

# The 4<sup>th</sup> CJK Cooperation Dialogue

October 19~21, 2017

The President Hotel, Seoul, R.O.K.

Co-hosted by

China Foreign Affairs University / China Institute for Reform and Development

Japan Economic Foundation

East Asia Foundation (Organizer)

The agreed purpose of this trilateral dialogue at its inaugural meeting in November 2014 was “to hold an annual 1.5 track trilateral conference to find together co-operative measures for common problems facing each country as well as shared problems of trans-boundary nature, and to disseminate them for policy impact, which will promote a sense of community in East Asia and lead to peace and prosperity in the region.” Now that it has made a full circle of organizing turns, it is time for three co-hosts to step up each own effort for tangible progress toward fulfilling the purpose of this meeting in terms of publicity and policy impact. For a brief history of three previous conferences, please see the Attachment.

## < Program >

### “Separating Economic and Environmental Cooperation from Politics: Promoting Common Prosperity”

#### [ECONOMY SESSION]

CJK's external and internal challenges: Advent of protectionist trade regime aggravated by security challenges

- Each CJK economy faces a number of challenges arising from the domestic macro policies and anti-global trade environment largely created by the US Trump Administration. China is shifting to rebalance its macroeconomic management. Japan is working on salvaging the TPP abandoned by the U.S., while she reached the EU-Japan FTA in principle last July. South Korea is shifting to household income and SME-led growth with an emphasis on job creation. Though different in focus, each country has been addressing necessary domestic reforms in its own right to ensure resilient and sustainable growth.
- In recent years, CJK economies have increasingly faced serious military and security challenges due to North Korea's nuclear provocations, maritime territorial disputes in the South China Sea, and long-lingering historical issues.
- How the G2 bilateral relationship and North Korea's nuclear development unfold in the years to come will enormously impact CJK relations.
- CJK might face some degrees of financial shocks and exchange rate volatilities, although different in nature and degree, arising from the U.S.' exit from ongoing QE policies and being placed on the currency watch list by the US.

Regional mega free trade deals (TPP and RCEP), AIIIB, require structural reforms as a prerequisite for sustainable regional growth

- Recently, the eleven TPP nations without the U.S. attempt to salvage the mega free trade deal to increase growth potential and job opportunities though different in enthusiasm. Korea expressed interest in joining TPP after its conclusion, along with Thailand, Taiwan, the Philippines and Colombia, as a member of the second-batch group. Perhaps, the US might return to the original or expanded TPP.
- Though very slow in progress, CJK FTA negotiations need to be accelerated to provide a new momentum for Asia-Pacific-wide economic integration. The trilateral joint study

for CJK began in 2003 but three countries agreed in 2012 to begin formal negotiations and concluded 11 rounds of negotiations by 2016 with higher standards than RCEP. But negotiations have been virtually stalled.

- China rolled out major projects to implement AIIB which, despite Washington's opposition, has won the endorsement of most American allies except Japan.
- The promotion of intra-regional tourism, including student exchanges, could be very effective for job creation and enhancing mutual understanding and cultural exchange. The increasingly prosperous East Asian population should be viewed as a good source of regional tourism development.

Discussion points:

- 1) How could CJK economies promote TILF measures and eliminate non-tariff barriers through domestic reforms at government level to increase an intra-CJK trade and cross-border investment as an essential part of their usual economic relations, which would lead toward an eventual trilateral CJK FTA? What can each country implement in this regard?
- 2) Could the private sectors of CJK away from domestic political decision-making processes institutionalize an effective private dialogue mechanism?
- 3) How does each of CJK view an early conclusion of the RCEP after seeing the US pulling out of TPP? In this connection, how does each of CJK see the prospect of CJK FTA down the road? Is the CJK FTA just a talk show or a serious priority CJK agenda?
- 4) How would the China-initiated AIIB help to result in meaningful TILF measures to enhance credibility among the three countries? What would be desirable for the AIIB to map out short and medium term projects to serve its purpose?
- 5) In order to mitigate potential external financial shocks, what actions could CJK take in terms of exchange alignment?
- 6) How can our region benefit from the 4th Industrial Revolution?—What kinds of policies and measures is each of CJK taking for that matter and is there any area for CJK to cooperate?

## **[ENVIRONMENT SESSION]**

Northeast Asia has become one of the most important regions in terms of economic development. This has led to a situation where consumption of energy in the region has increased drastically. As of 2016, combined consumption of oil by China, Japan, and Korea represents 20.1% of total consumption of the world.<sup>1</sup> In case of coal, three countries in Northeast Asia consumed about 56% of coal in 2016. In case of renewables, while the share of renewables by three countries has soared quickly these days, it only represents 26% of total world consumption.

