



The 10th CJK Cooperation Dialogue

Date: 09:00-17:30, Fri, October 12th, 2023 Venue: Seoul Dragon City Grand Mercure, Seoul

“Navigating a Sustainable and Prosperous Future for CJK Cooperation”

Opening Session

The opening session with the heads of the CJK co-hosting organizations looks back 10 years of the dialogue with the TCS’s proven records of CJK cooperation and explores how to promote a robust and sustainable partnership among CJK.

Chair:

SOHN Jie-Ae (Ambassador for Cultural Cooperation, Ministry of Foreign Affairs)

Keynote remark:

LEE Hee-Sup (Secretary General, Trilateral Cooperation Secretariat)

Panel:

KIM Sung-Hwan (Chairman, East Asia Foundation)

CHI Fulin (President, China Institute for Reform and Development)

TOYODA Masakazu (Chairman, Japan Economic Foundation)

LEE Hee-Sup

- The Trilateral Cooperation Secretariat (TCS) stands as a lasting international organization established in September 2011 in Seoul by the three Northeast Asian nations - Korea, China, and Japan - in their pursuit of regional peace and mutual prosperity.
- Sharing strong cultural and economic connections, trilateral cooperation’s roots date back to the ASEAN+3 Summit in 1999. Ever since, trilateral collaboration

occurs through numerous meetings, consultative bodies, and ongoing cooperative projects, even when bilateral relations were sour.

- Key areas like the Environment Ministers' Meeting have fostered consensus and institutionalization. Expanding and institutionalizing cooperation in domains impacting daily life, such as public health, aging society, climate change, education, and urban regeneration, is also vital, free from political influence.
- 3 Steps forward:
 - 1) Enhance public diplomacy to foster mutual understanding through multiple means such as utilizing think tanks and media for research and consensus building.
 - 2) Strengthen projects and exchange programs to build a robust foundation for trilateral cooperation, especially among the younger generation.
 - 3) Foster closer cooperation to tackle complex crises like the pandemic.

KIM Sung-Hwan

- In the last decade, trilateral dialogues primarily focused on shared concerns like trade, environment, and aging populations, constituting a 1.5-track discussion.
- In November 2020, the RCEP came into effect, signed by 15 Asian countries, including China, Japan, and Korea, to bolster trade cooperation. The 10th CJK Dialogue will focus on RCEP matters, tackle supply chain disruptions due to the pandemic and Ukraine conflict, and further regional cooperation. It will also cover the shared target of carbon neutrality by 2050, highlighting the need for joint environmental efforts among these countries.
- Despite the recognition of the importance of such cooperation, surveys show a decade-long decline in South Korean favorability towards China and Japan,

coupled with waning trust in political leaders. Thus, building mutual trust and goodwill among our citizens is imperative.

- Persistent negative perceptions among citizens hinder trilateral cooperation. Accordingly, the three governments must prioritize public diplomacy to build trust and goodwill. Fortunately, the younger generation's openness bodes well for future collaboration.

TOYODA Masakazu

- U.S.-China tensions and the Ukraine crisis have shifted the focus from free trade to disconnection, slowing global economic growth. Nonetheless, Asia's prominence, with three key nations' GDPs rivaling the U.S. and E.U., positions it for pivotal cooperation and development amid these challenges.
- Over the past decade, CJK cooperation, marked by various ministerial meetings, has been positive. Despite occasional frictions, cooperation on shared issues has brought peace and prosperity. The younger generation has bridged gaps through cultural exchanges, fostering mutual understanding and trust. Based on these, I would like to talk about three points.
- Japan, China, and South Korea face a common challenge of declining birth rates and aging populations. With 2021 fertility rates of 1.30, 1.16, and 0.81 respectively—among the world's lowest—they fall short of the 2.05 rate needed for population maintenance. This trend threatens economic growth, fiscal stability, and security, making it crucial for these countries to collaborate and share best practices.
- Trilateral cooperation should prioritize tourism. While China ranked 4th, Japan 12th, and South Korea 24th in foreign tourist visits in 2019, there's room for improvement. Given their rich history and unique cultures, a North Asia tour seems promising. Tourism is a vital industry for the 21st century, promoting economic growth, employment, mutual understanding, peace, and prosperity.

- The third area for trilateral cooperation is digital government. South Korea ranks 7th, Japan 10th, and China 44th in the digital government performance index by Waseda University. Encouraging South Korea to share its know-how with China and Japan can foster collaborative development. A more efficient digital government not only enhances people's well-being but is also pivotal for economic growth.

CHI Fulin

- As TOYODA Masakazu pointed out, there are numerous avenues for the three countries to collaborate, such as tourism, cruises, and visa exemptions. Trilateral cooperation dialogues hold significant value. Despite the challenges posed by Covid-19, we've made substantial progress.
- Amidst global changes, our economic ties must transcend geopolitical issues, leveraging our manufacturing prowess and services trade complementarity to spur regional growth. Market access, especially in China as the primary market for South Korea and Japan, is crucial for establishing new cooperative frameworks.
- We must persist in cooperation and progress sharing. Developing RCEP into the world's largest trade agreement is vital, given our 30% share of the world's economic volume, total trade volume, and population.
- Strengthening trilateral cooperation under RCEP, especially in services trade, is vital. RCEP's e-commerce rules offer an opportunity for a shared digital market. Collaboration in tourism, education, culture, addressing aging populations, and advancing healthcare are also feasible, as these nations share common challenges.
- As advocates of rules-based free trade, the three countries must champion its promotion of regional growth and commit more deeply to opening the trilateral market under RCEP. Although China-Japan and Japan-Korea have

initiated market opening, complete access is pending. We need to reform origin rules and ease tariffs within RCEP to achieve this.

