

1st Stage Keynote Address

Northeast Asia in a New Context: the Key is Cooperation

ZHANG Yunling

*Professor and Academy Member, Chinese Academy of Social Sciences
President, Institute of International Studies, Shandong University*

Northeast Asia is facing three big challenges or problems. One, of course, is the COVID-19 pandemic, which is still very serious. Almost all countries have been affected. We do not know when it will end. But one thing is very clear. We must cooperate, even though each country is responsible for and focusing on its own problems. There are no other ways to deal with the pandemic because we are living in an interdependent world. Especially now, we need to cooperate on vaccine production and injections for coping with the COVID-19 pandemic.

The second challenge is related to the economy. This challenge is different from the economic crises of the past. Because of the pandemic, almost all the countries have suffered negative growth. Though China finally achieved 2.3% growth last year due to its domestic efforts, this figure is still very low compared with previous years. For the regional economy or global economy, we still have to find a way to solve the problem of negative or slow growth. The only way is to cooperate on a recovery based on open market environment and consolidated policies.

The third one is regional relations, which refers to the rebuilding and readjustment of the Northeast Asia regional relations. We have enjoyed peace for a long time. Meanwhile, we are worried that there may be a war if emerging conflicts get out of control. In the past, for a long time, we did not worry about the outbreak of a war at all. We believed that peace would continue, but now things have changed, and there are new challenges. We need to find out how to manage this situation and do everything we can to protect our hard-won peace.

Northeast Asia includes China, Japan, ROK, DPRK, Russia, and Mongolia according to the geographical definition. After WWII, this region has experienced great changes. The most important and profound change is its economic rise. We recall that Japan's economic rise covered the period from the 1960s to 1970s, followed by ROK from the 1980s to 1990s. Then, it was China's rise, from the 1990s to about 2010, which continues almost until now. Northeast Asia experienced the economic growth waves. We may call this Flying-Geese model. But actually, more than that, because it created a kind of economic network in Northeast Asia. Northeast Asia has now become the largest economic group in the world. The reason behind such great economic rise in Northeast Asia is economic integration.

Among all the factors that support the economic rise of Northeast Asia, the most crucial factor is China's reforms and opening. China's reforms and opening has led to economic networking between China, Japan, and Korea (CJK). Thus far,

the CJK networking covers comprehensive aspects ranging from business chains to government cooperative agendas. China is a big country with great potential. Its rise has a larger scale and longer process than that in most countries. China has become the largest economy in the Northeast Asia region, the second largest in the world, and may be the largest economy in the world by around 2035.

CJK cooperation has emerged based on this economic integration. It started with the "ASEAN+3" framework, then the independent CJK framework in 2008, also with a supporting trilateral secretariat. No matter what happens, the trilateral secretariat remains functional. CJK has signed an investment agreement and has an ongoing FTA negotiation. Aside from CJK economic networking, there is also "CJK plus", such as plus Russia, plus Mongolia etc. This is open to any country that has interest, including the United States.

Speaking of the economic integration of Northeast Asia, of course, there are still many challenges. Economically, one of those challenges is the escalation of the China-US friction. China was identified as a strategic rival to the US under the Trump administration, in addition to trade sanctions, tensions as well as high-tech decoupling. We hope this is changed under the Biden administration since it is not beneficial to the United States. I believe that there should be a lot of changes. China and the US should open trade negotiations as the Trump Administration made so many unilateral sanctions on China. In the past, most exchange programs were blocked by the US side. Only when China and the US are sitting together we can find a solution. Not just China and the US, but also others, suffer from this situation.

In an interdependent world, few can decouple from the world market. If you see the trade figures, you will find that despite the numerous trade sanctions during the last year, trade between China and the US continues to grow, and US imports from China continue to grow. Many American companies continue to invest in China. The reason is very simple. China is the largest potential market. Investing in China is best for their profits. Nevertheless, under the Trump administration, CJK economic relations were also affected because of those sanctions. In fact, CJK's normal economic and high-tech relations have been seriously affected by US policy.

As COVID-19 is a common threat, it opens the window for our cooperation, and this can be seen as an opportunity for Northeast Asia to establish an institutional regime for public health. COVID-19 has serious impacts on current economic and social activities as well as future activities. COVID-19 may

strike again. Just like the Japanese government, which had announced that it would welcome all tourists and then suddenly had to close it down due to its surging number of infectors, China also did the same thing –closed its doors- because of the increasing pandemic infectors coming from abroad. We must be very cautious when it comes to the safety of human beings. I have no idea when we can go back to normal. Probably during this year, 2021, each government still has to remain cautious. Hence, I do not think we can return to normal very soon. However, what matters more is how to rearrange our relations in such an abnormal situation.

