

JEF's Online Forums in FY 2021

Resilient Growth Under a Rules-Based Global Economic System – Economic Policy for Restoration of the Global Economy Under the Pandemic



Author Naoyuki Haraoka

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The fiscal year 2021 was another turbulent year of the pandemic. Though the world economy was steadily recovering in terms of GDP, there were challenges that have yet to be resolved. Covid-19 is still affecting our daily lives in the form of variants even at the beginning of 2022 and the battle between these variants and the vaccines continues. Meanwhile, the US-China “cold war” that emerged before the pandemic began has set up a clash between democracy represented by the United States and authoritarianism represented by China. This conflict could break up global supply chains, which would raise production costs for business firms.

Meanwhile, digital economy and clean energy have become important sources of economic growth against the background of the increased weight of IT and enhanced interest in a zero carbon emission society.

Against this common background, JEF organized its four annual policy fora online. The key issue discussed was how to reconstruct a resilient economy under the pandemic.

Japan-Europe Forum 2021 Co-hosted by Chatham House & JEF

Three issues were discussed in this forum on Sept. 29 and 30, 2021: the post-pandemic macroeconomic outlook in Japan and Europe, digitalization and clean growth, and trade policy and enhancement for inclusive growth.

On the first issue, social divisions were noted as the pandemic's major consequences in both Europe and Japan. Income gaps by gender and profession have increased during the pandemic. In particular, while permanent workers with knowledge-intensive jobs in offices were little affected by the decline in business activities due to the pandemic, non-permanent workers in the face-to-face service sectors were seriously affected. Remote working, a popular working style in both Europe and Japan, also widened such divides, since office workers find this easier to do, while workers in face-to-face service sectors do not. But it was appreciated that the pandemic's negative impact on the macroeconomy has been much less than originally predicted. Especially in 2021, economies all over the world began to see a robust recovery from the significant negative growth in 2020. But these social divisions seen not only in Japan and Europe but elsewhere in the world will have to be corrected in the post-pandemic era.

On the second issue, digital technology and clean energy to

realize a zero carbon emission society pledged by many nations will need to be staple sources of long-term economic growth and thus how to encourage their development will be critical to growth strategy in the long run. Rapid progress of digitalization during the pandemic has brought us rapid growth of energy consumption and a zero carbon emission society would need to be well thought out to meet both the needs of the global environment and economic growth in balance. Developing countries in particular face this challenge. Without solutions to this, the strategy to reduce carbon emissions adopted by nations around the world could end up in a new North-South issue, as developing nations would complain about their heavier burden in reducing carbon emissions than developed nations.

Central banks could play a role in achieving a clean-growth economy by providing incentives to commercial banks to buy corporate bonds issued by companies investing in clean technology with newly set up environmental standards for bonds. They could also set up another environmental standard for their loans to commercial banks as an incentive to be actively engaged in sustainable development.

On the third issue, with the increase in inequality and social divides, trade liberalization efforts face the challenge of anti-globalization groups blaming free trade for income inequalities between winners and losers. The pandemic has exacerbated this trend. Recent political turmoil has resulted in a US-China “cold war” and has now become a conflict between democracy and authoritarianism. This could disrupt global supply chains and destroy economic prosperity. Europe and Japan, major players in international trade, will need to stop it by collaboration. The US-China conflict could end up involving trade and investment in their power game, and other players like the European Union and Japan would be victims of it. They will need rules to control this power game. A rules-based trade and investment regime would enhance economic growth as it would mitigate the uncertainty surrounding trade and investment. In addition to growth, economic resilience must be restored.

The democratic political system will ensure equal distribution of these benefits and thus inclusive growth must be achieved. The United Kingdom is now applying for membership of the CPTPP and thus UK-Japan collaboration on rule-making for trade and investment could help achieve rules-based global trade.

Agenda

Japan-Europe Forum 2021 The Post-Pandemic Outlook in Japan & Europe 29-30 September 2021

This closed virtual roundtable will discuss the future of the global economy and trade system, considering perspectives from Japan and Europe. The event is held in partnership with the Japan Economic Foundation (JEF). Please note that the entirety of the discussions will take place under the Chatham House Rule.

