The Network of Trilateral Cooperation Think-tanks (NTCT)
Conference
"Japan-China-Korea Trilateral Cooperation in the Age of Power Transition"

Conference Papers

December 17, 2019
Tokyo, Japan

Co-Sponsored by
The Japan Forum on International Relations (JFIR)
China Foreign Affairs University (CFAU)
Korean National Diplomatic Academy (KNDA)
Trilateral Cooperation Secretariat (TCS)

Supported by
The Council on East Asian Community (CEAC)
Rules of Proceedings

Presentations: 10 minutes
Allocated time for a presentation is 10 minutes.
One of the staff members will ring a bell to let you know the remaining time.

Free Discussions: 2 minutes
Allocated time for a comment is 2 minutes.
One of the staff members will ring a bell to let you know the remaining time.

Thank you for your cooperation.
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1. Program

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<td>Opening Remarks: Watanabe, Mayu, President, JFIR</td>
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<td>Session I: Prospects of Trilateral Cooperation in the Age of Power Transition</td>
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<td>15:35 – 15:45</td>
<td>Break</td>
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<td>Session II: Prospects of Trilateral Cooperation in the Free and Open Global Economy</td>
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**Moderator**

- KANG Dohyo, Deputy Secretary-General, TCS
- SOEYA Yoshihide, Professor, Keio University
- KIM Young-Moo, Director-General of the Department of Asia and Pacific Studies, KNDA
- FENG Xingyan, Deputy Dean, School of International Economics, CFAU
- KAWAI Masahiro, Distinguished Research Fellow, JFIR / Professor of University of Tokyo

**Presenter A (10 min)**

- XUE Xiaopeng, Dean, School of International Studies, Dalian University of Foreign Languages
- KIM Hankwon, Associate Professor, KNDA
- KIM Young-Moo, Director-General of the Department of Asia and Pacific Studies, KNDA
- FENG Xingyan, Deputy Dean, School of International Economics, CFAU
- KAWAI Masahiro, Distinguished Research Fellow, JFIR / Professor of University of Tokyo

**Presenter B (10 min)**

- AKITA Hiroyuki, Commentator, Nikketsu Shim bun, Japan
- SOEYA Yoshihide, Professor, Keio University
- KIM Young-Moo, Director-General of the Department of Asia and Pacific Studies, KNDA
- FENG Xingyan, Deputy Dean, School of International Economics, CFAU
- KAWAI Masahiro, Distinguished Research Fellow, JFIR / Professor of University of Tokyo

**Presenter C (10 min)**

- KIM Hankwon, Associate Professor, KNDA
- SOEYA Yoshihide, Professor, Keio University
- KIM Young-Moo, Director-General of the Department of Asia and Pacific Studies, KNDA
- FENG Xingyan, Deputy Dean, School of International Economics, CFAU
- KAWAI Masahiro, Distinguished Research Fellow, JFIR / Professor of University of Tokyo

日本語・中国語・韓国語同時通訳付き / China-Korea-Japanese simultaneous interpretation will be provided
2. Biographies of the Panelists

【Overseas Side】

**KANG Doho**  
*Deputy Secretary-General, TCS*

Amb. KANG Doho passed Foreign Service Examination and joined the Ministry of Foreign Affairs (MOFA) of the ROK in 1986. He became Second Secretary at Korean Embassy in China in June 1993, First Secretary at Korean Embassy in the Islamic Republic of Iran in July 1996, Consul at Korean Consulate General in Toronto, Canada in July 2003, Director of Middle East Division in Middle East and African Bureau of Ministry of Foreign Affairs and Trade (MOFAT) in December 2005, Minister-Counsellor at Korean Embassy in China in July 2007, Deputy Secretary to the President for Protocol Affairs at the Office of the President in May 2011, Minister at Korean Embassy in the United States of America in May 2013, and Ambassador Extraordinary and Plenipotentiary to the Sultanate of Oman in April 2016. Since September 2019, he has been serving as the Deputy Secretary-General of Trilateral Cooperation Secretariat (TCS). Amb. KANG graduated from Seoul National University in International Relations in February 1985. He was visiting scholar at Fairbank Center for Chinese Studies of Harvard University.

**XUE Xiaopeng**  
*Dean, School of International Studies, Dalian University of Foreign Languages*

Xue Xiaopeng, associate professor, is the Deputy Dean of the School of International Studies, the Deputy Director of Northeast Asia Study Center in Dalian University of Foreign Languages, and a member of China National Association for International Studies. She graduated from China Foreign Affairs University, and got her Doctor of Law Degree in Asia Pacific International Relations in July, 2007. She focuses her study on Northeast Asia Issues and Global Governance, and has published a dozen of articles both in China and overseas.

