

CJK Cooperation Dialogue 2019

The 6th Cooperation Dialogue among China, Japan and South Korea (CJK), core countries in Asia-Pacific cooperation but occasionally embroiled in political confrontations with each other, was held on Dec. 6 in Tokyo in collaboration with the China Institute for Reform and Development (CIRD) and China Foreign Affairs University, and South Korea's East Asia Foundation. How we can realize sustainable and inclusive growth amid the risks to the global economy was the theme of the dialogue, quite similar to the one in the Asia-Pacific Forum 2019.

A significant slowdown in global economic growth as well as world trade was noted in a keynote address by Chairman and CEO of JETRO Nobuhiko Sasaki (*Charts 3&4*). He also noted a rapid deterioration of business sentiment among Japanese companies in Northeast Asia, possibly due to the slowdown in global trade (*Chart 5*). These negative findings could be evidence of the emerging negative impact of the US-China trade war or of rising protectionism.

CHART 3
Downward revision of economic growth



Source: IMG "World Economic Outlook (October 2019)"
Presented by Nobuhiko Sasaki, chairman and CEO, Japan External Trade Organization (JETRO) at the Keynote Address at the 6th CJK Cooperation Dialogue

CHART 4
Downward revision of world trade

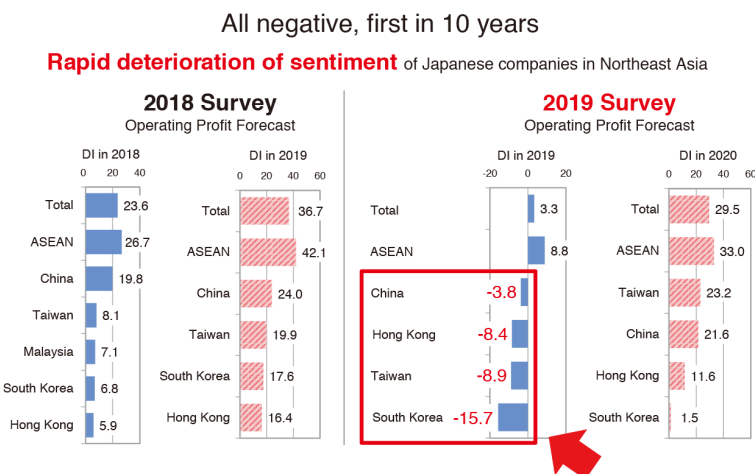
World trade in goods (in real terms) (YOY) (Unit: %, point)

	2017	2018	2019 (Forecast)	Difference from April forecast	2020 (Forecast)	Difference from April forecast	
World Total	4.6	3.0	1.2	△1.4	2.7	△0.3	
Export	Developed	3.6	2.1	0.4	△1.7	2.2	△0.3
	Developing	5.6	3.5	2.1	△1.3	3.4	△0.3
	North America	4.2	4.3	1.5	△1.2	3.6	△0.1
Import	Europe	3.7	1.6	0.6	△1.2	1.7	△0.3
	Asia	6.8	3.8	1.8	△1.9	3.8	△0.3
	Developed	3.3	2.5	1.6	△0.3	1.2	△0.7
	Developing	6.8	4.1	1.1	△2.5	4.3	0.4
	North America	4.0	5.0	2.9	△0.7	2.1	△0.4
	Europe	2.9	1.1	0.4	△0.6	0.9	△1.2
	Asia	8.3	5.0	1.3	△3.3	3.9	0.2

Source: Press releases of WTO in April and October 2019
Presented by Nobuhiko Sasaki, chairman and CEO, Japan External Trade Organization (JETRO) at the Keynote Address at the 6th CJK Cooperation Dialogue

CHART 5

Deterioration of sentiment among Japanese companies in Northeast Asia



Source: "FY 2019 Business Conditions of Japanese Companies in Asia and Oceania"
 Presented by Nobuhiko Sasaki, chairman and CEO, Japan External Trade Organization (JETRO) at the Keynote
 Address at the 6th CJK Cooperation Dialogue

The first crucial question discussed in this dialogue was how the three countries could mitigate this negative impact and turn trade and investment into opportunities for inclusive growth. The CPTPP was considered as a platform to achieve it and it was noted that the participation of China and South Korea could be effective in forming a countervailing power against protectionism. Another solution might be to create a new

supply chain through the three countries' cooperation in technology, assuming that existing supply chains could be damaged by the US-China trade war. The RCEP was another mega-regional FTA expected to work well and was considered a stepping stone to Asian regional economic integration, as the CJK could conclude their own FTA within the RCEP as its members. Any other plurilateral FTA on specific sectors like digital technology would be welcome. The CJK should pursue new rules on data flows and work on other new rules not covered by the WTO, such as competition policy, trade and investment, and IPR protection in the digital economy. Future-oriented cooperation among the three countries would maintain the dynamism of free trade and help create better globalization. It was stressed that East Asia should be independent from the US economy.