- Institutional reform is needed through market opening. If China joins CPTPP and DEPA, it will try to create a marketized, legalized, and globalized business environment. Extensive discussions are required to advance institutional openness and reinforce reform and opening in the future.

Q: In the view of the Trilateral Cooperation Secretariat (TCS), what areas should we focus on to truly enhance cooperation and friendly relations among the three countries?

LEE Hee-Sup

- Current cooperation among South Korea, China, and Japan faces rising tensions due to historical and territorial disputes and international geopolitics, leading to public skepticism. Although progress is slow during such times, history shows that it is possible. To move forward, seminars involving these nations should address these issues practically. Focusing on diplomacy, security, nuclear concerns, and major issues is challenging, but necessary.
- Ultimately, the growth of people-to-people exchanges and inter-nation cooperation is key. Enduring connections among the citizens of the three countries should remain steadfast, even if official exchanges falter. With ongoing cooperation and institutionalization, I am confident that high-level summits will persist over the decades, despite challenges.
- Some view European integration and Northeast Asia's situation as different. European integration was also seen as impossible in the past. The Trilateral Cooperation Secretariat (TCS) believes that trust issues among the three governments limit its authority and independent operation. Over time, it would be beneficial to expand the Secretariat's functions and roles to enhance cooperation and the effectiveness of consultative bodies.

TOYODA Masakazu

- Institutionalization is undoubtedly important, but it's also vital to assess how well the public understands and resonates with it. Demonstrating a cooperative attitude to work on issues, such as the new integrated relationship centered around RCEP and the intention to address the increasingly serious climate change issues, can aid in the process of institutionalization.
- In addition, the most pressing common concerns are low birth rates and an aging population. With a birth rate of around 1.3 in the case of Japan, it's projected that 50 years from now, the population will decrease by 50 million from the level of 120 million to 70 million.
- The fact that South Korea, China, and Japan are collectively ranked at the lowest 15 countries among 210 countries indicates the need for us to collaborate and make progress in this field.

CHI Fulin

- The Reform and Development Research Institute has established an RCEP think tank federation, focusing on the RCEP development index and organizing symposiums. Looking 30 to 40 years ahead, the landscape will differ significantly from the past 30 years. By 2030, ASEAN aims to surpass Japan and become one of the world's top four economies, reshaping the global and regional economic dynamics. Significant demographic changes are expected by 2030 or 2040. RCEP, centered on ASEAN and driven by Korea, China, and Japan, will play a substantial role in regional development and global economic restructuring.
- Enhancing the quality of RCEP is a current challenge, and its expansion is necessary. Within the RCEP framework, Korea-China, Korea-Japan, and China-Japan have signed free trade agreements (FTAs), marking a significant

development. If FTAs are established within the RCEP framework, it will have a substantial impact. Supporting Hong Kong's RCEP accession and China's CPTPP entry is vital. While China's reform and opening may differ, it could lead to reforms and more cooperation opportunities with South Korea and Japan through CPTPP membership. In particular, healthcare and services offer potential areas for South Korea and Japan to cooperate, and government-level support is crucial.

- The birth rate in China may increase with mandatory education and service aspects. Strengthening cultural exchanges is essential, as cultural ties have somewhat deteriorated between South Korea, China, and Japan. All of these require interpersonal exchanges, making them crucial. Collaboration across all service industries is necessary. A long-term perspective is essential, and youth dialogue is of paramount importance.
- Shall we create a South Korea-China-Japan youth dialogue? It should be held within the framework of RCEP.

Q: Cooperation between nations and governments can be challenging to advance together. Overcoming these difficulties is a perennial issue. Are there any strategies to navigate these challenges effectively?

KIM Sung Hwan

- This challenge necessitates government intervention. When first established, TCS focused on private and cultural exchanges free from political influences but now faces political influence. Scheduling a trilateral summit is crucial to improve perceptions. Simplifying visa requirements between South Korea and China, like the example of Jeju Island, is beneficial. Japan is close to a visa exemption agreement with China, and the same should occur between South Korea and China.

2. Feature Session: ‘Sustainable Trilateral Cooperation Model for the Next Generation’

The feature session proposes a sustainable model of trilateral exchanges and cooperation for young generations and practical approaches that will ensure a robust and reliable partnership among CJK.

Chair: KIM Taehwan (Professor, Korea National Diplomatic Academy)

Panel:

GUO Yanjun (Director, Institute of Asian Studies, China Foreign Affairs University)

AIZAWA Nobuhiro (Associate Professor, Department of Cultural Studies, Kyushu University)

CHOI Eunmi (Research Fellow, The Asan Institute for Policy Studies)

KIM Taehwan

- **Korea-China-Japan Trilateral Nexus**
 - The trilateral and bilateral interactions that make up the Korea, China, and Japan relationship seem to have been stuck between an upper and lower limit line, constantly alternating within that restricted space throughout history.
 - Such restricted dynamic between the three states is determined by three key factors, or a nexus, composed of (1) geopolitics of East Asia, (2) collective memory of history, and (3) nationalism. This nexus, which has both a regional and international dimension, fuels a vicious cycle within the trilateral relationship.
- **The Return of Great Power Competition**
 - The U.S.-China competition has heralded the return of great power competition in today’s international political environment.
 - Today’s great power competition is not only restricted to material domains, such as military, trade, advanced technology, cyber, and space, but also the immaterial domain, namely ideology and values.

Q: How does the age of great power competition affect relations between China, Korea, and Japan, especially for the young generation of these three countries?