**KIM Hankwon**  
*Associate Professor, KNDA*

Dr. KIM KIM Hankwon is an assistant professor of the Institute of Foreign Affairs and National Security (IFANS) and the head of the Center for China Studies, KNDA. Before joining KNDA, Prof. Kim was a research fellow and the director of the Center for Regional Studies at the Asan Institute for Policy Studies in Seoul, South Korea. He specializes in Chinese politics and foreign policy. Prof. Kim completed a postdoctoral program at Tsinghua University, China and then worked as a research scholar at the School of International Studies, Peking University, China. Dr. Kim received his B.A. (political science) and M.P.A. (Master of Public Affairs) from the University of Connecticut at Storrs, USA. He holds a Ph.D. in International Relations from American University, USA. He is co-author of China Complex (Asan Institute for Policy Studies: 2014) and has published articles in several academic journals, including “Evaluating China’s Soft Power: Dimensions of Norms and Attraction” in Assessing China’s Power Ed by Jae Ho Chung (Palgrave Macmillan, 2015); and “The Implications of the Chinese ‘String of Pearls' for the U.S. Return to Asia Policy: the U.S., China, and India in the Indian Ocean” in the Journal of Global Policy and Governance (2013).
KIM Young-Moo  
**Director-General of the Department of Asian and Pacific Studies, KNDA**

Amb. KIM Young-Moo is a Director-General of the Department of Asian and Pacific Studies of the Korea National Diplomatic Academy (KNDA). Prior to this appointment, he served as Ambassador and Deputy Permanent Representative of the Republic of Korea to the United Nations Office at Geneva, handling multilateral issues at the World Trade Organization (WTO), Conference on Disarmament (CD), the Human Rights Council (UNHRC), etc. From 2013 to 2015, he served as Director-General for East Asia FTA of the Ministry of Trade and Industry. From 2012 to 2013, he served as Director-General for FTA Negotiations of the Ministry of Foreign Affairs and Trade. He has participated in a number of negotiations including WTO/DDA negotiations and Korea’s FTA negotiations. Especially, he exerted leadership as Chief Negotiator in the Korea-China FTA (KC-FTA), China-Japan-Korea (CJK) FTA and the Regional Comprehensive Economic Partnership (RCEP) negotiations. Decorated with the Service Merit Medal (1998) and the Order of Service Merit, Red Stripes (2014), Ambassador KIM has held key Foreign Service posts in various countries since he joined the Ministry of Foreign Affairs in 1988: Tokyo, Japan (1999-2002); Phnom Penh, Cambodia (2002-2004); Geneva, Switzerland (2007-2009); and Guangzhou, China (2009-2011); Geneva, Switzerland (2015-2018).

FENG Xingyan  
**Deputy Dean, School of International Economics, CFAU**

Dr. Feng Xingyan is an Associate Professor and Deputy Dean of the School of International Economics at China Foreign Affairs University. She got her Ph.D. Degree of Economics from Nankai University. Her research interests cover Asian-Pacific economic cooperation, Economic Diplomacy, and various aspects of Sino-ASEAN economic relations. She has been the participant of China’s working group for Network of East Asian Think-tanks (NEAT) from 2007 to 2017.

【Japanese Side】

WATANABE Mayu  
**President, JFIR / President, CEAC**

Graduated from Chiba University. Received M.A. in Education from the Graduate School of the University of Tokyo in 1997. Joined the Japan Forum on International Relations (JFIR) in 2000 and appointed Senior research fellow in 2007, during which period she specialized in global human resource development and public diplomacy. Appointed Executive Director in 2011 and assumed Senior Executive Director in 2017. She has served as President since 2018. Concurrently serving as President of the Global Forum of Japan.

SUZUKI Keisuke  
**State Minister for Foreign Affairs of Japan**

Graduated from Faculty of Law, University of Tokyo and Joined Ministry of Finance in 1999. Elected to the House of Representatives for the first time (44th General Election) (currently serving fourth term). He served as Director, Committee on Rules and Administration and House of Representatives and Deputy Chairman, Diet Affairs Committee, Liberal Democratic Party (2014), Parliamentary Vice-Minister of Land, Infrastructure, Transport and Tourism and Parliamentary Vice-Minister of Cabinet Office (2014), Director, Committee on Budget, House of Representatives and Deputy Secretary-General, Liberal Democratic Party (2015), Head, Youth Division, Liberal Democratic Party (2016) and State Minister of Finance (2018).
AKITA Hiroyuki

**Commentator, Nikkei Shimbun, Japan**

Hiroyuki Akita is a Commentator of Nikkei. He regularly writes commentaries and columns, analysis mainly on foreign & international security affairs. He joined Nikkei in 1987 and worked at Political News Dept.(98-2002) where he covered Japanese foreign & security policies, domestic politics. He was Senior & Editorial Staff Writer (2009-17), and he also worked at “Leader Writing Team” of the Financial Times in London (Oct-Dec, 17). He was Beijing Correspondent (94-98) and Washington Chief Correspondent (2002-06). In Beijing, he reported major news events such as death of Deng Xiaoping, Hong Kong handover to China. In Washington DC, he covered White House & Pentagon, State Department during Bush administration. He graduated from Jiyu Gakuen College in 1987 and Boston University (M.A.). From 2006 to 07, he was an associate of US-Japan Program at Harvard University, where he conducted a research on US-China-Japan relations. In March 2019, he won the Vaughn-Ueda International Journalist Award, a prize for outstanding reporting of international affairs. He is an author of two books in Japanese: “Anryu (Power Game of US-China-Japan)”(2008), “Ranryu (Strategic Competition of US-Japan and China)”(2016).

