

# Reflection of 10 years CJK Cooperation Dialogue and the Way Forward

**Prepared for 10<sup>th</sup> Anniversary of the CJK Dialogue**

**October 12, 2023**



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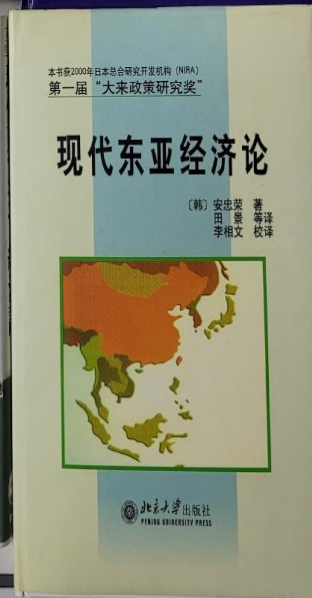
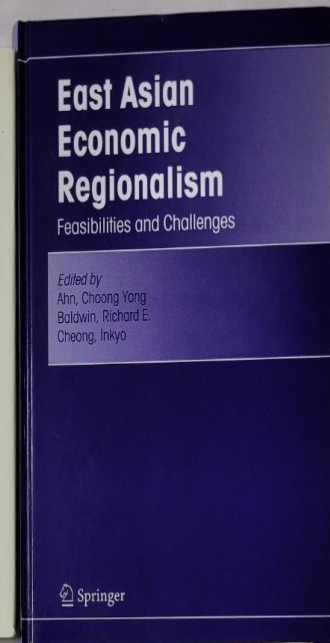
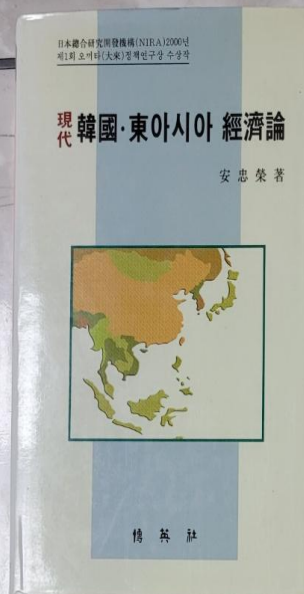
**Ahn, Choong Yong 安忠 榮**

Distinguished Professor , Chung-Ang University/  
former President , Korea Institute for  
International Economic Policy/former Chair,  
APEC Economic Committee/former Foreign  
Investment Ombudsman/ former Chair, Korea  
Commission for Corporate Partnership  
[cyahn@cau.ac.kr](mailto:cyahn@cau.ac.kr)

# 10 years can move mountains and rivers

## 10年江山都會變

1. Despite occasional uneasiness each other, CJK in the past 10 years have made significant progress for prosperous “Northeast Asian community” movement.
2. Despite lingering “love and hate” feelings each other, the CJK dialogue have contributed to mutual understanding and practical solutions for common economic problems, ranging from trade conflicts, Corona Pandemic, aging population, and critical energy issues and green growth agenda.
3. Challenges in another 10 years
  - ▶ How can CJK minimize risks and pitfalls from on-going geo-political fragmentation and super-uncertainties especially due to big power competitions.
  - ▶ How CJK can maximize mutual growth opportunities as immediate neighbors through bottom-up approaches.
  - ▶ How can CJK work together leaving historical legacies behind and look forward to enhancing inevitable mutual dependences in supply chain on the basis of level playing field and mutual trust.