GUO Yanjun

- **10-Year Anniversary of Korea-China-Japan Cooperation Dialogue**

- The Korea-China-Japan dialogue, which started off as a non-governmental exchange platform, has overcome countless difficulties throughout the 10 years since its inception.
- The Korea-China-Japan youth exchange is a very important issue, as emphasized by the hosting Korean side, and has been discussed thoroughly during the recent Korea-China-Japan SOM, resulting in clear goals related to fostering trilateral youth interaction.
- In answering the chair's question, great power competition not only holds enormous implications on the trilateral relationship, but also on how the youth of the three countries perceive and interact with each other.

- **The Nature of Great Power Competition**

- Great power competition consists of two key words:
- The term "great power" primarily had a material association in the past, but its 21st century meaning also incorporates institutional power, which has increased in importance. Therefore, today's great power is different from that of the past.
- "Competition" can be virtuous or vicious, with the former being essential. The U.S. labeling China as a rival and imposing sanctions creates an unfair, non-free-market environment. China, preferring cooperation, is compelled into a harmful competitive structure. What's needed is a fair and inclusive benign competition.
- The term "new cold war" is used frequently but it doesn't fit today's definition of "great power." China disagrees with this concept because the U.S.-China competition is not a replica of the U.S.-USSR cold war. China values cultural diversity and mutual respect

over confrontation. Applying an old framework to this new context is flawed.

AIZAWA Nobuhiro

- **Bringing the Cities Politics into Korea-China-Japan relations**

- Trilateral relations resemble the stable deep ocean currents, despite having been turbulent as the waves at the surface. Beneath the surface of nationalism, there are social issues we all face. This is why shifting trilateral relations from Seoul-Beijing-Tokyo perspective to inter-city level (like Busan-Dalian-Fukuoka) can promote constructive cooperation since this viewpoint can neutralize the perspective of political ideology and national interest and shift the focus on deeper and more pragmatic governance issues such as urban development and welfare.

CHOI Eunmi

- **Assessing Korea-China-Japan cooperation**

- Korea-China-Japan cooperation is often underestimated due to political and diplomatic challenges. However, they have made significant institutional progress, notably with the establishment of the Trilateral Cooperation Secretariat and regular inter-governmental meetings.
- Trilateral summits between Korea, China, and Japan are challenging due to political and diplomatic tensions. This hinders effective cooperation, and overcoming bilateral conflicts within the three-party collaboration is rare.
- The key obstacle to state-level trilateral cooperation is the lack of trust. Building trust should be the primary goal, as surface-level cooperation is insufficient without it. The three states need to reduce differences and share common values to enhance practical cooperation.

KIM Taehwan

- **Korea-China-Japan public opinion polls**
- The public opinion polls from the three countries all reveal considerably low trust levels, especially among the young generation.

Q2: What can we do to lessen this phenomenon of mistrust among the youth?

CHOI Eunmi

- **Solution to fixing mistrust between the publics of Korea-China-Japan**
- The key to increasing public favorability of a country depends on that country's image, dependent on 3 factors – (1) personal experience, (2) image portrayed by the news media, and (3) state policies.
- A particularly difficult problem regarding shaping public opinion toward a country is the history issue (e.g., Korea-Japan relations). Raising awareness of historical issues is vital, particularly through offline and online programs that foster young people's discussions and interactions.

AIZAWA Nobuhiro

- **How nationalism plays out in increasing favorability between the publics**
- Sense of Nationalism varies across generations. Young people is showing signs that they identify themselves that shares values to pursue challenges over societal common issues like unemployment, economic prospects, and climate change, more than to pursue searching national identities and pride.

GUO Yanjun

- **The Public Opinion favorability between Korea, China, and Japan**
- Firstly, the respective governments and media of the three countries are responsible for their public's attitude toward each other. Governments must differentiate between the

current and historical reality, and balance between the two to avoid getting the public swept up emotionally.

- Media in Korea, China, and Japan must provide responsible news coverage, as today's youth are highly influenced by the constant flow of information.
- To improve trilateral youth interaction, we must increase both online and offline opportunities, which result in better mutual understanding.

KIM Taehwan

- **Digital Identity for Young Generation**

- The young generation's digital lifestyle and identity, focused on issues, can overcome the self-centered, nation-state-based identity, transforming how they connect and interact.
- Through connection in the digital space, the young generation can collectively work toward tackling today's major issues, such as climate change, which often transcend borders.

Q3: How can the older generation facilitate cooperation among the young, digitally oriented generation?

AIZAWA Nobuhiro

- Compared to the older generation, the current MZ generation are more confident and vocal about their preferences, pioneering abilities, and possess a value-driven and independent mindset regarding how to live life, career choices, and societal issues. The older generation should trust those styles and choices and do not get in the way for them to flourish.

GUO Yanjun

- In the digital age, we need to address two key issues affecting the younger generation: (1) Overwhelming internet information can hinder critical thinking, and (2) Excessive

reliance on technology reduces offline interactions, contributing to mental health problems like social anxiety.

CHOI Eunmi

- Today's globalized world demands an issue-based approach to tackle cross-border problems. Young people, with their open-mindedness and information processing skills, are better suited for this compared to older generations stuck in traditional nation-state frameworks.
- Young people must be encouraged and given opportunities to meet both offline and online and collaborate on various projects to foster extensive communication and form mutual values.
- Finally, the young generation must develop media literacy, which is the ability to correctly absorb and critically assess the influx of information that they are exposed to on a daily basis.

3. Special Remark: ‘Reflection of the Past 10 years: CJK Dialogue and the Way Forward’

Presenter:

AHN Choong-Yong (Distinguished Professor, Chung-Ang University)

AHN Choong-Yong

- **Challenges ahead for CJK**

- Minimizing hyper-uncertainty and geopolitical problems caused by US-China competition.
- Maximizing bottom-up and local-to-local cooperation by leveraging the advantages of geographical proximity.
- Managing supply chains that are inevitably intertwined, despite East Asian historical issues.