SOEYA Yoshihide

**Professor, Keio University**

Graduated from Sophia University. Received Ph.D. from the University of Michigan in 1987. He previously served on the Council on Security and Defense Capabilities in the New Era (Prime Minister’s Office), Council on Defense Facilities (MOD) and the Council on Industrial Structure (METI), and was a faculty fellow of the Research Institute of Economy, Trade and Industry (2000-04). Most recently, He served as Director of the Institute of East Asian Studies at Keio University (2007-2013) and Japan Scholar of the Woodrow Wilson Center, in Washington D.C. (2013 -2014). He is currently a Council member of the Japan Association of International Studies, Japan Association for Asian Studies, the International House of Japan, and the Asia Society in New York.

KAWAI Masahiro

**Distinguished Research Fellow, JFIR / Professor of University of Tokyo**

Obtained a B.A. in Economics from the University of Tokyo in 1971 and a Ph.D. in Economics from Stanford University in 1978. Served as: Research Fellow of Brookings Institution; Associate Professor, Department of Political Economy, The Johns Hopkins University; and Professor of Economics, Institute of Social Science, University of Tokyo. During this period, also served as: Chief Economist, East Asia and Pacific, World Bank (1998-2001); Deputy Vice Minister for International Affairs, Japan’s Ministry of Finance (2001-03); and Dean, Asian Development Bank Institute (2007-14). Concurrently serves as Representative Director, Economic Research Institute for Northeast Asia and as Councilor, Bank of Japan.

(Invitation to appear in the “Program”)

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3. Presentation Papers

AKITA Hiroyuki
Commentator, Nikkei Shimbun, Japan

Options for Asian Countries

► Strong alliance with the US
► Multilateral framework led by the US
► Multilateral framework, NOT led by the US
► Independent homeland security
► Entente with China (under favorable condition for China)
U.S.-China Strategic Competition and Its Implication for Korea

1. Understanding of U.S.-China Strategic Competition

   International relations in East Asia have been significantly affected by the strategic competition between the United States and China. The strategic competition, in fact, has already been expected by many scholars and experts after the international community reinterpreted the definition of the ‘rise of China’ in a narrow sense in the 1990s to a broad sense in the 21st century.

   In my opinion, the strategic competition has started because the United States attempted to modify the current norms and order of international relations, as they are giving China a comparative advantage, from America’s perspective. Then, the strategic competition between the two superpowers has begun to contain elements of hegemonic competition when China took the position that it will not follow the new norms and order shaped by the United States.

1-1. Reinterpretation of the ‘Rise of China’

   In the 1990s, the rise of China was interpreted in a narrow sense. The China’s rise did simply mean a rapid economic development mainly in size, which was represented by the figures of GDP, and it was not a serious threat to the U.S. and other members of the international community. Some scholars, including Richard Bernstein and Ross H. Munro, began to alert the theory of China threat. However, the U.S. held the ‘China threat’ in one hand and ‘China opportunity’ on the other in the 1990s.

   However, the rise of China has been reinterpreted in a broad sense in the 21st century that China, based on its economic power, has exerted its political, socio-cultural, and military security influence over the international community. Furthermore, China began to criticize against the international norms and order that the U.S. has established and maintained after the World War II, and then, asked for reform it.

1-2. From ‘Taoguangyanghui (韬光养晦)’ to ‘Fenfayouwei(奋发有为)’

   While the Trump administration put omnidirectional pressures over China, President Xi started his second term as the General Secretary of Communist Party of China (CPC) in the wake of the 19th National Party Congress in Oct. 2017. At the time, President Xi emphasized ‘fenfayouwei (assertive diplomacy)’ and showed his strong wills to protect China’s sovereignty and national interests. President Xi also stated China would not make any concession related to its national interests.

   On the other hand, President Xi highlighted new foreign policy directions at his second inauguration as the general secretary of CPC, such as ‘Major Country Diplomacy with Chinese Characteristics (中国特色大国外交),’ ‘a New Type of International Relations (新型国际关系),’ ‘a Community of Shared Future for Mankind (人类命运共同体),’ etc. These new concepts of foreign policy have become the key words of Chinese foreign policy of the second term of the Xi Jinping leadership.
2. Future Turning Point of U.S.-China Strategic Competition

American policy toward China’s core interests will be an important turning point for the relationship between the U.S. and China. Washington’s approach to the issues related to China’s core interests, including Taiwan, will significantly affect Beijing’s policy direction toward Washington in the future.