# CJK Confucian Virtues

## ► 論語 學而編

學而時習之 不亦悅乎  
有朋自遠方來 不亦樂乎

## ► Inseparable Environmental Community

☞ 一衣帶水： One belt ecological economy

☞ Interlocked each other to feel cross-border flows of dust and pollution  
ocean water

## ► 求同存異：

☞ Pursuing the commonality yet acknowledging the difference

## ► 相互學習

☞ Mutual learning is crucial for joint development and harmonious co-existence (安忠榮 2001a, Ahn 2001b)



# Asian Century unfolding triggered by East Asia

- 👉 Asian financial crisis (1997/1998) has brought in the concept of “East Asian Identity”, a self-help cooperation among East Asian economies eg. Chiangmai Initiative (Ahn 2001b) to avoid a recurrence of external financial shocks (Ahn 2001)
- 👉 Rising China, East Asian tiger economies, ASEAN and India have ushered in **Asian Century** by shifting the center of world economic gravity to Asia from the US and EU. (ADB 2011, 2013)
- 👉 After seeing the WTO system stalled, East Asian economies have reached a variety of preferential intra and extra regional trade agreements (minilateralism and regionalism) toward an “**East Asian Economic Community movement**,” adapting to globalization trend and learning from the EU process. (Ahn 2018)

# CJK in broader East Asian Economic Community

## I. Is “East Asian Economic Community” a feasible concept?

- Economic Integration, GATT/WTO Principles => Multilateralism declining
- Minilateralism, Sub-Regionalism (Gravity Model) Rising
- The Endangered Asian Century by the US and China rivalry  
(Lee Hsien Loong 2020)

## II. Formal and Functional Integrations under way towards “East Asian Economic community.” But which scenario are we taking? (Ahn 2018)

- The US-China unabated confrontation scenario for global hegemon ?
- Big 2 compromised East Asian Regionalism?
- Big 2 muddle through East Asian Regionalism?

## III. How can “constructive powers” navigate the big power competition toward an “open rule-based liberal regional system”?

# 共建开放型世界经济国际论坛

INTERNATIONAL FORUM FOR  
OPEN GLOBAL ECONOMY

国際フォーラム～開放型世界経済の共同  
構築に向けて～

主办:  
主创  
ORGANIZERS



CHINADAILY  
中国日报

联合主办:  
共催  
CO-ORGANIZERS



中日科学技术文化中心



# Conflicting Mini-lateralism and Regionalism in Indo-Pacific

## Free Trade

**CPTPP**  
**RCEP**  
**AEC**  
**ASEAN+S**

## Consultations

**IPEF**  
**CHIP4**  
**DEPA**  
**APEC**  
**ARF**

## Security

**QUAD**  
**QUAD+**  
**AUKUS**  
**SCO (8+4+3)**  
**FVEY**

- 👉 **Intensifying Security–Trade Nexus and danger of confrontation.**
- 👉 **Occasionally, motivated by self-interest protectionism at the expense of smaller and less powerful economies.**
- 👉 **How can we make them regional public goods? Kindleberger trap?**



# **Good News : RCEP Effectuation (2022.1.1)**

1. C, J, K are formally linked under the same institution.
2. Very low level of liberalization compared to CPTPP.
3. But adopts the cumulative Unified Rules of Origin.
  - Self-certification and cumulative rules of origin are great schemes for SMEs
4. The RCEP permanent secretariat office needs to be established rather quickly to monitor implementation of RCEP clauses and commitments by each member state.
5. The RCEP member states should evaluate the RCEP effectiveness and should be determined to upgrade it. In particular digital trade rules needs to be upgraded for SMEs.



# **Indo-Pacific Economic Framework**

## **1. The US President Biden's Initiative**

- Does not deal with the market access to the US**
- After the withdrawal from TPP, the US focus rules for cross-border trade and investment**

