



## Session 1

# Challenges of CJK Economic Cooperation in the Era of Post Pandemic

Jan. 17 2022

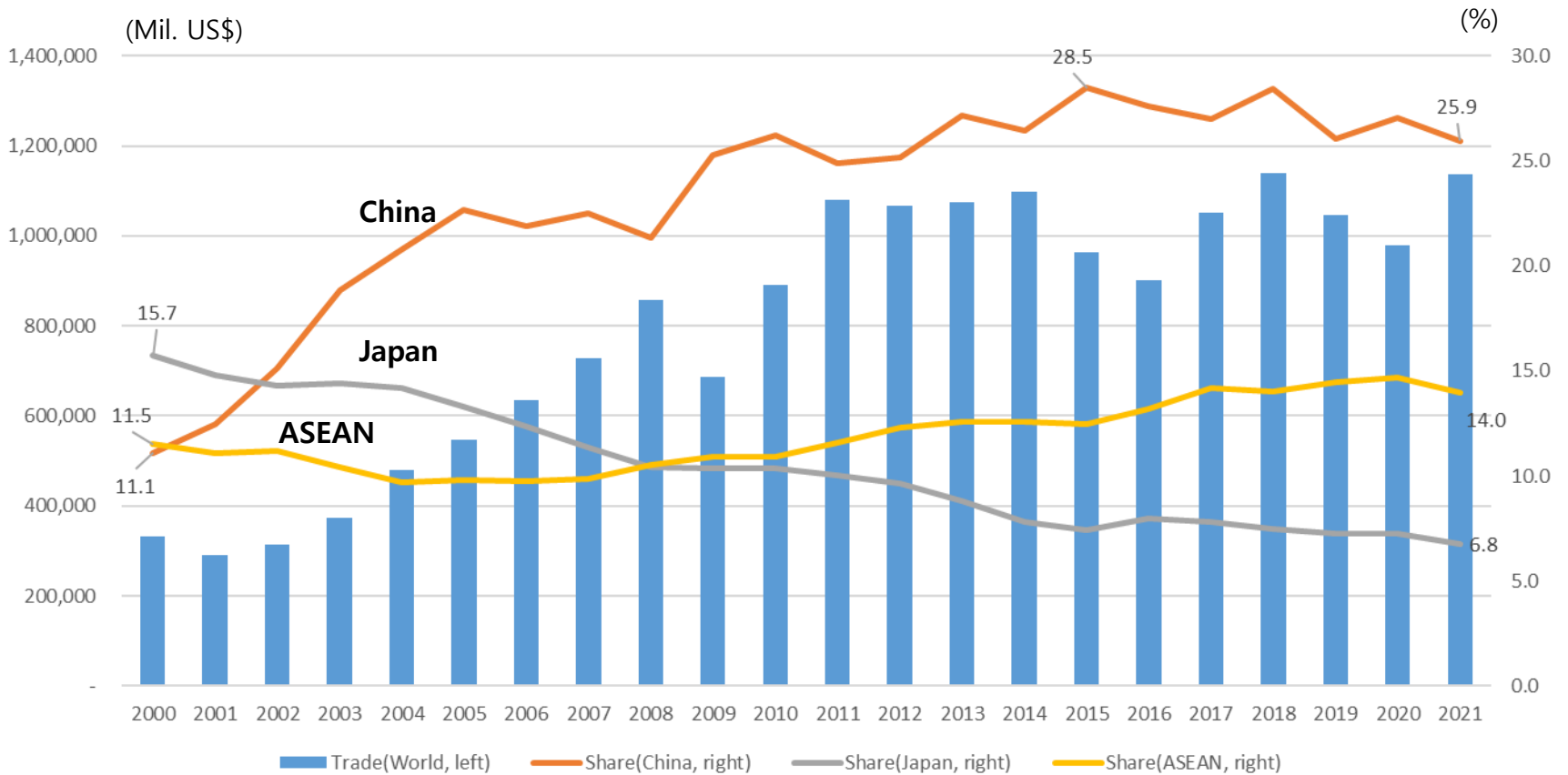
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# Trade

- The impact of the pandemic is insignificant
- Over the past 20 years, China's share has been declining since 2015 peak, 28.5%
- Share of Japan has steadily declined to 6.8% in 2021
- ASEAN countries' share continues to increase to 14% in 2021

