economy will be in better shape. The gap is narrowing between U.S. and Korean interest rates."

He also noted that South Korea is experiencing a rapid demographic change due to its aging population, which is also having a negative impact on the economy.

"The older generation is experiencing an increased life span, but no appropriate pension or other means to support them in retirement, so they have to work," he said. "Most older people are not beneficiaries of the national pension scheme. They have to rely on themselves. As people entitled to the national or other private pension schemes grow older, this problem will disappear. In the meantime, our savings rate will grow. Korea's current account surplus is expected to disappear by 2042 as it becomes one of the most aged economies in the world."

Lee talked about the changing tide of public opinion on free trade and made the case that the impact of technological change, rather than trade, is much stronger on labor markets.

"I think everyone has felt a wind of change in terms of trade," he said, adding that free trade agreements may be entering a period of crisis. "The United States no longer believes in the benefits of multilateral free trade agreements. Trump's approach is 'fair,' bilateral trade. The underlying concern in these shifts in trade policy around the world is basically about the loss of jobs. There's an increased perception that trade and globalization destroys jobs and negatively impacts wages. There is conflicting evidence and one can use whatever evidence they want to pursue their political trade agenda. But technological advances have a much stronger impact on the decline of the labor market than imports from Asia. Governments should focus on retraining these workers with new skills."

Lee added that Korea's exports to the United States are predominantly techbased. He said Korean firms can offer technology training as part of fair trade, not just to employees but through general outreach training programs.

"It could be goodwill that translates to better bilateral trade relations." he said.

Choi said that KORUS has had a positive effect on economic competition in the region.

"When Korea was negotiating the agreement with the United States in 2006, it generated dynamic competition in the region," he said. "Because of this, China was anxiously trying to strike a balance, so the Korea-China Free Trade

Agreement was initiated. It created a ripple effect."

Now there are many trade agreements being negotiated in Northeast Asia, Choi pointed out, including the China-Japan-Korea Free Trade Agreement, the Regional Comprehensive Economic Partnership, ASEAN+3's Asia-Pacific Regional Economic Cooperation, and the Trans-Pacific Partnership (TPP).

"A lot of trade experts believe the U.S. withdrawal from TPP is an opportunity missed," said Choi. "Because of Brexit and the election of Trump and so on, a lot of people are talking about the beginning of the end of the global trading regime we've been building for a long time. It's been a win-win for China. They've been able to create a middle class, for example."

As for the future of KORUS, Choi said that a renegotiation will be difficult for both sides.

"It took five years to negotiate the [agreement]," he said. "All of South Korea was divided on the issue. If the United States tries to amend the agreement, Korean negotiators will be faced with a tough job: how to address U.S. concerns and at the same time dealing with domestic politics. If the agreement is amended, it will provoke China to further accelerate their change from factory China to consumer China."





Opinions from SeouLA | SESSION 2

TECHNOLOGY, NOT TRADE, WILL AFFECT JOBS IN THE UNITED STATES AND SOUTH KOREA

By Yong Suk Lee

The trade winds have shifted under the Trump administration.

Washington withdrew from the Trans-Pacific Partnership and is reexamining the North America Free Trade Agreement. During a recent visit to Seoul, Vice President Michael Pence announced that the Trump administration would review and reform the Korea-U.S. Free Trade Agreement.

The current administration is taking an approach to trade based on bilateral negotiations rather than free trade and multilateral agreements. As a consequence, tariffs are back in mode and foreign firms are taking notice. Fearing retribution under the Trump administration, LG announced that it would build a washing machine factory that would create hundreds of jobs in Tennessee, and Samsung may build another home appliance factory in the United States.

Washington has maintained a trade deficit for decades and it is no secret that there are winners and losers under free trade. In the meantime, U.S. consumers have enjoyed the low prices and variety of goods that come with free trade. But why is free trade under crisis now?

There are two main reasons.

First is the perception that imports from developing countries like China and Mexico are destroying U.S. jobs. China's integration into world trade has created a trade shock substantially greater than what the world has seen before. Indeed, economists have found that regions more affected by Chinese imports see a larger decline in manufacturing jobs and wages.

Second is the fact that workers who lose their jobs are not moving into sectors in which the United States has comparative advantage, such as information technology. A high school graduate who had been working on the production line for years will have difficulty finding a coding job at a tech company.

It may be true to some degree that international trade triggered the misfortunes of American manufacturing workers. But in order to respond with the right set of policies, we need to understand (1) whether there are other forces that are driving the decline in manufacturing jobs, and (2) how big the impacts of the different forces are. In particular, we need to know whether import competition is the primary driver of

job destruction in the United States, or whether technological change is to blame.

Economists and technologists have argued that the recent wave of technological change from robotics, big data, and artificial intelligence could replace human labor in unprecedented ways. A recent study by economists at MIT and Boston University finds that one robot replaces about 6 workers. In my own research, I find that automation is significantly more important in explaining employment decline than import competition.

In other words, what we should be worrying about is not free trade destroying jobs, but the new wave of technology replacing humans in the workplace.

Though there are government policies that train and provide benefits to workers displaced from foreign competition, there currently is no policy, nor any substantive discussion, on how to help workers displaced by technological change.

While the current government is focused on striking new trade deals, it in fact should be more concerned about how new technologies affect labor in a more fundamental way. Carrier decided not to move its factory to Mexico, and in return received a handsome subsidy from the government. But soon after, Carrier revealed that it intends to fully automate the plant, displacing workers in the near future.

Korean firms with plants in the United States may eventually find it economically rational to replace workers with robots, too. But a Korean firm displacing workers in the United States would generate a stronger backlash than a U.S. company displacing U.S. workers. That means that the decision by foreign companies to invest in the United States could actually backfire because of automation in the near future.

How should Korean companies react? Perhaps rather than building a home appliance factory in return for uninterrupted access to the U.S. market, Korean technology firms like Samsung and LG would generate more meaningful benefits by addressing the challenges of automation themselves, and training U.S. workers in the skills needed in the future workplace. Someone needs to do it.

Yong Suk Lee is the SK Center Fellow at the Freeman Spogli Institute for International Studies at Stanford University, and Deputy Director of the Korea Program at Stanford University.



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Ms. Candace Chen, Founder, FaceLube for Men

Mr. Lawrence Chiu, Marketing Manager, Hong Kong Trade Development Council

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Mr. Jong Rack Choe, President, Kbiz Corporation

Dr. Byung-il Choi, Professor, Ewha Womans University

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Mr. Kaveh A. Farzad, Senior Communications Officer, Pacific Council on International Policy

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Mr. Arnold Fishman, Co-chairman, AppliedVR

Ms. Judy Fishman, Past Board President, The Children's Nature Institute

Mr. Christopher Garcia, Investment Banking Representative, Niagara International Capital

Ms. Clara Gillispie, Senior Director of Trade, Economic, and Energy Affairs, The National Bureau of Asian Research



Ms. Christine Goetz

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