- **East Asian Economic Community**

- The concept of an ‘East Asian identity’ emerged in the wake of the 1998 Asian Financial crisis, and the Chiangmai Initiative was launched as an outgrowth of this.
- The Asian Development Bank predicts that Asia will become the center of the world economy in the 21st Century, driven by the Four Dragons of Asia, ASEAN, the rise of China, and the rapid growth of India.

- **Decline of multilateralism and East Asian countries move towards mini-lateralism and regionalism**

- There are agreements such as CPTPP, RCEP, and AEC in the trade aspect, and QUAD and Shanghai Cooperation Organization in the security aspect.
- Great powers are implementing protectionist policies, threatening smaller countries. This can be seen as facing a Kindleberger trap.
- In this context, the activation of RCEP is positive news. It brings the three countries into a formalized free trade regime. A secretariat should be set up as soon as possible to continue negotiations on the digital sector.

- Meanwhile, the IPEF excludes China. We believe that the IPEF should be open to all countries based on the principle of openness. When the South Korean government announced the country's IPEF strategy, it added "prosperity" to the existing IPEF concept, which implies that Korean IPEF is a very inclusive policy.

- **CPTPP**

- The majority of CPTPP are in both blocs simultaneously.
- Integrating the two blocs is key to solving East Asian problems. A China that has completed internal reform and liberalization will be the key to integrating the two blocs.
- The weaponization of strategic materials is undesirable. While RCEP should be developed under the principle of separating politics and economics, trilateral tourism is also important to stimulate the economy and build mutual trust.

4. Main session 1 ‘Evaluating the Implementation of the RCEP and CJK Cooperation for Further Improving It’

Main session 1 aims to review the achievements of the RCEP year 1 and find rooms for improvements, making it possible to develop it further into a trade regime that can better serve CJK and their region.

Chair: AHN Choong-yong (Distinguished Professor, Chung-Ang University)

Panel:

ZHANG Yunling (Professor and Academician, Chinese Academy of Social Sciences (CASS))

WATANABE Mariko (Professor, Department of Management, Faculty of Economics, Gakushuin University)

KWAK Soojong (Director, Lien Economic Research Institute)

Discussant:

LI Kai (Vice President, China Academy of Northeast Revitalization)

FUKAGAWA Yukiko (Professor, School of Political Science and Economics, Waseda University)

AHN Choong-yong

- RCEP has strengths such as job creation and greater supply chain flexibility, but it has limitations in terms of narrower openness compared to CPTPP as well. Discuss how the integration of the two blocs can be brought closer to the level of the CPTPP.

ZHANG Yunling

- **The concept of RCEP**
 - The Regional Comprehensive Economic Partnership (RCEP) is a critical framework in international trade and regionalism, enhancing market access and expanding the production value chain.
 - Unlike traditional Free Trade Agreements (FTAs) that prioritize tariff elimination and non-restriction, with an inclination towards less openness, the

‘Comprehensive Economic Partnership’ (CEP) approach adopted by RCEP acknowledges the challenge of eliminating all restrictions. Instead, it focuses on establishing rules to foster open market access and promote economic cooperation.

- **Key Features of RCEP**

- RCEP is significant because it integrates bilateral and multilateral agreements such as ASEAN+3. RCEP is also valuable because it is a ‘living’ regional agreement and includes new areas such as digital, biological, and economic areas.
- While many people are focused on how much trade will increase after RCEP is finalized, this is not the ultimate goal of RCEP. The true goal of RCEP is to reduce economic transaction costs and increase economic interdependence, such as facilitating trade and investment.

- **Challenges we face with RCEP**

- Reorganization of the East Asian economic structure: Previously, there was a three-tiered structure in which China processed goods, which were then linked by East Asian countries and sold to the US market. However, unlike before, China has become the center of the consumer market. Therefore, the role of RCEP in driving the growth of the East Asian region itself is crucial.
- Great power competition and its impact: There is an emerging tendency to control trade or investment, which is referred to by terms such as ‘de-risking’ and ‘resilience supply chain’. However, RCEP requires the unimpeded movement of elements internally. Therefore, curbing government intervention in this area is a challenge for RCEP.

- **Comparisons between CPTPP and RCEP**

- There are proposals to merge the two agreements, but I think it is not feasible as the two agreements have different values. CPTPP excludes China, while RCEP includes China and is governed by consultations between the parties.

- **Recommendations for enhancing effectiveness of RCEP**

- Institutional foundation: An interdisciplinary approach should be used to establish an institutional framework for RCEP, including setting up an office, conducting ministerial meetings, and forming expert committees.
- Reinforcement: Assessments related to RCEP should carry legal weight so governments can use them as benchmarks for adjustments.
- Trilateral cooperation: Given the fragmentation of the world, focusing on cooperation through the framework of RCEP is vital for East Asian integration since a trilateral Free Trade Agreement (FTA) seems unlikely in the near future.

WATANABE Mariko

- In the context of growing geopolitical tensions, it's crucial to identify areas for the trilateral cooperation to strengthen the implementation of trade agreements. Key considerations include:

1) Economic Coercion:

- The WTO set the initial trade and tariff rules aimed at reducing barriers and avoiding politically motivated unilateral trade actions.
- The RCEP seeks to address such unilateral actions. A case in point is China's ban on Japanese seafood following the Fukushima incident, where future RCEP rules would require proof from the exporting country.

2) Security Exceptions:

- On the security exception clause of trade rules, RCEP and CPTPP has a big difference. The former provided it is left to the member's own decision but the latter requires that members must justify using this clause. This would be a significant challenge for China. The three countries dialogue might be a good arena of discussion on the compromise of this point as long as China is interested in the entry of CPTPP.