## **2. Four Pillars :**

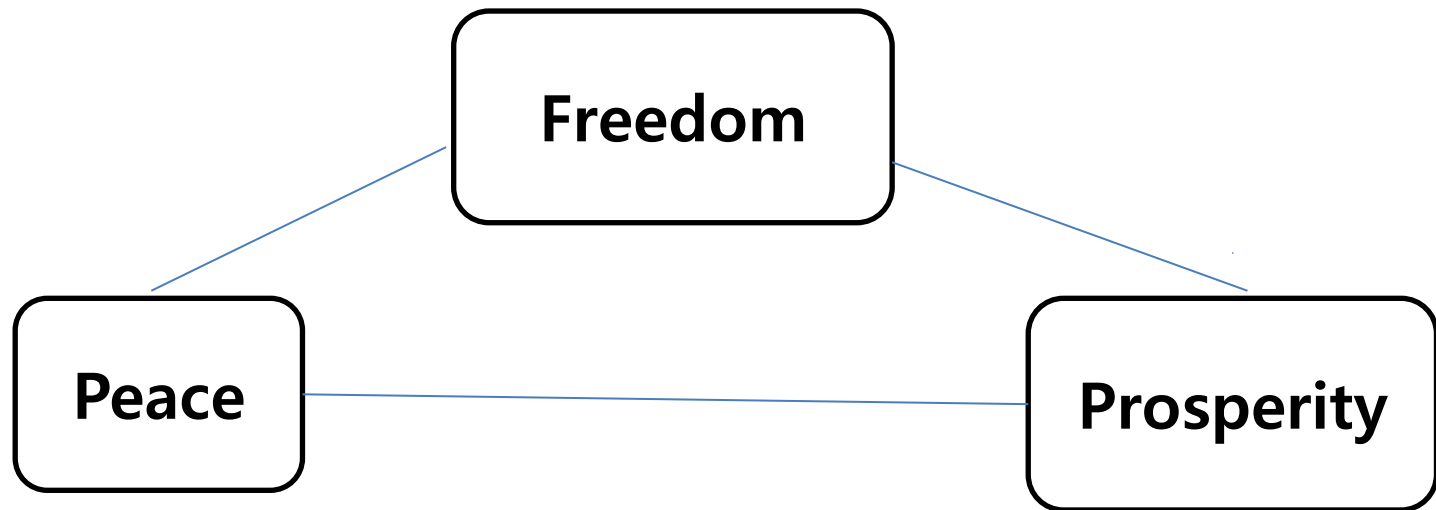
**Resilient supply chains, Digital trade rules, Decarbonization, anti-corruption**

## **3. Members confirmed at the Tokyo QUAD summit, May 2022**

- The US, Japan, Australia, India, S. Korea, NZ, Singapore, Thailand, Indonesia, Vietnam, Brunei, Malaysia, Philippines**
- Deals with trade rules**

# South Korea's Indo-Pacific Frame

## ► Three core values



## ► S. Korea's Indo-Pacific frame

- Freedom : rule of law, rules-based trade order, human rights
- Peace : preemptive prevention of military confrontation and resolution of conflict through dialogue
- Prosperity: Open and free Indo-Pacific**

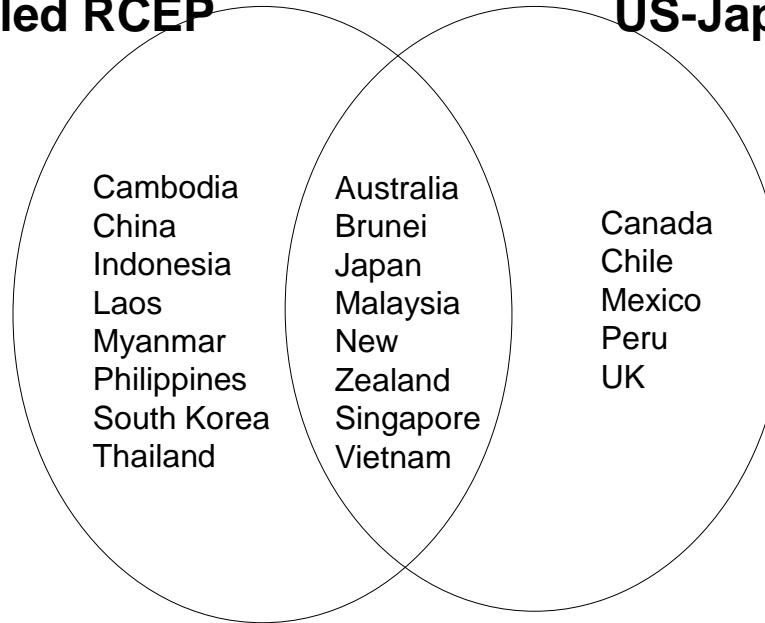
- Resilient supply chain
- Extended economic security
- Inclusive regional economic and technology ecosystem