The environment, digital technology, populism and aging populations were examined as important factors affecting inclusive growth. Environmental cooperation among the CJK to mitigate air pollution and marine plastic waste was raised, and it was also considered important to change existing mindsets to achieve green growth when applying new digital technologies like AI and IoT to local energy supply systems corresponding to the needs of aging local communities suffering from depopulation. Digital technology as such could contribute to the welfare of local communities as well as high-quality care for elderly people. In coping with the negative impact of new technologies, such as labor being replaced by AI or IoT, it was mentioned that the three nations could promote productive cooperation for lifelong human resources development or social safety nets to save people from unemployment.

The discussion on aging societies in the last panel was very successful. We noted a high interest in this issue among participants, since all three nations are now facing rapid aging and consequent challenges, such as rising pressure to reduce productivity, increase fiscal expenditure for social welfare, and secure job opportunities for the elderly. This is certainly a challenge to inclusive growth.



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We also noted many issues to be explored in future meetings, such as how to prolong healthy lifespans to enable elderly people to work longer and save on welfare expenditure, how to keep high-quality caregivers, and how to raise the birth rate (*Agenda*).

Agenda

<p>The 6th CJK Cooperation Dialogue Toward the Realization of Sustainable and Inclusive Growth – amid Increasing Risks to the Global Economy Date: Friday, Dec. 6, 2019 Venue: Sakura Room, 4th Floor, Main Building, Imperial Hotel, Tokyo</p>	
<p>Opening Remarks [Japan] KUSAKA Kazumasa, Chairman and CEO, Japan Economic Foundation (JEF) [China] Dr. CHI Fulin, President, China Institute for Reform and Development (CIRD) [ROK] Amb. GONG Ro-myung, Chairman, East Asia Foundation (EAF)</p>	
<p>Keynote Address SASAKI Nobuhiko, Chairman and CEO, Japan External Trade Organization (JETRO)</p>	
<p>SESSION 1 Mid-and-Long-term Policy Issues for Raising Potential Growth Ability – Opportunities and Risks</p>	
<p>Panel 1: Opportunities for Growth – Trade and Investment Moderator: Prof. ZHANG Yunling, Professor and Academician, Chinese Academy of Social Sciences (CASS) Speakers: [ROK] Dr. AHN Choong-yong, Distinguished Professor, Graduate School of International Studies, Chung-Ang University [Japan] Prof. URATA Shujiro, Professor of Economics, Graduate School of Asia Pacific Studies, Waseda University [China] Prof. ZHANG Yunling, Professor and Academician, Chinese Academy of Social Sciences (CASS) [ROK] Dr. KIM Kyungsoo, Professor of Economics Emeritus at Sungkyunkwan University [Japan] Prof. FUKAGAWA Yukiko, Professor, Department of Political Science and Economics, Waseda University [China] Dr. JIANG Ruiping, Former Vice President, China Foreign Affairs University</p>	
<p>Panel 2: Risks to Inclusive Growth - Populism, Environmental Concerns, and Opportunities and Negative impacts of Industry 4.0 and the Digital Revolution on Society and Employment Moderator: Dr. AHN Choong-yong, Distinguished Professor, Graduate School of International Studies, Chung-Ang University Speakers: [Japan] Dr. KATO Sota, Executive Director and Research Director, Tokyo</p>	
<p>Foundation for Policy Research [China] Prof. JIANG Ruiping, Former Vice President, China Foreign Affairs University [ROK] Dr. KIM Sang-hyup, Visiting Professor, Graduate School of Green Growth, College of Business, Korea Advanced Institute of Science and Technology (KAIST) [Japan] Prof. MATSUSHITA Kazuo, Professor Emeritus, Kyoto University Senior Fellow, Institute for Global Environmental Strategies (IGES) [China] Prof. YIN Zhongyi, Advisor to the President and Research Fellow, China Institute for Reform and Development (CIRD) [ROK] Dr. KIM Jin Young, Director for Asia, Global Green Growth Institute (GGGI) [Japan] Dr. ABE Tsuyoshi, Senior Vice President, Head of Marketing Headquarters, Yokogawa Electric Corporation</p>	
<p>Special Speech The Honorable FUKUDA Yasuo, Former Prime Minister</p>	
<p>Session 2 Declining and Aging Populations – Their Socio-economic Impacts and How to Cope with Them Moderator: HARAOKA Naoyuki, Executive Managing Director, Japan Economic Foundation (JEF) Introduction of Issues: NISHIKAWA Kazumi, Director, Health Industries Division, Commerce and Service Industries Division, Ministry of Economy, Trade and Industry (METI) of Japan Moderator: [China] Dr. CHI Fulin, President, China Institute for Reform and Development (CIRD) [ROK] Dr. YI Insill, Professor, Graduate School of Economics, Sogang University [Japan] Dr. YOSHINO Naoyuki, Dean and CEO, Asian Development Bank Institute (ADB) [China] YANG Rui, Vice President, China Institute for Reform and Development (CIRD) [ROK] Dr. KIM Jung-sik, Professor Emeritus, School of Economics, Yonsei University [Japan] Prof. OGURO Kazumasa, Professor, Faculty of Economics, Hosei University</p>	
<p>Closing Remarks KUSAKA Kazumasa, Chairman and CEO, Japan Economic Foundation (JEF)</p>	

Naoyuki Haraoka is editor-in-chief of *Japan SPOTLIGHT* & executive managing director of the Japan Economic Foundation (JEF).