Day One: Wednesday 29 September 2021

09:00-09:15 BST / 7:00-17:15 JST

Welcome & Opening Remarks

John Nilsson-Wright, Senior Research Fellow on Northeast Asia, Asia-Pacific Programme, Chatham House
Masakazu Toyoda, Chairman & CEO, Japan Economic Foundation

09:15-10:45 BST / 17:15-18:45 JST

Session One | The Post-Pandemic Outlook in Japan & Europe: Macroeconomic Perspectives

Speakers:

Keiichiro Kobayashi, Professor, Faculty of Economics, Keio University
Sayuri Shirai, Professor of Economics, Faculty of Policy Management, Keio University
Janet Hunter, Saji Emeritus Professor of Economic History, London School of Economics
Moderator: Naoyuki Haraoka, Executive Managing Director, Japan Economic Foundation

Day Two: Thursday 30 September 2021

09:00-09:05 BST / 17:00-17:05 JST

Welcome & Opening Remarks

John Nilsson-Wright, Senior Research Fellow on Northeast Asia, Asia-Pacific Programme, Chatham House

09:05-10:20 BST / 17:05-18:20 JST

Session Two | The Post-Pandemic Outlook in Japan & Europe: Digitalization & Green Growth

Speakers:

Nina Seega, Research Director for Sustainable Finance, Cambridge Institute for Sustainability Leadership, University of Cambridge
Tsuyoshi Abe, Senior Vice President CMO & General Manager, Marketing Headquarters, Yokogawa Electric Corporation
Yukari Niwa Yamashita, Managing Director, Charge of Energy Data and Modelling Center, the Institute of Energy Economics (IEEJ)
Moderator: Creon Butler, Research Director, Trade, Investment and New Governance Models, and Director, Global Economy and Finance Programme, Chatham House

10:20-10:30 BST / 18:20-18:30 JST

Break

10:30-11:45 BST / 8:30-19:45 JST

Session Three | Trade Policy & Enhancement for Inclusive Growth

Speakers:

Jun Kazeki, Director-General, Trade Control Department and Economic Security Policy, Ministry of Economy, Trade and Industry (METI), Japan
Robert Dujarric, Co-Director, Institute of Contemporary Asian Studies, Temple University, Japan
Yukiko Fukagawa, Professor, School of Political Science and Economics, Waseda University
Gunther Schnabl, Professor of Economic Policy and International Economics, Leipzig University
Moderator: Pepijn Bergsen, Research Fellow, Europe Programme, Chatham House

11:45-11:50 BST / 19:45-19:50 JST

Closing Remarks

John Nilsson-Wright, Senior Research Fellow on Northeast Asia, Asia-Pacific Programme, Chatham House

Asia-Pacific Forum 2021 Co-hosted by China Institute for Reform & Development & JEF

The discussion organized on Dec. 3, 2021 focused on the growth strategy and trade policies of the Asia-Pacific nations.

On growth strategy, robust and steady growth must be a prerequisite for trade liberalization, structural economic reform, resilient public finances and egalitarian societies. Those four would be encouraging factors for growth as well, and we could see a virtuous cycle among the five. How can we achieve this virtuous cycle? Competition, entrepreneurship and innovation, and labor market mobility should be the basis for this virtuous cycle. Asia-Pacific countries are mostly endowed with these elements and enjoy a comparative advantage over the rest of the world. In 2021, most of the nations in this region pursued robust and stable recovery from the pandemic disaster in 2020. Digital technology and clean energy technology are both sources of innovation and raise economic growth potential, but they have not only benefits but also costs.

As we need skills to master digital technology, there will be a

digital divide between the skilled and the non-skilled. Human resources development to enhance IT skills must be consolidated. Investment in clean technology could obstruct investment opportunities in the other areas and clean technology is at this stage more expensive than the old technologies emitting more carbon gases and thus it would be a greater cost for a company. This could lower the growth potential of nations. So digital and clean technologies, potential sources of innovation and new industries, must be reconsidered in terms of their potential enhancing impact upon economic growth.