Economic integration in Northeast Asia is facing a new challenge caused by the issue of economic security, which suddenly comes to the fore. A core concern on economic security is how far it goes. Many normal economic exchanges may be stopped due to the control of security with very complex effects. In the past, security was more related to national security. Due to the pandemic, social security and business security are high on agendas. Companies have to rethink their strategies and consider whether they need to create more efficient and robust networks of supply chains. People cannot travel freely thus far due to health security controls. Before COVID-19, we saw hundreds of millions of people from China traveling abroad. They liked to travel everywhere, but now they have to rethink the security of their trips. All of those have severe effects on policy, on business and people.

Challenges always come with opportunities. China's effective and quick control of its domestic pandemic and its rapid economic recovery provide a positive role in facilitating the regional cooperation and economic recovery. The conclusion of RCEP negotiation gives a strong signal that the openness and cooperation will continue, and the CJK FTA, with RCEP as the background, can move faster. The change of the US administration may help to move to a more manageable Sino-US relationship. Both China and the US should take this opportunity to open dialogue and reduce the tensions.

The subject of this meeting is China and Northeast Asia. China is becoming stronger and its rise will continue. China's rise should be considered a good thing as a strong China will make greater contributions to our region. Unfortunately, some see China's rise as a trouble or a threat. China has its own style of administration and government, which is different. China holds its commitment to insisting on the peace and development road in its Constitution. It has announced again and again that China will never compete for status as a superpower or domination. We should believe China. Although things do not always go smoothly, China continues to open, continues to join the international community, and continues to be responsible for international actions and behaviors. China and EU just concluded their investment treaty. This shows China's will to open and integrate into the international market. In the treaty, China has made more commitments to open its market and accepted a lot which in the past we thought it could not possibly accept.

China has to insist on its political system while it also has to closely join the world and the region. Therefore, we should learn

how to live with a different China, and with a cooperative and open China. Actually, each country is different from any other. We should learn how to manage well the differences. The efforts come from all aspects. We are living in an inter-dependent world. The interests are related to all of us. This is not a way of confronting or competing. It is a way of living together and finding a way to solve our differences.

Coming back to the economy. China just announced its new policy of dual circulation. This kind of policy has been discussed for many years already. We must understand that China cannot continue a model in which economic growth heavily relies on export supports. China has to mobilize its resources and markets and achieve more innovation rather than relying on the outside. However, this is not inward-looking. It is outward-looking. Dual circulation behaviors try to think of China and the world from a different kind of approach. In the past, China relied more on the outside market. But in the future, China will rely more on its own market and a different way for linking itself to the outside world. China can become a country similar to the US, as a major importer as well as a major outside capital investor. Hence, this will be good for the region and also for the world. However, it is not a short or sudden change, the transition probably needs a long time. At least, I think it requires two decades.

Coming back to Northeast Asia. It is most dynamic but with a lot of challenges and dangers. What we need and what we expect is a stable and cooperative Northeast Asia, rather than a divided Northeast Asia. The Trump administration tried to divide it. Now since the US is under a new administration, we can probably come back and rethink about what we need to do.

We need a new mind set for the future. China has called on community-building for a shared future. This is a new mindset for living together. What China called for is actually a forward-looking strategy. China does not say what kind of community it is. But we need to make progress and contribution. Community building for a shared future can be implemented on economic development, culture, health care, on dealing with COVID-19 etc. The key point is to let us work together. I think that is how to understand it.

Northeast Asia has two major emergent tasks--the COVID-19 pandemic and a cooperative agenda. As the COVID-19 has not gone, we need to strengthen our cooperation. Economic growth is a key concern for our region. We have made some progress in facilitating exchanges by adopting the green channel travel and encouraging business travel. On that basis, we can do more. Until now, we have no-lasting medicine to cure COVID-19. Thus, we should continue to cooperate on research and work on medical products in the future.

CJK cooperation is essential for Northeast Asia. We must revitalize our cooperation to have the trilateral summit meeting. We have not seen action on this yet. I remember two years ago, the three leaders seriously committed to not stopping the CJK summit meeting. Actually, it should be very easy to do online. This is crucial. Throughout history, for thousands of years, the three countries never sat together equally for cooperation. Now we have to continue it no matter what happens. In fact, I think we should work early this year to push for the next CJK

meeting.

Moreover, I think it is probably the right time to rebuild stable economic supply chains. Northeast Asia needs an open digital network. In the future, we can expect that more and more economic and social activities will be linked to the digital network. Thus, the opening of this is crucial.

Generally, Northeast Asia is facing challenges. We need to work together to cope with and make a good future. That is to

say, whatever happens for Northeast Asia, cooperation is the key to peace, security and welfare. We cannot afford to go backwards and lose. Besides, Northeast Asian cooperation is open, we must do more in the area of CJK plus. Plus is also open, plus other Northeast Asian countries, plus the US, plus ASEAN etc.

For Northeast Asia, peace is the foundation. As long as we have peace, not war, then we can do almost anything with effort.