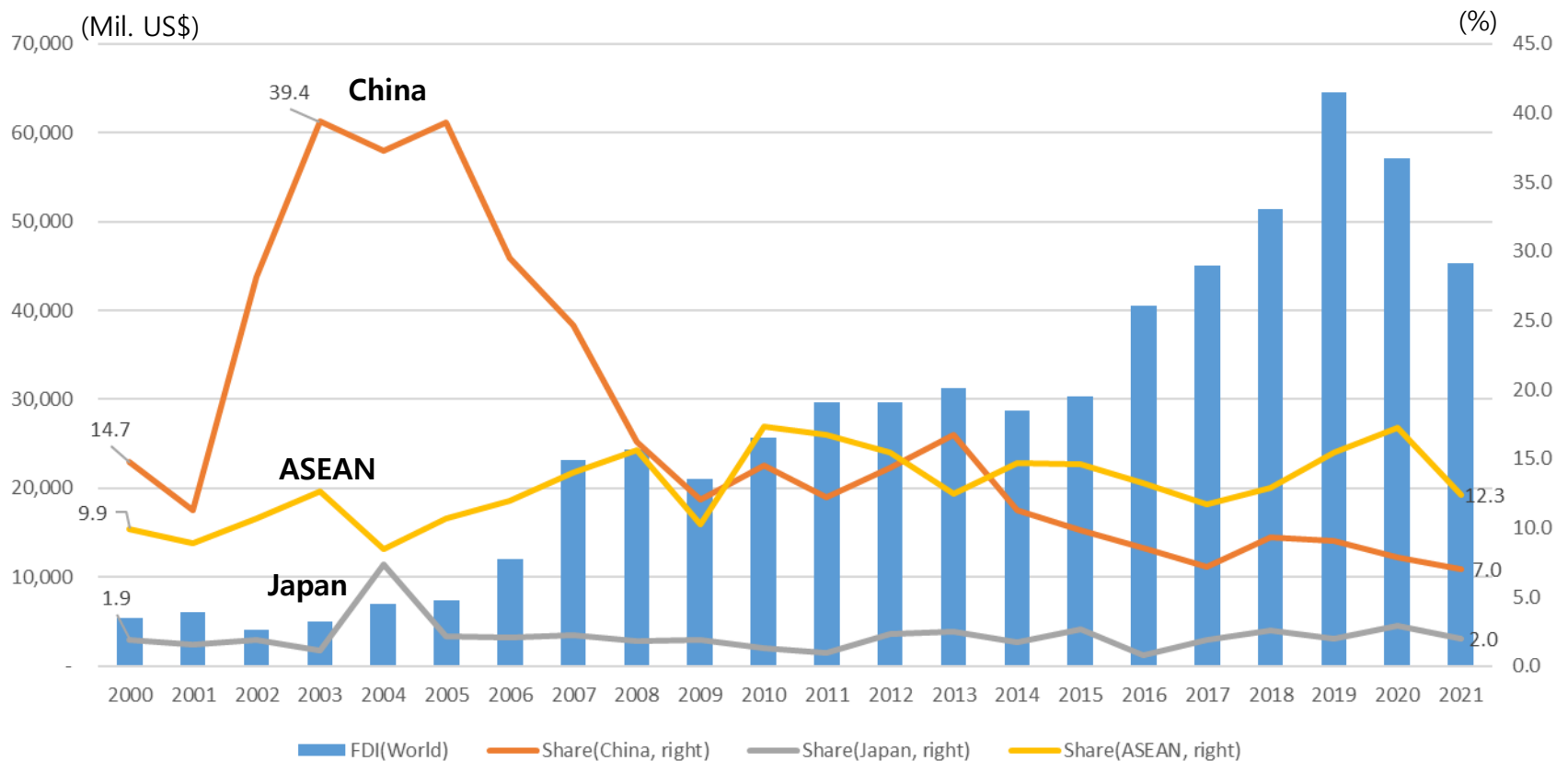


Note : 2021 year is from Jan. to Nov..  
 Source : KITA net



# FDI

- The impact of the pandemic is greater in 2021 than in 2020
- China's share dropped sharply after the peak of 39% in 2003~2005 and stagnated
- Share of Japan remains at around 2% without major change
- ASEAN countries' share increasing gradually to 12% in 2021