The Chinese government seems to have made efforts to recover its bilateral relationship with the U.S. at the expense of a certain degree of concession in the trade negotiation. What China is concerned about is the Trump administration continuously asking the country to make more concession on the trade negotiation, and the front of strategic competition with the U.S. expanding to other fronts. However, U.S. approaches to China’s core interests will be a very different story. Due to domestic political reasons, the top leaders of China might accept far intensified strategic competition with the U.S. or even a hegemonic competition if the U.S. implements policies that would harm China’s core interests.

Indeed, America’s strategic approach to Taiwan has materialized since President Trump took office, and the U.S. Congress has pointed out human rights issues in China and enacted a law to ask the U.S. government to deal with the issues.

2-1. U.S. Strategic Approaches to Taiwan

The Trump administration's strategic and institutional approaches are taking shape in six ways. The first one is U.S. arm sales to Taiwan. The Trump administration exported approximately USD 1.4 billion worth of weapons, including missiles, torpedoes, parts of early-warning radar, to Taiwan in June 2017, and about USD 330 million worth of weapons, including F-16, F-5, C-130, in September 2018. In July 2019, the U.S. State Department approved approximately USD 2.2 billion worth of weapons, including M1A2 Abrams and stinger missiles, and asked for U.S. Congress' approval of the arms sale to Taiwan.

Second, the Taiwan Travel Act was passed by the U.S. Congress on February 28, 2018, and President Trump signed the bill on March 16, 2018. Since the enactment of the Taiwan Travel Act, the high-level meeting between the United States and Taiwan has taken place. Then, Kaohsiung Mayor Chen Chu visited the U.S. and met acting Assistant Secretary of State for East Asian and Pacific Affairs Susan Thornton, From the U.S., Deputy Assistant Secretary of State Alex Wong, Deputy Assistant Secretary of Commerce for Manufacturing Ian Steff, the Chairman of the U.S. House of Representatives Foreign Affairs Committee Ed Royce visited Taiwan in March 2018, and other political leaders and officials made several visits to Taiwan.

Third, the texts of the National Defense Authorization Act for Fiscal Year 2018 (NDAA 2018) and NDAA 2019 showed strategic and military/security cooperation. Notably, on Capitol Hill where members of Congress deliberated on the NDAA 2018 and 2019, the U.S. Congress showed bipartisan support for the bills. Furthermore, the trend of the U.S.-Taiwan cooperation seems to continue in the text of NDAA 2020.

The fourth one is the Taiwan Assurance Act of 2019. The bill went through the House of Representatives unanimously in May 2019 and requests the relevant executive department and agencies to report on “the result of the review and on the implementation of the Taiwan Travel Act.” It also states Taiwan is “an important strategic part of U.S. strategy in the region and urges the U.S. to conduct regular transfers of defense articles to enhance Taiwan’s self-defense capabilities.”

1 “Transcript: NPR's Interview With China's Ambassador To The U.S.” NPR (October 03, 2018).

Fifth, the U.S. House of Representatives passed H.Res.273-Reaffirming the U.S. commitment to Taiwan and to the implementation of the Taiwan Relations Act on May 07, 2019 along with the Taiwan Assurance Act of 2019. The resolution “encourages increasing engagement between the U.S. and Taiwan.” It also says that U.S. president should “conduct regular transfers of defense articles to Taiwan.”

The sixth one is the Asia Reassurance Initiative Act (ARIA). The bill was passed by the U.S. Senate on December 19, 2019, and President Trump signed it on December 31, 2018. The ARIA generally deals with the “strategies for promoting U.S. security and economic interests and values in the Indo-Pacific region” and also “affirms the U.S.’ commitment to its partnerships with various countries, as well as Taiwan.”

2-2. Possibility of the U.S. taking Strategic Approaches to Xinjiang and Tibet

I would like to carefully comment on the possibility of the U.S. taking strategic approaches to Xinjiang and Tibet. It seems increasingly likely that the U.S. will do so, as the Trump administration is continuously pointing out that China has some human-rights issues. The U.S. Congress passed the Uyghur Human Rights Policy Act of 2018 on November 14th, 2018. The act “directs various U.S. government bodies to prepare reports on China’s treatment of the Uyghurs.” Particularly, the bill asks President to response for the human rights conditions in Xinjiang, China and to “call on Chinese President Xi Jinping to recognize” the issues. It also requests the U.S. government to do something for immediately closing the “political reeducation” camps. Moreover, the U.S. House of Representatives also passed ‘S.178 – Uyghur Human Rights Policy Act of 2019’ on December 3rd, 2019. It has, of course, brought about the Chinese government’s strong criticism against “the U.S. interference.”