3) Governance of AI and Data:

- With Artificial Intelligence (AI) being vital in military technology, its governance is crucial, especially given the US-China competition. Discussions on the safe and rational use of AI and data governance should start promptly."

AHN Choong-yong

- I believe that the theory of using security as a pretext to suppress trade, known as the ‘Security Trade Nexus,’ is a serious issue. Middle-power countries have the task of overcoming attempts to unilaterally control middle-power countries under the pretext of security through alliances.

KWAK Soo-Jong

- **Before discussing RCEP and CPTPP, it is necessary to consider the reasons for and the actors and subjects at the center of the debates and dialogues that occurred.**
 - FTA issues like RCEP or CPTPP are not the result of structural changes that occurred in the East but are concepts created by American-style industrial capitalism.
 - Even in the expression “free trade” mentioned by another speaker, the establishment of the fundamental concept of ‘freedom’ is necessary because the concepts of ‘freedom’ in China, France, and the United States differ.
 - Discussions related to FTAs without the establishment of these fundamental concepts may seem like a golden path but have logical flaws that everyone could stumble upon due to the deception of the previous generation.
 - From a microeconomic perspective, the issue of monopolistic systems is a macroeconomic issue related to RCEP and FTAs and can also be understood as a problem of fragmentation and integration.
- **Since Western countries (UK, Germany, USA) dominated the discussions on FTA issues from the logic of fragmentation and integration, East Asia will continue to be dragged into existing dominant discussions on RCEP, CPTPP, and FTAs if it does not develop a new logic of power centered around China.**
 - Through the establishment of institutions within RCEP, a logic related to science, technology, and human philosophy should be developed, and a theory of East Asian economics should be constructed.
- **Considering the ‘Circle of Life’ in the laws of the universe as proposed by science, it is time for China, with the support of Japan and Korea, to move away**

from the dominant discussions centered around the West and organize existing discussions.

- Regarding the significance and future role of RCEP, three countries have a responsibility to provide an indicator for middle-income and low-income countries ultimately, and RCEP should be reconsidered with this responsibility in mind.

LI Kai

- **I agree with the notion that China, Japan, and South Korea play significant roles in the development of the RCEP.**
 - Considering these three countries' trade volume and GDP sizes, they can be seen as the driving force behind RCEP.
 - Therefore, if cooperation among these three nations accompanies RCEP, the possibilities for collaboration through RCEP are vast.
- **In pursuit of the prosperity of RCEP and cooperation among China, Japan, and South Korea, I propose that the three countries use dialogues like the current one to build a foundation of understanding and trust.**
 - Within RCEP, the three nations can support the development and prosperity of developing countries through trilateral cooperation.
 - Despite differences in civilization, culture, political systems, and regulations, these three Northeast Asian countries share common ground and can build empathy.
- **The three countries share a macro-level similarity in their backgrounds, and they should seek conflict resolution through mutual understanding, negotiation, and coordination.**
 - There are numerous areas for cooperation among the three countries, including substantial cooperation that goes beyond politics, as well as cooperation at the national strategic level.
 - At a practical cooperation level, issues such as aging populations and education, as well as China's land reform and urbanization, should be addressed without political interference.

- At the national strategic level, there are opportunities for South Korea to participate in China's Belt and Road Initiative and Northeast Asian development plans. For instance, in the case of the Belt and Road Initiative, South Korea's involvement could provide a convenient route connecting all the way to Europe, benefiting its citizens.

● **In conclusion, the cooperation among China, Japan, and South Korea within the framework of RCEP holds significant potential for the prosperity of the region.**

- Beyond economic cooperation, addressing practical issues and aligning national strategies can further enhance the synergy of this trilateral relationship and contribute to the development and stability of the broader Northeast Asian region.

FUKAGAWA Yukiko

- **When discussing the background of the lackluster cooperation among China, Japan, and South Korea, it is often attributed to the discourse surrounding East-West rivalry and nationalist conflicts.**
 - However, the fundamental differences among these three nations play a crucial role in this dynamic.
- **While it is evident that the three countries share cultural ties, categorizing them purely along ethnic lines has its limitations.**
 - Japan finds it challenging to align with discussions centered on “ethnicity.” China identifies itself as the Han ethnicity, and South Korea as the Korean ethnicity.
 - However, Japan lacks a clear concept of “Japanese ethnicity” at present, despite the presence of the Yamato spirit.
- **Some may undervalue the level of cooperation within RCEP, but from Japan's perspective, active engagement in RCEP is essential.**
 - Japan anticipates that the benefits derived from RCEP, given the participation of many developing countries, may outweigh those from the CPTPP.

To enhance RCEP's development, the following approaches are suggested:

- **Expanded Market Access**
 - China, Japan, and South Korea should broaden the scope of liberalization to approach the level of cooperation seen in the CPTPP.
 - RCEP offers more opportunities for liberalization in various consumer goods sectors. Particularly, the consumer goods sector includes participation from numerous small and medium-sized enterprises (SMEs), which can contribute to price stability and complement the low self-sufficiency rates of China, Japan, and South Korea in this sector.
 - As the economies of these three countries are no longer dominated by exports of consumer goods, all three should take responsibility for increasing consumer goods market access.

- **Synergy in Market Access, Services, Investment, and Natural Person Movement**
 - RCEP should be designed to maximize synergy among these elements, beyond a pragmatic level of cooperation.
 - A comprehensive approach, such as “WTO+,” can allow for strategic synergy among neighboring countries. For example, after China facilitated cross-border e-commerce and inbound tourism, Japan’s sake exports to China surged, and China’s cold chain technology advanced.
 - Enhancing market access can also benefit China’s diplomacy with the United States.