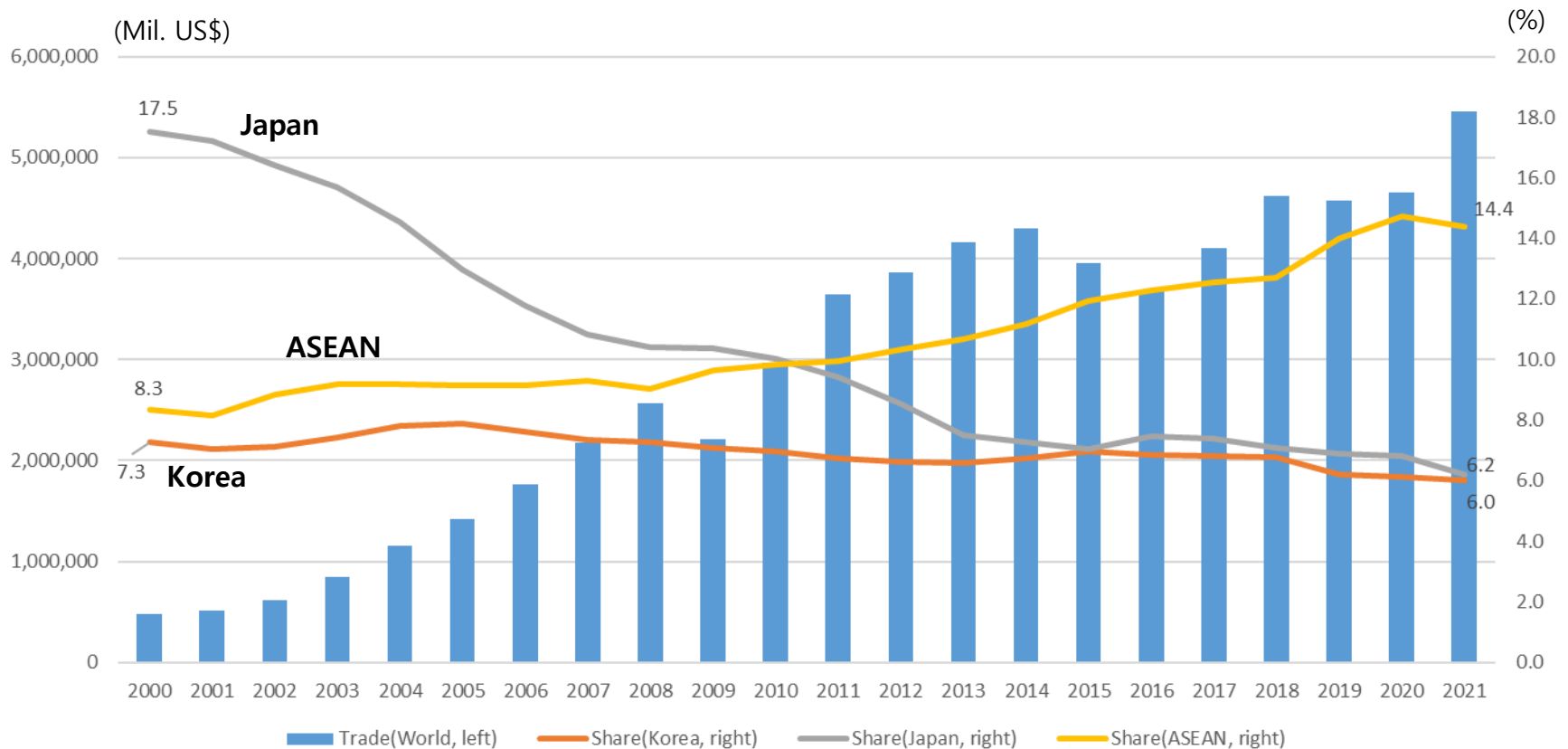


Note : 2021 year is from Jan. to Sept..  
 Source : KEXIM Bank DB



# Trade

- Despite the pandemic, the largest trade volume expected in 2021
- Trade volume between Korea, Japan and ASEAN increased in 2021 compared to 2019
- Korea's share has decreased very slightly
- The share of Japan has continued to decrease to almost one-third
- ASEAN countries' share has steadily risen