As abovementioned, the ARIA authorizes about 210 million USD each fiscal year 2019-2023 in order for promoting “democracy, strengthen civil society, human rights, rule of law, and accountability in the region.” Moreover, the bill states that “appropriated funds shall be made available for efforts to promote democracy and human rights in China and to support cultural preservation and development activities in Tibet.”

If the U.S. points out human right issues in Xinjiang and Hong Kong, and if these issues will connect with presidential election in January 2020 in Taiwan, Beijing, in order to protect its own core interests, will have to accept far intensified strategic competition without back down with Washington.

3. Implication of U.S.-China Strategic Competition for Korea

The U.S.-China strategic competition has created an uncomfortable situation to countries in Northeast Asia. President Moon Jae-in has emphasized peaceful talks and negotiation with the North to pave the way denuclearization and permanent peace settlement of the Korea Peninsula since his inauguration in May 2017. South Korea, as an ally of the U.S., needs China’s cooperation to achieve denuclearization and bring peace to the peninsula. Therefore, the fierce strategic competition between the U.S. and China has pressured over Seoul. Furthermore, those kinds of pressures from the two superpowers often entailed intense disputes between conservative and progressive groups in the South Korean domestic politics.
Three levels of Trilateral Cooperation

1. Trilateral level
   - Accelerating the on-going CJK-FTA negotiations
   - Strengthening the Civil/Private Sector Cooperation
   - Developing/Expanding the CTS Projects

2. Regional level
   - Accelerating the on-going RCEP negotiations
   - Participating the CPTPP by Korea and China
   - Policy Coordinations on Regional Cooperations (APEC, ASEAN etc)

3. Global level
   - Strengthening the Rules-based Multilateral Trading System
   - Leading the 4th Industrial Revolution and Global Value Chain
   - Developing the CJK+α Projects (3rd Country Cooperation)
CJK Economic Cooperation: Current State and Future Prospects

Masahiro KAWAI
Economic Research Institute for Northeast Asia
Graduate School of Public Policy, U. of Tokyo

Network of Trilateral Cooperation Thank-tanks Conference
"Japan-China-Korea Trilateral Cooperation in the Age of Power Transition"
Co-sponsored by JFIR, CFAU, KNDA and TCS

Tokyo, 17 December 2019

Outline

• Introduction: CJK economic cooperation
• Infrastructure connectivity: BRI and FOIP
• Trade and investment: RCEP, a CJK FTA and CPTPP
• DPRK
• Conclusion
1. Introduction:
CJK economic cooperation

- China, Japan and Rep. of Korea (CJK) are expected to strengthen economic cooperation
- Yet, their political relations are not at their best (issues of history, East China Sea, South China Sea, THAAD missiles, export control of sensitive products)
- Intensification of US-China trade war can damage growth prospects for the region
- Potential for CJK economic cooperation is large, particularly in the areas of infrastructure connectivity and trade & investment

*THAAD = Terminal High Altitude Area Defense

2. Infrastructure connectivity

- There is an increasing need to invest in infrastructure and improve the quality and connectivity of infrastructure in the wider Asia-Pacific (or Indo-Pacific) region
- China has taken initiatives to launch the Asian Infrastructure Investment Bank (AIIB) and implement the Belt and Road Initiative (BRI)
- Japan has been promoting "quality infrastructure" and the “Free and Open Indo-Pacific” vision
- The ROK has introduced the new Northern and Southern policy
- A challenge is create synergies among these initiatives
Infrastructure investment needs in Asia

- A recent study by ADB, *Meeting Asia’s Infrastructure Needs*, shows that developing Asia (45 countries) will need to invest $26 trillion (in 2016 prices) during 2016-30 or $1.7 trillion per year if climate change mitigation and adaptation costs are added.
- The infrastructure investment gap—the difference between investment needs and current investment levels—equals 2.4% of projected GDP (or more than 5% of GDP if China is excluded) during 2016-20.
- MDBs have financed only an estimated 2.5% of infrastructure investments in developing Asia.

Japan's support for "quality infrastructure"

- Focus on high-quality infrastructure
  - Low life-cycle cost despite large initial investment cost due to low maintenance cost with durability
  - Environmentally sustainable, disaster resilient, and inclusive
  - Consistent with each country’s development plan
- Japan conditionally supports BRI and has started to work with China in third countries under the 4 conditions:
  - Economic viability
  - Transparency
  - Openness
  - Debt sustainability of borrowing countries
- The "G20 Principles for Quality Infrastructure Investment" endorsed by the G20 Osaka Summit.
G20 Principles for Quality Infrastructure Investment

- A set of voluntary, non-binding principles that reflects the G20’s common strategic direction and aspiration for quality infrastructure investment
- Principles for promoting quality infrastructure investment
  1. Maximizing the positive impact of infrastructure to achieve sustainable growth and development
  2. Raising economic efficiency in view of life-cycle cost
  3. Integrating environmental considerations in infrastructure investments
  4. Building resilience against natural disasters and other risks
  5. Integrating social considerations in infrastructure investment
  6. Strengthening infrastructure governance