- **Beyond Free Trade**
 - To advance RCEP, addressing digital regulations is essential.
 - China has recently applied for membership in the Digital Economy Partnership Agreement (DEPA), which South Korea joined.
 - However, there are differences in digital regulations between South Korea and Japan. If China explores compromises within the DEPA agreement or if China, Japan, and South Korea align their digital regulations, it could be highly significant.
 - Moreover, discussions on topics such as Bilateral Investment Treaties (BITs), enforcement of intellectual property rights (IPR), and principles of responsibility for sanitary and phytosanitary measures (SPS) and other border procedures can provide a practical approach to RCEP.

- **In conclusion, while the history and nuances of China, Japan, and South Korea's relations pose challenges, RCEP presents an opportunity for enhanced regional cooperation.**
 - By implementing strategies to expand market access, maximize synergy among various elements, and address digital regulations, the three countries can unlock the full potential of RCEP and contribute to regional economic growth and stability.

AHN Choong-yong

- I agree with Prof. Fukagawa's statement that RCEP should expand its scope to approach the level of cooperation seen in the CPTPP. In that context, could we naturally see a background where RCEP and CPTPP can be integrated? I am asking this question because you have expressed some reservations about CPTPP.

ZHANG Yunling

- **I do not hold a resistant attitude toward the CPTPP, but I am not overly optimistic about it.**
 - While China has officially applied for CPTPP membership, I am not optimistic about the approval of our membership.
 - The reason lies in the fact that the precursor to the CPTPP, the TPP, included intentions to exclude China by the United States.
- **Currently, China is not likely to accept a "static" CPTPP as it stands.**
 - China hopes to negotiate its entry into the CPTPP rather than accepting all the provisions outright, as the conditions and structures differ from other member countries.
 - China anticipates that preparations will be needed to navigate the negotiation process.
- **Furthermore, any agreement should be able to accommodate and adapt to new member countries according to the situation.**

- China has no other choice but to expand openness both domestically and internationally.
- Regarding the digital economy sector mentioned by Prof. Fukagawa, China is also making many adjustments.
- China no longer insists on foreign digital centers within its borders, and the willingness to join DEPA is a result of negotiations. This approach could also apply to RCEP.

AHN Choong-yong

- At CIRD, Dr. Chi Fulin is promoting a high-level opening based on the Hainan Free Trade Port. I personally understand this as a mechanism to accelerate China's internal reforms in order to join the CPTPP, and I hope that this will be the case. Ultimately, if the CPTPP becomes a massive alliance involving both the United States and China, it could play the role of connecting regionalism to multilateralism, often referred to as a "building block." Regarding the unilateral policies occasionally pursued by the United States and China, where they sometimes ignore each other's opinions, countries like South Korea, Japan, and Australia advocate for establishing a rule-based order and oppose the unilateralism of a G2.
- What are your thoughts on this? Do you think that middle-power countries need to form a kind of united front to collectively voice their opinions against unilateralism?

WATANABE Mariko

- **Importance of Middle-Power Countries Joining Forces**

- It is indeed a difficult situation for Korean and Japanese companies in the face of sanctions imposed by both the United States and China.
- We need to find solutions to deal with this battle without rules and principles, which is causing a lot of pain.
- When it comes to dealing with a superpower like the United States, middle-power countries have no choice but to join forces.

- **US Trade Policies**

- While it is understandable for the U.S. to take strong sanctions in cases where there is a military threat from China, some of the sanctions or elimination of Chinese products in some regulations is excessive.
- It is important for middle-power countries to assess which side is being more realistic and reasonable from a third-party perspective and to voice their opinions accordingly.

AHN Choong-yong

- I'm glad to hear that my thoughts align with Prof. Watanabe's. Prof. Kwak Soo-jong mentioned that he believes we should pursue an Eastern approach within the framework of the liberal order in world trade, which he sees as Western-made scaffolding. However, the idea of free trade is not an eternal truth. In my opinion, Korea should actively pursue and advocate for a free trade order based on the principles of liberalism.

KWAK Soo-jong

- **Understanding Trade**

- Trade essentially means merchants engaging in transactions. If we talk about it in modern terms, it refers to businesses. Human beings have an innate desire to be happier and live longer, so the key lies in how the government protects and manages this aspect.
- From a security perspective, trade is an economic activity. In the current real economy, what is essentially hidden is capital. Capital, more than physical transactions in the real economy, has the ability to create more profit and capital by developing new systems and generating new forms of added value.
- This is why it poses issues within the framework of capitalism.
- If we can push forward in a way that represents the best interests of South Korea, Japan, China, and Southeast Asian countries, it will be sufficient.

- **The Need to Establish Hegemony**

- We need to consider who will establish hegemony. Currently, hegemony is being established through capital, and in the future, it will be established through time (NFT, CBDC).
- RCEP or CPTPP should be brought under the leadership of South Korean, Chinese, and Japanese companies. They need to strive harder to acquire leadership.

AHN Choong-yong

- It's also important to focus on the issue of regional development in Northeast Asia. When there are disputes between the governments of South Korea, China, and Japan, isn't it necessary to have efforts that allow local and regional negotiation, bypassing government conflicts?

LI Kai

- **A Mechanism for Cooperation Between South Korea and China is Needed**
 - The northeastern part of South Korea and China is an area where the interests of both countries overlap. It's a place where innovative mechanisms can be established.
 - UNDP has had various cooperation projects, and one of them was the Tumen River development plan. It's been more than 30 years since the plan was announced, but there hasn't been much progress.
 - This shows that while cooperation on a larger scale is good, cooperation mechanisms between South Korea and China are also very important.

AHN Choong-yong

- Now, let's discuss Japan's role in the future. There's a need for Japan to mediate and integrate relations between the United States and China. How can this be possible?