Competition will be a source of economic vitality and entrepreneurship. This should be examined not only in domestic markets but also in the global market, and trade policies should be assessed in this light. Trade liberalization must contribute to enhancing competition and economic vitality. The US-China conflict casts a shadow over the global trade and investment system. This confrontation is now reaching a point where global supply chains are about to be divided into two groups between democratic capitalism and authoritarian capitalism. Resilient economies can only operate under a rules-based international trade and investment

Agenda

Process of Asia-Pacific Cooperation in the Post-Pandemic Era: Opportunities & Prospects

DATE: FRIDAY, 3rd DECEMBER 2021

TIME: 11:30-14:30 (JST) / 10:30-13:30 (CST)

(The following times are in JST)

11:00 – 11:30 Online Registration

11:30 – 11:35 House-keeping Announcement

JEF (platform operator)

-Norms and style of the forum, agenda and logistics

11:35 – 11:40 Welcome Remarks

Mr. Masakazu TOYODA, Chairman & CEO, JEF

-Introduction as a new CEO of JEF, expectation and desired outcomes of the forum

11:40 – 11:55 Welcome Remarks & Keynote Speech

Mr. CHI Fulin, President of CIRD (with consecutive interpretation)

-Expectation and desired outcomes, set the tone of the forum

11:55 – 13:00 Session 1: Growth Strategy of Asia-Pacific

Moderator: Mr. Naoyuki HARAOKA, Executive Managing Director, JEF

11:55 – 12:20 **Speakers:**

Prof. ZHANG Yunling (China)

Dr. Prof. AHN Choong-Yong (South Korea)

Daw Khine Khine Nwe (Myanmar)

Dr. VO Tri Thanh (Vietnam)

Prof. Sachin CHATURVEDI (India)

12:20 – 12:28 **Comments by Discussants:**

Ms. Anita PRAKASH (ERIA)

Dr. Man-Jung Mignonne CHAN (Taiwan)

Dr. Yose Rizal DAMURI (Indonesia)

Dr. Somkiat TANGKITVANICH (Thailand)

12:28 – 12:55 **Discussion by all the speakers**

12:55 – 13:05 **Q&A**

13:05 – 13:15 (Coffee Break)

13:15 – 14:20 Session 2: Economic Integration & Trade System of Asia-Pacific

Moderator: Prof. ZHANG Yunling, Chair Professor and Dean, Institute of International Studies Shandong University

13:15 – 13:30 **Speakers:**

Amb. Murray McLEAN (Australia)

Prof. Shujiro URATA (Japan)

Prof. Simon SC TAY (Singapore)

13:30 – 13:36 **Comments by Discussants:**

Prof. Gary HAWKE (New Zealand)

Dr. Josef T. YAP (Philippines)

Datuk Seri Jayasiri JAYASENA (Malaysia)

13:36 – 14:10 **Discussion by all the speakers**

14:10 – 14:20 **Q&A**

14:20 – 14:30 Closing Session

Summary: Comments & Findings

Dr. HE Dongni, Vice President, CIRD and Mr. Masakazu TOYODA, Chairman & CEO, JEF

14:30 Adjourn

regime with transparency and less uncertainty for business activities. The venues for pursuing such a regime must be not only the WTO but also the RCEP and CPTPP and other regional trade agreements. Asia, involved in the two largest regional FTAs, must be responsible for achieving a global rules-based regime for trade and investment. That will be the key to its growth strategy as well.

The US-Japan Forum 2021 Co-hosted by Johns Hopkins University & JEF

Against the background of the US-China conflict between democracy and authoritarianism, the most significant geopolitical risk that the world faces, the US-Japan alliance is vital for avoiding the decoupling of the world economy. Our forum for discussing how the two nations, the two largest democratic economies, should take the initiative in mitigating the conflict was held on Jan. 11 (JST) / Jan. 10 (EST), 2022. The discussion was divided into two parts, one on national security and the other on economic and environmental dimensions.