Source: https://www.mof.go.jp/english/international_policy/convention/g20/annex6_1.pdf

Encouraging signs from China

Better performance of AIIB than initially expected by skeptics

- AIIB a truly multilateral development bank
- AIIB has been working with the existing MDBs (WB, ADB, EBRD, ..)
- Environmental and social standards seem to be sound, often based on the co-financiers’ standards
- AIIB has obtained the highest credit ratings (such as AAA) from the three global rating agencies (Moody’s, S&Ps, Fitch)
- AIIB has now 100 approved members, including 75 formal members and 25 prospective members, as of early Dec. 2019
- So far AIIB has been trying to develop quality projects, while projects have yet to be evaluated after completion
Belt and Road Initiative (BRI)

- Despite its expansion of operations, BRI have encountered various international criticisms: non-transparency, disregard of borrowing countries' economic, environmental interests, debt traps
- In the 2nd BRI Forum for International Cooperation (April 2019), President Xi Jinping has mentioned the importance of high-quality BRI, transparency, clean governance, widely accepted rules and standards, commercial and fiscal sustainability
- Japan-China cooperation in third countries for high-quality projects can help President Xi's
- This suggests the possibility of convergence between the BRI and the FOIP vision
- ROK is encouraged to align its Southern Policy with FOIP

3. Trade and investment

Japan’s approach

- Japan is an active promoter of globalization and multilateralism
- Japan still wants the US to return to TPP and rules-based multilateralism
- It has taken leadership in negotiating, concluding and implementing CPTPP (or TPP11)
- It has worked closely with the EU to implement the Economic Partnership Agreement (Japan-EU EPA).
- It has concluded a bilateral trade deal with the US (under the threat of an automobile tariff hike)
- Japan has been negotiating on RCEP and a CJK FTA
- Japan works with the US, EU and other like-minded countries on WTO reform to address the issues on IPR protection, industrial subsidies, SOEs and to maintain a functioning dispute settlement procedure
### Trade relations among the CJK

**Major trading partners for Japan, ROK and China, 2018**

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<tr>
<th></th>
<th>China Export</th>
<th>China Import</th>
<th>Japan Export</th>
<th>Japan Import</th>
<th>ROK Export</th>
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*Source: International Monetary Fund, Direction of Trade Statistics*

- High trade interdependence among the CJK
- Rising trade dependence of Japan and ROK on China
- Importance of the US and EU for CJK trade

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### FDI and supply chains

**Major FDI-stock partners for CJK, 2017**

<table>
<thead>
<tr>
<th>China Outward</th>
<th>China Inward</th>
<th>Japan Outward</th>
<th>Japan Inward</th>
<th>ROK Outward</th>
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<td>Hong Kong</td>
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<td>China</td>
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<td>Japan (30)</td>
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<td>China (16)</td>
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</table>

*Source: IMF, Coordinated Direct Investment Survey*

- China invests mostly in, and receives inward FDI mostly from, Hong Kong and some from Japan and ROK
- Japan invests heavily in the US (and UK) and also China and receives inward FDI mostly from the US, but not much from China or ROK
- ROK invests heavily in China and receives FDI from Japan and the US
Japan’s policy priorities

CPTPP membership expansion
- Encourage members that have not ratified CPTPP (Brunei Darussalam, Chile, Malaysia and Peru) to do so as soon as possible
- Then start expanding membership (Thailand, UK, ..)

Implementing RCEP among 16 members
- The world’s major economies are in the group: China, Japan, India, ASEAN and ROK
- Accounts for 47% of world population, 32% of world GDP, 28% of world trade and 32% of world FDI stock
- Large economic benefits as its membership covers East Asia’s supply chain countries

CJK trilateral FTA
- Aim for a high-quality FTA among the three countries

Regional dialogue for WTO reform
- CJK may hold a dialogue for WTO reform

Economic benefits of tariff reductions under TPP12 and CPTPP (TPP11)
(% change in real GDP)

RCEP negotiations concluded among 15 countries, without India

- RCEP leaders' statement issued in Nov. 2019:
  - 15 RCEP Participating Countries have concluded text-based negotiations for all 20 chapters, including all market access issues
  - Leaders have tasked legal scrubbing to commence for signing in 2020
  - India has significant outstanding issues, which remain unresolved. All RCEP Participating Countries will work together to resolve these outstanding issues in a mutually satisfactory way. India's final decision will depend on satisfactory resolution of these issues
- India indicated that it would not join RCEP
  - Reluctance to open up its goods market to other countries, particularly China (for manufacturing products) and Australia-NZ (for agricultural and dairy products), as evidenced by large trade deficits
  - Unsatisfactory about other countries' unwillingness to accept services experts (mode 4 of services trade) particularly IT professionals
- Agreement will likely be signed in the next Leaders' meeting in the fall of 2020 with or without India
- Japan will make every effort to encourage India to rejoin