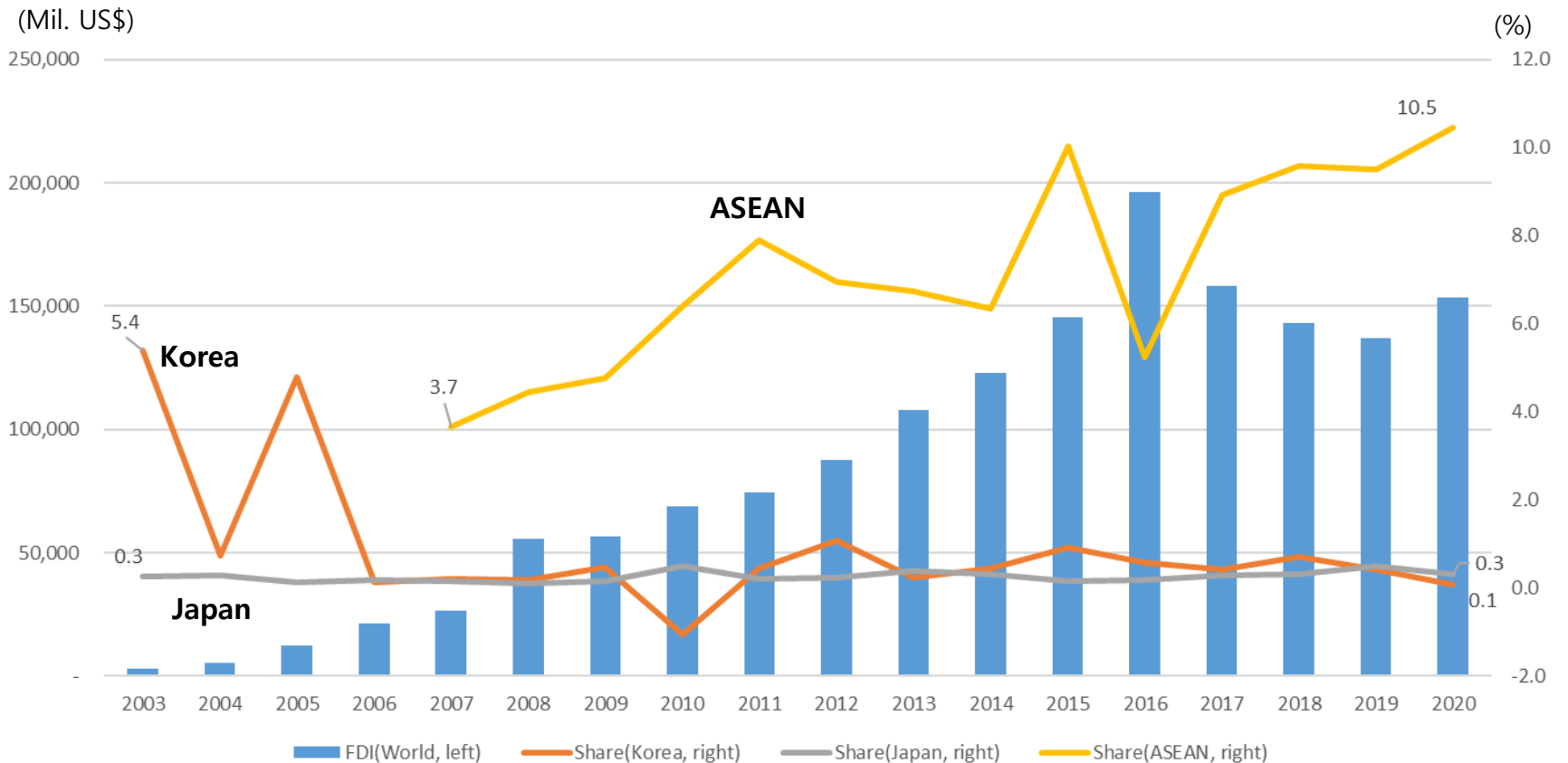


Note : 2021 year is from Jan. to Nov..  
Source : National Bureau of Statistics of China

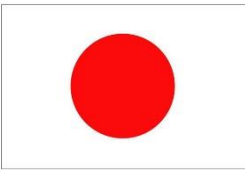


# FDI

- FDI to the world continues to increase, especially since 2016
- FDI to Korean and Japan plunged in 2020 due to pandemic
- Korea's share has remained stagnant after 0.1% decline in 2006
- Share of Japan remained at 0.3% during the same period
- ASEAN countries' share increased rapidly to 10.5% in 2020.