On the first issue, to preserve national security, we need deterrence to military action. It is to be noted now that today we need to handle non-traditional issues of military defense as well as traditional ones. Cyber and space security are examples of non-

conventional challenges. Artificial intelligence, 5G communications and other recent IT are also considered as having a serious impact on national security. Technological interdependence with China needs to be limited in the interests of national security for democratic nations to deter China's predominance in such defense-related technologies. It is not only the US-Japan alliance but also other international alliances like the Australia-UK-US military alliance (AUKUS) or the Japan, US, Australia and India cooperation on national security and economy (Quad) that would deter China from aggressive military action in the South China Sea and elsewhere. With high technology's increasing influence on national security, the boundaries of economic issues and security issues are increasingly blurred. Security sensitive technologies should be subject to rules on restricting their trade and investment relations with authoritarian states.

The second issue highlights these increasingly interactive security and economic issues. It is certainly clear that we need rules to avoid global trade and investment being driven by power politics. Superpowers tend to take a unilateral approach to trade and security issues and the middle and small nations would be seriously affected by this power game. A rules-based approach would save global supply chains from falling into disruption in this conflict between democracy and authoritarianism. Environmental protection provides

Agenda

Japan -US Forum

09:00, Jan 11 (JST) / 19:00, Jan 10 (EST), 2022

Welcome & Conceptual Introduction

Masakazu TOYODA

Chairman and CEO, Japan Economic Foundation (JEF)

Kent E. CALDER

Vice Dean for Education and Academic Affairs, Johns Hopkins University (SAIS)

09:15 (JST) / 19:15 (EST) **PANEL 1**

DETERRENCE & NATIONAL SECURITY

Moderator: Naoyuki HARAOKA

Executive Managing Director, Japan Economic Foundation (JEF)

-Panelists / Japan side-

Bonji OHARA

Senior Fellow, Sasakawa Peace Foundation

Chisako T. MASUO

Associate Professor, Graduate School of Social and Cultural Studies, Kyushu University

-Panelists / US side-

Ambassador David B. SHEAR

Senior Advisor, Edwin O. Reischauer Center for East Asian Studies
Adjunct Professor, Japan Studies, Johns Hopkins University (SAIS)

Thomas G. MAHNKEN

Director of External Programs for the Philip Merrill Center for Strategic Studies, Johns Hopkins University (SAIS)

09:35 (JST) / 19:35 (EST) **Panel Discussion**

10:05-10:15 (JST) / 20:05-20:15 (EST) **Coffee Break**

10:15 (JST) / 20:15 (EST) **PANEL 2**

BUILDING A RULES-BASED INTERNATIONAL ORDER: ECONOMIC & ENVIRONMENTAL DIMENSIONS

Moderator: Kent E. CALDER

Vice Dean for Education and Academic Affairs, Johns Hopkins University (SAIS)

-Panelists / Japan side-

Takaaki ASANO

Senior Analyst, Sumitomo Corporation Global Research

Yukari Niwa YAMASHITA

Managing Director, Energy Data and Modelling Center,
Institute of Energy Economics Japan (IEEJ)

-Panelists / US side-

Jessica FANZO

Vice Dean for Faculty Affairs and International Research Cooperation,
Johns Hopkins University (SAIS)

William W. GRIMES

Associate Dean for Academic Affairs and Professor of International Relations at the Frederick S. Pardee School of Global Studies, Boston University

10:35 (JST) / 20:35 (EST) **Panel Discussion**

11:05 (JST) / 21:05 (EST) **Closing Session**

Masakazu TOYODA

Chairman and CEO, Japan Economic Foundation (JEF)

Kent E. CALDER

Vice Dean for Education and Academic Affairs, Johns Hopkins University (SAIS)

11:15 (JST) / 21:15 (EST) **Adjournment**

another dimension of economic and security interlinkage. Cooperation between democratic and authoritarian nations to address this common global challenge could mitigate security concerns. There is a possibility, however, that the response to global climate change could exacerbate a North-South confrontation, as developing countries would be concerned that the greater restriction on their carbon emissions would be a serious impediment to their economic growth. We need to be prudent in using trade policy to mitigate environmental concerns, as it could be used as a protectionist policy.