### RCEP chapters

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Content</th>
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<tbody>
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<td>Initial provisions and general definitions</td>
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<tr>
<td>2</td>
<td>Trade in goods</td>
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<tr>
<td>3</td>
<td>Rules of origin (ROG)</td>
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<td>4</td>
<td>Customs procedures and trade facilitation</td>
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<td>5</td>
<td>Sanitary and Phytosanitary (SPS) measures</td>
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<td>6</td>
<td>TRACAP</td>
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<td>7</td>
<td>Trade remedies</td>
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<td>Professional services</td>
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<td>Movement of natural persons (MNP)</td>
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<td>11</td>
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<td>Small and medium enterprises (SME)</td>
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<td>Government procurement (GP)</td>
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<td>General provisions and exceptions</td>
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<td>19</td>
<td>Institutional provisions</td>
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<td>20</td>
<td>Dispute settlement (DS)</td>
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<td>21</td>
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Economic benefits of RCEP
(% change in real GDP)

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<tr>
<th>Country</th>
<th>Tariff elimination</th>
<th>NTM elimination</th>
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<tr>
<td>China</td>
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</table>

NTM = non-tariff measures

Obstacles to a CJK FTA

• Building on agreements among the CJK, embedded in the RCEP, they can aim for a substantially higher-quality FTA than RCEP (and close to CPTPP)
• Major challenges:
  □ Unfavorable political relationship: The recent bilateral conflict between Japan and ROK may make it difficult for them to seriously negotiate
  □ Japan may be reluctant to substantially open up its agricultural markets
  □ China may be reluctant to substantially open up its high-value added manufacturing and services sectors
  □ ROK has been reluctant to trade liberalization in high-value-added manufacturing (general machinery, electronics, automobiles) vis-à-vis Japan due to its weaker competitiveness and fear of widening trade deficits against Japan
• If a high-quality CJK FTA is to be agreed, China and ROK are encouraged to consider joining CPTPP
Schematic description of comparative advantage of CJK

<table>
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<tr>
<th></th>
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<td>Agriculture and fisheries</td>
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<td>Weak</td>
<td>Moderate (stronger than Japan, weaker than China)</td>
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<tr>
<td>Manufacturing (low-value added)</td>
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<td>Weak</td>
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<td>Services</td>
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Source: Compiled by Author

Regional dialogue on WTO reform

The WTO must be substantially overhauled to regain its central role as a global overseer of international trade and trade-related rules

- Restore a fully operational Appellate Body
- Incorporate issues highly relevant to global supply chains in the WTO disciplines (investment, competition, IPR protection, digital data flows)
- Enforce stricter compliance with notification obligations
- Address state industrial subsides and SOEs
- Objectively define a “developing country” and set a graduation policy for developing countries
- Consider to reform the decision-making process
- Expand plurilateral agreements on specific issues (ITA, GPA, EGA, TiSA, and more recent e-commerce)
4. DPRK

Supporting DPRK in economic transition after its return to the international community

• Return to the international community:
  □ Denuclearization (CVID: complete, verifiable, irreversible)
  □ Economic reform programs with marketization and economic opening
  □ Resolving the abduction issue (with Japan)
• DPRK encouraged to be a member of the IMF, World Bank, ADB, EBRD, and AIIB to receive multilateral financial support
• CJK can also provide bilateral support for its economic reconstruction and transition (transport, energy, ICT)
• DPRK can re-connect Northeast Asia
• DPRK to be embraced in East Asia’s supply chains

DPRK as a missing link for CJK connectivity

Source: NASA (https://www.nasa.gov/sites/default/files/iss038e038300.jpg)
## Multilateral infrastructure financing cooperation in Northeast Asia

### Membership of MDBs and GTI in NEA

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*ADB = Asian Development Bank; AIIB = Asian Infrastructure Investment Bank; CAREC = Central Asia Regional Economic Cooperation; EBRD = European Bank for Reconstruction and Development; GTI = Greater Tumen Initiative.*

*Note:* GTI hosts the Northeast Asia EXIM Banks Association, including the EXIM Bank of China, Development Bank of Mongolia, EXIM Bank of Korea, and Bank for Development and Foreign Economic Affairs of Russia.