👉 S. Korea added “inclusivity and prosperity” to the US-led Free, Open Indo-Pacific

# Strategic Convergence by China and the US

China-ASEAN led RCEP

US-Japan initiated CPTPP



US initiated  
**IPEF**

***Key ! China's Entry to CPTPP require for China to carry on high-level opening-up to meet high standards of the liberal trade and investment.***

U.S., Japan  
Australia, India  
South Korea, New Zealand  
Singapore, Thailand  
Indonesia, Vietnam  
Brunei, Malaysia  
Philippines

Four pillars

- Resilient supply chains
- Digital trade
- Decarbonization
- Anti-corruption

# The Ideal of APEC FTAAP

亞太自由貿易地帶

- ▶ 21 members including the US and China had committed to FTAAP 2006.
- ▶ Non-binding but pathfinder approach
- ▶ CJK should work together toward the ideal of FTAAP.
- ▶ CJK need to resume the stalled trilateral FTA.
- ▶ Minimize the risk involved in the intensifying security-trade nexus.
- ▶ Avoid thy neighbor beggar policy.
- ▶ Avoid “weaponization of strategic materials.”
- ▶ If China joins the CPTPP after meeting all the entry requirements  
=> effective way to combine the RCEP and CPTPP leading to FTAAP  
and revival of multilateralism (安忠榮 2021).

# Future Path to be recommended from CJK Dialogue (I)

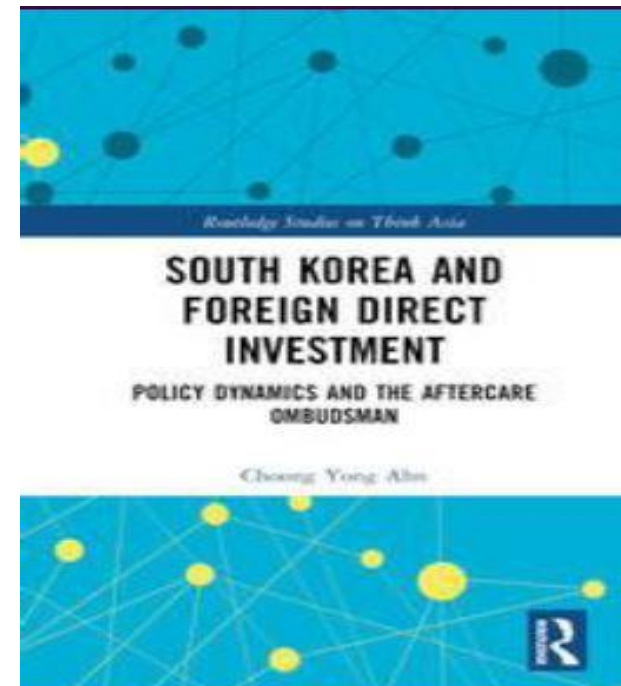
- ▶ Pursue separation of politics from normal economic exchanges (政經分離) to realize bottom-up integration leading to open rule based system.
- ▶ From the RCEP effectuation, stalled CJK FTA negotiation must be resumed.
- ▶ Increase student exchange is critical : to ensure a peaceful coexistence with enhanced mutual trust and to produce regional public goods.
- ▶ Promotion of intra-CJK tourism: Aging population prefer to travel in neighboring countries to trigger most effective way of increasing domestic demand and mutual understanding.
- ▶ Resilient supply chain network by avoiding “weaponization” of strategic materials



# Future Path from CJK Dialogue (II)

- ▶ Increase CJK trilateral digital trade connectivity. Eg. DEPA
- ▶ Develop energy “security” with a focus on nuclear energy safety and prevention of natural disasters due to climate change.
- ▶ Aftercare services for foreign direct investors need to be provided.

**South Korea’s Aftercare  
Function for  
Foreign Invested Companies =>**





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# **Thank You**

## **Q & A**