This is how the security and economy are closely linked with each other and we need a holistic strategy to integrate both issues to deter military and economic conflict.

China-Japan-South Korea Cooperation Dialogue 2021 Co-hosted by China Institute for Reform & Development, JEF & East Asia Foundation

East Asia is today the most critical region in terms of geopolitics against the background of the US-China confrontation. How could our CJK policy dialogue contribute to mitigating this confrontation? The dialogue organized on Jan. 17 in 2022 began by celebrating the success of the RCEP which became effective on Jan. 1, 2022, the

largest regional FTA covering around 30% of the world GDP and world trade. The conclusion of the RCEP was noted as the progress of trade liberalization efforts made by Asia-Pacific nations which is unusual today when nationalism is growing.

The distinguished contribution of the RCEP is its relaxed rules of origin, enabling the member nations to be beneficiaries of preferential tariffs with their exports assembled among member nations and not only made in a certain member nation, by taking advantage of “cumulative value-added criteria”. This will transform the supply chain in the region into a more resilient one. Its rules on e-commerce would be a stepping stone for rules on digital economy that the Asia-Pacific nations are pursuing to promote enhanced use of IT during the pandemic.

Meanwhile, there are quite a few points to be improved for high-quality regional FTAs. One is the liberalization rate of all the tariff items, which is now 91% but has room for being raised. In the Asia-Pacific region, another large regional FTA, the CPTPP, with a higher liberalization rate than the RCEP, provides business opportunities for free trade. Competitive liberalization could end up leaving the less ambitious FTA unused by businesses.

Second, its membership can be expanded to India or some other nations. Membership expansion and raising the liberalization rate could result in a merger with the CPTPP and eventually achieving an

Agenda

The 8th CJK Cooperation Dialogue CJK Cooperation in the Post-Pandemic Era

Haikou, China & Online
January 17, 2022 (Monday)

Organizers:

China Institute for Reform and Development
China Public Diplomacy Association
Japan Economic Foundation
East Asia Foundation

Supporting Organization:

Trilateral Cooperation Secretariat

Time: 9:00-17:30 (CST) / 10:00-18:30(JST/KST)

Agenda

January 17, 2022 (Monday)

10:00-11:00

Opening Ceremony

Moderator: Wei Wenfeng, Director of International Cooperation, China Institute for Reform and Development

Opening Remarks/Keynote Speech

- Hu Zhengyue, Vice Chairman, China Public Diplomacy Association
- Masakazu Toyoda, Chairman and CEO of Japan Economic Foundation
- Kim Sung-hwan, President of East Asia Foundation
- Ou Boqian, Secretary-General of the Trilateral Cooperation Secretariat
- Chi Fulin, President of China Institute for Reform and Development

11:00-11:10

Tea Break

11:10-13:10

Topic 1: Collective action of promoting the implementation of RCEP among China, Japan and Korea

- Implementation of RCEP and economic recovery in the post-pandemic era
- Implementation of RCEP and the new prospect of CJK cooperation

Moderator: Naoyuki Haraoka, Executive Managing Director, JEF

1. Keynote Speech (10 mins each)

- ① Zhang Yunling, Academician of the Chinese Academy of Social Sciences / Professor of Shandong University
- ② Ahn Choong-Yong, Distinguished Professor, Graduate School of International Studies at Chung-Ang University
- ③ Yukiko Fukagawa, Deputy Dean and Professor, School of Political Science and Economics, Waseda University
- ④ Kim Do-Hoon, Professor, Sogang University / former President, Korea Institute for Economics and Trade
- ⑤ Jiang Ruiiping, Professor and Former Vice President of China Foreign Affairs University
- ⑥ Shujiro Urata, Professor Emeritus, Waseda University
- ⑦ Yang Bojiang, Director, Institute of Japanese Studies, Chinese Academy of Social Sciences
- ⑧ Cho Choong-Jae, Chair of the Strategic Committee, Korea Institute for International Economic Policy
- ⑨ Zhao Jinping, Former Director General of the Department of Foreign Economic Cooperation, Development Research Center of the State Council