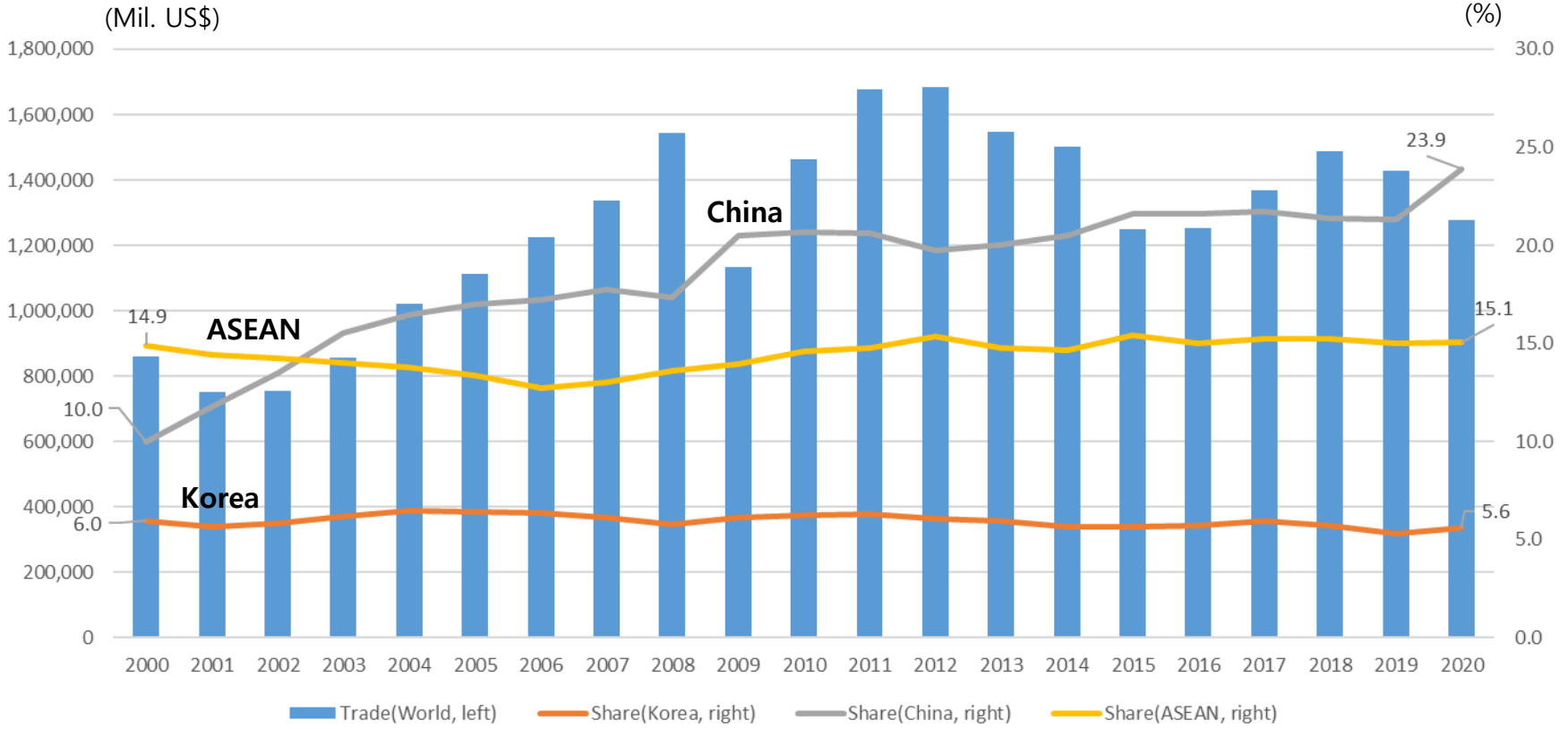


Source : Ministry of Commerce, People's Republic of China

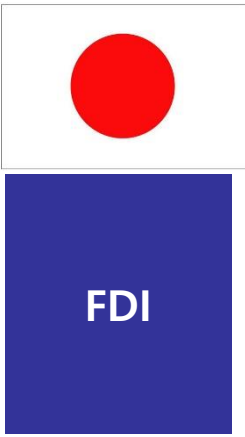


# Trade

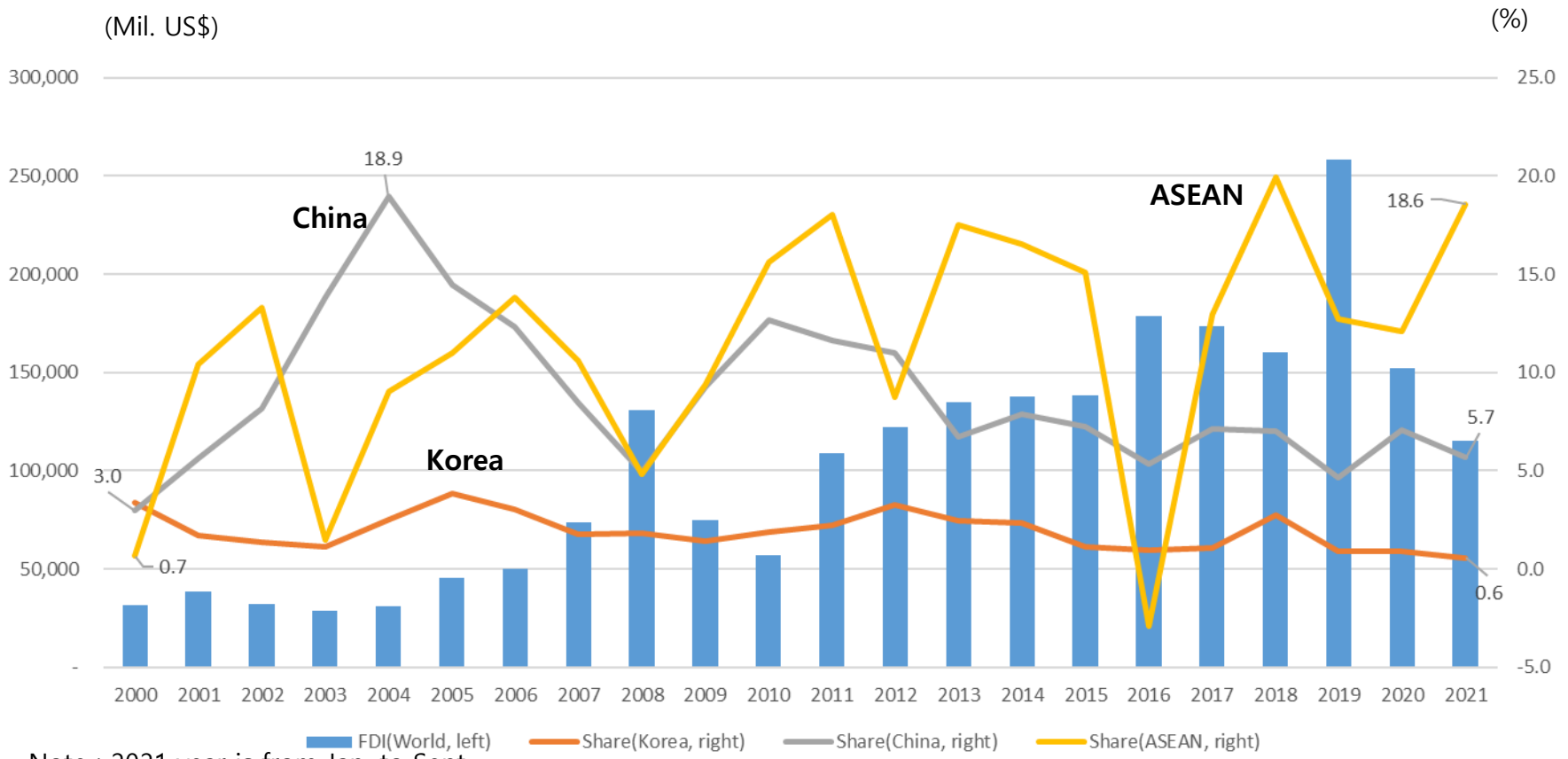
- The volume of trade with the world has been on a downward trend since 2012
- The impact of the pandemic is insignificant due to increase sharply in 2021
- China's share has continued to increase until recently, reaching 24% in 2020
- Share of Korea and ASEAN remained unchanged at 5-6% and 14-15%, respectively