FUKAGAWA Yukiko

- **Japan's Pressure Under RCEP**

- Unfortunately, unless Japan feels pressured to do so, it's unlikely to have the ability to play such a role. Even as a middle power, Japan's trade dependency is only about one-third of South Korea's.
 - Japan maintains its economy stably in a non-growing domestic market.
 - Therefore, unless there is significant pressure, it's unlikely that Japan will take on such a mediation role, and it may not be able to do so.
- **China Cannot Take the Leadership in the World Market Away from the United States**
 - When it comes to global markets, regulations need to follow global standards, but the standards can change based on market power.
 - The reason the United States designed and leads the WTO on its own is because the entire world buys goods from the United States.
 - In the case of China, there are doubts about its ability to catch up with the United States in terms of per capita income and the pace of aging. Compared to middle-income countries, China does have a large market but may not have a significant advantage in the near future.
 - China is discussing joining CPTPP, but it appears that the cooperation within CPTPP is driven by countries like the UK, Japan, Canada, and Australia, as they come together through CPTPP due to the UK's exit from the EU and aim to cooperate.

5. Main session 2 ‘Achieving Carbon Neutrality and CJK Cooperation Focusing on CCUS’

Main session 2 tackles one of the most pressing issues for the earth, looking for ways to go carbon neutral including innovative green technologies such as CCUS and possible collaborations and collective actions among CJK.

Chair:

KIM Sang-Hyup (Chairman, Presidential Commission on Carbon Neutrality and Green Growth)

Panel:

LI Chun (Director and Chief Researcher, CIRD-GRANDALL Center of FTP Law Studies)

KOBAYASHI Yoshikazu (Executive Analyst, New Energy System Group, Clean Energy Unit, The Institute of Energy Economics, Japan)

KWON Yi-kyun (Director General, Korea CCUS Association)

Discussant:

KUANG Xianming (Vice President, China Institute for Reform and Development (CIRD))

SATO Hiroki (Senior Managing Executive Officer/Division CEO of Global Business, Chubu Electric Power Co.)

KIM Sang-Hyup

- **The Role of CCUS in Achieving Carbon Neutrality**
 - Tripartite goal: Collaboration to achieve carbon neutrality
 - Strategic significance of CCUS: Emphasizing the importance of achieving carbon neutrality goals
 - Carbon emissions by South Korea, China, and Japan: Accounting for approximately 40% of global greenhouse gas emissions
 - Vital role of CCUS: A key technology for realizing carbon neutrality
 - Global commitment: Agreement among South Korea, China, and Japan for collaboration in achieving carbon neutrality

KWON Yi-Kyun

- **Technologies for Carbon Neutrality**

- Carbon capture, utilization, and storage (CCUS) technologies are individual technologies that have already reached commercialization.
- The international community strives to combine and expand these technologies to achieve greenhouse gas reduction and carbon neutrality.
- Over the past decade, CCUS technology has faced criticism due to issues of acceptability and safety in the storage process, but with improvements in technology capabilities worldwide, these issues have been overcome, and trust has been gained from civil society and local communities.
- South Korea, in an international context, aims to achieve a reduction of more than 10 million tons of greenhouse gases by 2030 and play a significant role in achieving carbon neutrality by 2050.
- However, international energy organizations evaluate the global contribution of CCUS on average to be between 15% and 20%.
- South Korea is recognized as a country with limited storage capacity due to geological constraints.
- The international community expects South Korea to make more challenging and innovative efforts in the field of CCUS and expand projects using overseas storage or sub-seabed storage to meet these challenges.

- **East Asia CCUS Network**

- The international community is deliberating on issues related to CCS business models known as “Transboundary CCS” or “Cross-border CCS” and is making efforts to address international legal issues.
- It is believed that if these efforts are pursued simultaneously, South Korea’s CCUS can make a substantial contribution to greenhouse gas reduction.
- South Korea, China, and Japan possess world-class capabilities in terms of scientific and technological expertise. Emphasizing the need for a collaborative platform where these three countries can lead technological innovation related to “CDR (Carbon Dioxide Removal) NET (Negative Emissions Technology)” through technology cooperation and contribute to its development.

- Drawing inspiration from the Japan-led JCR mechanism and the CCUS in the Asia-Pacific, it's vital to establish an East Asian CCUS network, focusing on high-emission countries like South Korea, China, and Japan. This collaborative approach could lead to internal credit exchanges, culminating in a broader free carbon community that ultimately includes the United States.

KOBAYASHI Yoshikazu

- **Fossil Fuels and Carbon Neutrality Mediator: CCS**

- Energy strategy is a crucial element of de-carbonization.
- Consideration is given to energy conservation followed by the introduction of renewable energy and nuclear power, with hydrogen and ammonia also being considered. However, there are challenges in some sectors where emissions reduction is difficult. For instance, in industries such as steelmaking, cement production, high-temperature processes for aluminum, chemical production, and petroleum refining, replacing fossil fuels with electricity may be challenging, and reliance on fossil fuels may be necessary.
- The use of renewable energy is one way to achieve carbon neutrality, but currently, 70% of final energy consumption is still derived from fossil fuels, making complete replacement a daunting task.
- In such a situation, Carbon Capture and Storage (CCS) plays a role in harmonizing fossil fuels and de-carbonization. CCS is a technology that captures and stores or converts the carbon dioxide (CO₂) emitted when using fossil fuels, providing a means to simultaneously pursue fossil fuel use and de-carbonization.

- **Efforts Towards Achieving Carbon Neutrality Goals**

- Japan has conducted a pilot test to capture and store 100,000 tons of carbon dioxide in Hokkaido, Japan. The Japanese government set a target to capture and store 120-140 million tons per year by 2050 is necessary.