2. Discussions (30 mins)

13:10-15:00

Lunch Break

15:00-16:40

Topic 2: Joint efforts on building a secure, stable & green supply chain by China, Japan & ROK

- Economic recovery with reconfiguration of a safe/reliable, stable and green supply chain

- Policy coordination and actions on building a safe/reliable, stable and green supply chain
- Supply chain reconfiguration and the Development of innovative small and medium-sized enterprises
- Supply chain cooperation among China, Japan and ROK in the context of carbon neutrality

Moderator: Kim Sang-Hyup, President, Jeju Research Institute

1. Keynote Speech (10 mins each)

- ① Qiu Guohong, Former Chinese Ambassador to ROK
- ② Keigo Akimoto, Group Leader of Systems Analysis Group, Chief Researcher, Research Institute of Innovative Technology for the Earth
- ③ Chung Suh-Yong, Professor, Division of International Studies and the Graduate School of International Studies at Korea University
- ④ Wu Shicun, Founding President of the Institute for South China Sea Studies; Chairman of board of directors of China-Southeast Asia Research Center on the South China Sea
- ⑤ Izuru Kobayashi, Deputy Commissioner for International Affairs, Agency for Natural Resources and Energy (ANRE), Ministry of Economy, Trade and Industry (METI)
- ⑥ Whang Jooho, former Vice President, Professor of Nuclear Engineering, Kyunghee University / former President, Korea Institute of Energy Research
- ⑦ Naoko Doi, Senior Economist and Manager, Climate Change and Energy Efficiency Unit at The Institute of Energy Economics, Japan

2. Discussions (30 mins)

16:40-18:20

Topic 3: Policies & institutions for coping with population aging & low fertility in China, Japan & ROK

- Policies and institutional arrangements for coping with the trend of aging population with low fertility in China, Japan and ROK
- Policies and measures for reducing the cost of child-bearing and increasing the fertility rate in China, Japan and ROK
- System for elderly services for coping with population aging in China, Japan and ROK

Moderator: Wu Shicun, Founding President of the Institute for South China Sea Studies; Chairman of board of directors of China-Southeast Asia Research Center on the South China Sea

1. Keynote Speech (10 mins each)

- ① Bai Xiaohong, Vice President, Shanghai National Accounting Institute
- ② Kim Jung-Sik, Professor Emeritus, School of Economics, Yonsei University
- ③ Naoyuki Yoshino, Professor Emeritus, Keio University / Director, Financial Research Center, Financial Service Agency Government of Japan
- ④ Tian Xueyuan, Academician, Chinese Academy of Social Sciences
- ⑤ Yi In-Sill, Professor, Graduate School of Economics, Sogang University
- ⑥ Park Jong-Seo, Director, Department of Population Policy Research, Korea Institute for Health and Social Affairs
- ⑦ Zhou Weisheng, Professor of Ritsumeikan University, Japan
- ⑧ Kazushige Tanaka, Deputy Director-General, Commerce and Service Industry Policy Group, METI

2. Discussions (20 mins)

18:20-18:30

Closing Summary

- Ahn Choong-Yong, Distinguished Professor, Graduate School of International Studies at Chung-Ang University
- Masakazu Toyoda, Chairman and CEO of Japan Economic Foundation
- Zhang Yunling, Academician of the Chinese Academy of Social Sciences / Professor of Shandong University

APEC FTA. China, Japan, and South Korea, the core members of the RCEP, should work together to contribute to building up such a rules-based regional economic system in the Asia-Pacific area and eventually also rules-based global governance achieving resilient global supply chains and economies.

It is crucial for the three countries to share the political will to achieve this. Global challenges such as climate change and the aging of societies could work well to restore this political will, as

sharing a sense of common crisis would unite them in pursuing a common goal. Our spontaneous exchange of information and views on these common global challenges in our dialogue is expected to encourage the three nations' political will for collaboration. **JS**

Written by Naoyuki Haraoka, editor-in-chief of *Japan SPOTLIGHT* & executive managing director of the Japan Economic Foundation.