Source : World Bank, WITS



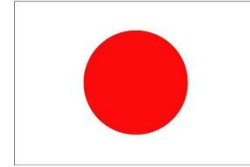
- FDI to the world continues to increase, it surged in 2019 to more than \$250 billion
- Impact of the pandemic on China and Korea estimated significant
- China's share has decreased since the peak of 19% in 2004, reaching 5.7% in 2021
- Share of Korea gradually decreased to 0.6% in 2021
- ASEAN countries' share is being volatile, but it increased to more than 18% in 2021



Note : 2021 year is from Jan. to Sept.  
 Source : JETRO

# CJK Economic Cooperation

## Features



- ❖ In all three countries, the effect of the pandemic on trade was insignificant
  - In particular, the impact between the three countries was relatively small
- ❖ On the other hand, the effect of the pandemic on investment(FDI) between the three countries is significant
  - Despite the fact that the three countries' Covid-19 quarantine situation is better than that of ASEAN, investment between the three countries declined sharply,
  - while China and Japan's investment in ASEAN, where the quarantine situation is relatively poor, increased significantly

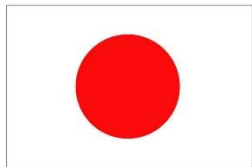


# CJK Economic Cooperation

## Challenges

To organize and operate a consultative body related to measures to stimulate investment between the three countries.

❖ Over the past 20 years, the proportion of investment between the three countries has been declining faster and more significantly than that of trade



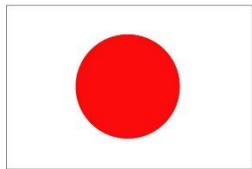
- overseas investment increased in the mid- to long-term
- their economies were the 1st, 2nd, and 4th in Asia
- the closest to each other
- investment environment is better than other countries
- US has strengthened its domestic supply chain policy



The investment amount of the four Korean companies announced before and after the 2021 Korea-US summit in the US alone is about 40 billion dollars.

# CJK Economic Cooperation

## Suggestions



## 1. Sharing and strengthening awareness of the principle of separation of politics and economy

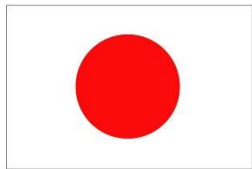
- ❖ Removal of China's unnecessary regulations has taken after the THAAD crisis
- ❖ Removal of Japan's export restrictions related to past history and compensation issues

## 2. Continuously improving the investment environment, especially regulations

- ❖ China's recent removal of regulations for exceeding 50% of foreign ownership and the abolition of the maximum of two joint ventures per foreign company in the passenger car sector are good examples

# CJK Economic Cooperation

## Suggestions

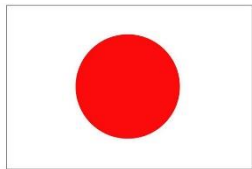


### 3. Strengthening trilateral cooperation and investment in quarantine and vaccines, carbon neutrality and climate change

- ❖ Not a field of conflict between the US and China
- ❖ Due to their nature, neither country can properly respond to quarantine or climate change without cooperation between the three neighboring countries
- ❖ In particular, the need for cooperation is high as the three countries have a difficult to secure sufficient clinical patients for the development of vaccines or treatments
- ❖ As a mid- to long-term cooperative task, it is necessary to establish and operate a concrete and practical cooperative body stably

# CJK Economic Cooperation

## Suggestions



### 4. Strengthening cooperation and related investment in supply chain stability for general-purpose products

- ❖ The three countries have many favorable conditions for stabilizing their supply chains through near shoring
- ❖ Discuss and cooperate with each other on items with potential supply chain difficulties, and induce mutual investment

### 5. Strengthening cooperation for joint investment into ASEAN countries.

- ❖ The three countries' increase in trade and investment in ASEAN is an inevitable
- ❖ This means that the possibility of competition as well as cooperation between the three countries still exists in the ASEAN market

***Thank You***