A large amount of energy consumption, especially coal and oil in the region has led to the consequences where emissions of CO<sub>2</sub> and other GHGs in the region may not be quickly reduced in order to meet the 2 degree target under the Paris Agreement. According to Nationally Determined Contributions (NDCs) by three countries, further efforts need to be made for this region to make better contributions to global initiatives to reduce GHGs. This can be done by three countries to develop effective cooperation by encouraging more climate efficient energy productions such as renewables and by developing region-wide infrastructure plan on sharing climate effective energy such as building Northeast Asian super grid.

Theme for discussions in Environment Session: Climate and Energy Cooperation in Northeast Asia

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<sup>1</sup> BP Statistical Review of World Energy 2017.

Discussion points:

- 1) What is current situation of energy cooperation in Northeast Asia in the context of implementing Paris Agreement by China, Japan and Korea?
- 2) What needs to be done to promote climate friendly energy production/consumption, particularly renewables at the regional level? How can three countries to cooperate on building Northeast Asian super-grid in a way of promoting production of renewables while ensuring sustainable growth of regional economy?
- 3) Are there any ways of addressing serious regional pollution such as fine dust which is caused by heavy uses of coals and diesel vehicles at the regional level? How can we better integrate existing cooperation among three countries to address fine dust in the context of climate friendly energy cooperation in Northeast Asia?
- 4) What would be the potential benefits of developing Carbon Market in Northeast Asia in the context of climate friendly energy cooperation in Northeast Asia? How can regional carbon market incentivize regional efforts to promote climate friendly energy consumption such as renewables?

**< Schedule >**

***Oct. 19 (Thurs.), 2017***

Arrival in Seoul

18:30-20:00 Welcome reception @ “88 Jeongol”:

Will meet at the lobby of the hotel at 18:15 and walk (5-10 mins) together to the restaurant

***Oct. 20 (Fri.), 2017***

Half-day public symposium and half-day closed roundtable discussion @ The President Hotel

- 10 minutes' formal presentations by CJK participants are made only at the Symposium and no formal presentations by each participant are made at closed roundtable discussion in order to promote more focused and comfortable discussions. At both meetings, speakers will use one's own natural language and the simultaneous translation service among Chinese, Japanese, and Korean will be provided.
- For the public symposium, each country is requested to select one representing speaker/panelist for economy theme and one such speaker/panelist for environment theme (altogether 2 speakers for each country).

09:00-12:00 A half-day public symposium:

09:00-09:15 Opening remarks by CJK representatives (5 minutes each)

Ro-Myung GONG, Chairman, East Asia Foundation

CHI Fulin, President, China Institute for Reform and Development

Kazumasa KUSAKA, Chairman and CEO, Japan Economic Foundation

09:15-09:35 Keynote speech by Enna Park (Ambassador for Public Diplomacy, Ministry of Foreign Affairs, R.O.K.) (20 minutes)

09:35-09:40 Group Photo

09:40-10:40 Presentations on CJK Trilateral Cooperation (\*10 minutes each)

**[On Economic Cooperation]**

ZHANG Yunling, Director General, Department of International Studies, Chinese Academy of

Social Sciences

Naoyuki YOSHINO, Dean, Asian Development Bank Institute

Choong Yong AHN, Chairman, Korea Commission for Corporate Partnership

**[On Environmental Cooperation]**

YIN Zhongyi, President's Advisor and Senior Research Fellow, China Institute for Reform and Development (CIRD)

Kazuo MATSUSHITA, Professor Emeritus, Kyoto University / Senior Fellow, Institute for Global Environmental Strategies (IGES)

Sang-hyup KIM, Visiting Professor, Graduate School of Green Growth, College of Business, Korea Advanced Institute of Science and Technology (KAIST)

10:40-10:55 Coffee break

10:55-12:00 Panel discussions and Q&A from the floor

12:00-12:05 Closing remarks by EAF

12:15-13:30 Lunch for CJK participants (not open to the public) @ The President Hotel (Ivy Hall, 19<sup>th</sup> floor)

14:00-18:10 Closed roundtable discussion under the Chatham House Rule:

(No formal presentations are made. Free discussions to follow up discussions in the Symposium in the morning)

14:00-14:05 Opening remarks by EAF

14:05-15:55 Economy session: Free Discussion

15:55-16:15 Coffee break

16:15-18:05 Environment session: Free Discussion

18:05-18:10 Closing remarks by EAF

19:00-20:30 Farewell dinner @ "Congdu":

Will meet at the lobby of the hotel at 18:30 and walk (10-15 mins) together to the restaurant

***Oct. 21 (Sat.), 2017***

Departure from Seoul