- Both South Korea and Japan have limited domestic storage space, necessitating the use of overseas storage facilities. This presents challenges related to international cooperation and treaties.
- Furthermore, when capturing CO₂ in Japan or South Korea and transporting it overseas for sequestration, it's crucial to accurately measure and record the quantity and processes involved. This is essential for issues of international transparency and calculation accuracy.

LI Chun

- **The Role of National Emissions Trading Scheme (ETS)**

- China has made global commitments to achieve carbon neutrality, which are seen as reflecting the efforts of the entire Chinese population.
- China has established a number of legislation and regulations domestically on energy-saving, emissions reduction, CO₂ emission trading and other relevant contents.
- China's carbon neutrality efforts are carried out through nine carbon trading centers, which are responsible for carbon emission management, supervision, and disclosing trading volumes.
- The legal framework for carbon trading still faces many challenges, and it is crucial: (i) to establish a transparent and comprehensive carbon trading disclosure information system; (ii) to establish an investor protection system; (iii) to introduce strong sanctions for violations of laws; (iv) to establish mechanisms for resolving carbon trading disputes.

KUANG Xianming

- **China's Energy Transition**

- In the process of achieving carbon peaks and carbon neutrality, three key challenges must be addressed: technical issues, market issues, and international cooperation issues.
- The three countries of South Korea, China, and Japan account for 20% of global GDP and hold 70% of Asia's GDP.

- China's annual carbon emissions are approximately 10.9 billion tons, Japan's is 1 billion tons, and South Korea's is 570 million tons. This confirms that these three countries have set carbon neutrality as a common goal.
- China considers energy transition crucial for achieving carbon peaks and carbon neutrality and needs to transform its energy structure, which currently relies heavily on coal.
- There are several opportunities for cooperation among South Korea, Japan, and China regarding China's energy transition.
- China's strength lies in its market, and it should leverage opportunities in energy structure transformation.
- Utilizing RCEP (Regional Comprehensive Economic Partnership), a new energy supply network and industrial chain can be established in East Asia, enabling cooperation among the three countries.
- The key is for these three countries to leverage the Chinese market and jointly promote energy transition through CCUS.

SATO Hiroki

- **Trilateral Cooperation and De-carbonization**

- Korea's renewable energy strategy aligns with broader global goals such as de-carbonization, which is a pivotal area for international cooperation.
- Consequently, a proposal has been made to establish an East Asian market for hydrogen ammonia to facilitate trade and enhance energy security.
- The importance of US-China cooperation is underscored in addressing global environmental issues, including the field of Carbon Capture, Utilization, and Storage (CCUS), given the system's capacity for CO₂ storage.
- Discussions about the challenges of methane usage, a source of CO₂, suggest an inevitable transition to alternative technologies.

KIM Sang-hyup

- **The Practical Steps for CCUS**

- While proposals for countries to jointly utilize CO2 carriers have been put forward, concerns have also been raised regarding China's approach and policies on CO2 storage.

KUANG Xianming

- **CCUS in Energy Transition**

- The transition to renewable energy emphasizes the role of CCUS, highlighting its commercial potential and importance in the energy market.
- Emphasis is placed on developing standards, frameworks, and infrastructure, signifying a vital move towards ensuring the commercial success of CCUS.
- With China's anticipated carbon storage capacity by 2060, the importance of collaborative efforts in this domain becomes paramount.

KWON Yi-kyun

- **Diverse Approaches to CCUS**

- The movement of traditional sectors into capture technologies marks a significant evolution in the industry landscape.
- Explorations into the merger of various business sectors with CCUS reveal potential geopolitical dynamics, particularly shared CO2 storage prospects between Korea and Japan.

LI Chun

- **China's Carbon Neutrality Legislation**

- China remains open to all strategies leading to carbon neutrality, including drafting laws that consider domestic demands and technical standards.

KOBAYASHI Yoshikazu

- **Potential of CCUS in Regions and Collaboration**

- The movement of traditional sectors into capture technologies marks a significant evolution in the industry landscape.

- Explorations into the merger of various business sectors with CCUS reveal potential regional cooperation, particularly shared CO2 storage prospects between Korea and Japan.

6. Joint Statement of the 10th CJK Cooperation Dialogue

We, the East Asia Foundation (EAF) of South Korea, the Japan Economic Foundation (JEF), and the China Institute for Reform and Development (CIRD), co-hosted the 10th Trilateral Cooperation Dialogue. The meeting was focused on discussing trilateral cooperation and relationship development in depth. Through this meeting, the three organizations shared three perceptions.

First, the three partners emphasized the need for continued cooperation for peace and prosperity in Northeast Asia. We reaffirmed the importance of mutual cooperation given their cultural connections and significance in the global economy. We also emphasized the need for cooperation on joint issues, such as the expansion of trade under RCEP, supply chain stability, carbon neutrality, aging societies, and environmental issues.

Second, the three partners agreed on the importance of strengthening cooperation in areas directly related to people's daily lives. We highlighted the significance of enhancing mutual trust and goodwill, and the role of public diplomacy and the media. We also agreed to continue working on ways to institutionalize and sustain cooperation and to ensure that people can feel the benefits of cooperation.

Third, the three partners recognized the need to open up their markets to each other and strengthen cooperation. We agreed to continue working together on issues such as implementing trade liberalization, combating climate change, addressing the declining birthrate and aging society, and promoting digital government. We also emphasized the importance of various exchange activities to enhance mutual understanding and goodwill among the people, especially among the youth and future generations.

Through the meeting, the three partners pledged future-oriented cooperation and decided to continue their efforts to come up with concrete cooperation measures for a sustainable future. In particular, the co-hosting organizations of the three countries recognized that holding a trilateral summit would be helpful in further strengthening cooperation in the future. We hope for the early realization of a trilateral summit.