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## Membership of trade groupings in Northeast Asia

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*AEC = ASEAN Economic Community; CJK = China-Japan-Republic of Korea Free Trade Area (trilateral FTA under negotiation); EAEU = Eurasian Economic Union (members are Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan); FTAAP = Free Trade Area of the Asia-Pacific (proposed by and for APEC members); RCEP = Regional Comprehensive Economic Partnership (ASEAN+6 FTA under negotiation); TPP = Trans-Pacific Partnership (CPTPP implemented)*

*Note:* (a) Not all ASEAN countries are members of CPTPP (Brunei Darussalam, Malaysia, Singapore, and Vietnam are CPTPP signatory countries)
(b) Not all ASEAN countries are prospective members of FTAAP (Cambodia, Lao PDR, and Myanmar are not APEC members and thus are not prospective members for FTAAP)
4. Conclusion

- The CJK have deepened economic interdependence through trade and investment but the regional prospect is deeply clouded by the US-China trade war
- There is a clear benefit to further strengthening CJK economic cooperation, a basis for peace and stability in the region
- Such economic cooperation includes:
  - Strengthening infrastructure connectivity in the wider Indo-Pacific region
  - Trade & investment, particularly forging RCEP and a CJK FTA; eventual CPTPP membership for China & ROK
  - Providing visible incentives to DPRK to cooperate with the international community

Thank you
For more information:

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Professor Emeritus and Specially Appointed Professor, University of Tokyo

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4. Introductions to Co-sponsoring Organizations

(1) The Japan Forum on International Relations (JFIR)

The Japan Forum on International Relations, Inc. (JFIR or The Forum) is a private, non-profit, independent, and non-partisan organization dedicated to improved understanding of Japanese foreign policy and international relations. The Forum takes no institutional position on issues of foreign policy, though its members are encouraged not only to analyze but also to propose alternatives on matters of foreign policy. Though the Forum helps its members to formulate policy recommendations on matters of public policy, the views expressed in such recommendations represent in no way those of the Forum as an institution and the responsibility for the contents of the recommendations is that of those members of the Forum who sign them alone.

The Forum was founded on March 12, 1987 in Tokyo on the private initiative of Dr. OKITA Saburo, Mr. HATTORI Ichiro, Prof. ITO Kenichi, and 60 other independent citizens from business, academic, political, and media circles of Japan, recognizing that a policy-oriented research institution in the field of international affairs independent from the government was most urgently needed in Japan. On April 1, 2011, JFIR was reincorporated as a “public interest foundation” with the authorization granted by the Prime Minister in recognition of its achievements.

JFIR is a membership organization with four categories of membership, namely, (1) corporate, (2) associate corporate, and (3) individual. As for the organizational structure of JFIR, the “Board of Trustees” is the highest decision making body, which is in charge of electing the “Directors” and of supervising overall activities of JFIR, while the “Board of Directors” is an executive body, which is in charge of the management of day-to-day operations of JFIR.

<table>
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<th>Board of Trustees</th>
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The Forum’s activities are composed of such pillars as “Policy Recommendations,” “e-Forum,” “Research Programs,” “International Dialogues & Exchanges,” “Participation in International Frameworks,” “Information Gathering,” and “PR and Enlightenment.” Of these pillars of activities, one important pillar is the “e-Forum: Hyakka-Seiho” which means “Hundred Flowers in Full Bloom” (http://www.jfir.or.jp/cgi/m-bbs/). The “e-Forum,” which started on April 12, 2006, is open to the public, functioning as an interactive forum for discussions on foreign policy and international affairs. All articles posted on the e-Forum are sent through the bimonthly e-mail magazine “Meru-maga Nihon Kokusai Foramu” in Japanese to about 10,000 readers in Japan. Furthermore, articles worth attention for foreigners are translated into English and posted on the English website of JFIR (http://www.jfir.or.jp/e/index.htm) as “JFIR Commentary.” They are also introduced in the e-mail magazine “JFIR E-Letter” in English. “JFIR E-Letter” is delivered bimonthly to about 10,000 readers worldwide.

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TEL: +81-3-3584-2190  FAX: +81-3-3589-5120  E-mail: jfir@jfir.or.jp  URL: http://www.jfir.or.jp/
(2) China Foreign Affairs University (CFAU)

Since its founding in 1955, China Foreign Affairs University (CFAU) has been dedicated to grooming China’s most promising young minds with global vision and great learning to work for China’s foreign services and for world peace and prosperity. Directly affiliated with China’s Ministry of Foreign Affairs and co-built by the Ministry of Education, CFAU offers a unique educational experience that prides itself in intellectual integrity and academic excellence.

CFAU adheres to the philosophy that CFAU education should pride itself in diplomatic and international studies with high-level proficiency in foreign languages. CFAU trains its students with “true patriotism and global vision; professional expertise and great proficiency in foreign languages; and high quality and interdisciplinary knowledge”.

CFAU has a 2,000 student population composed of Ph.D., MA, BA, double-degree students and more than 150 international students. The University has eight departments and one specialized institute focusing on education & research, including Department of Diplomacy & Foreign Affairs Administration, Department of English & International Studies, Department of Foreign Languages, Department of International Law, Department of Basic Education, Department of Graduate Studies, School of International Economics, School of International Education, and Institute of International Relations. Additionally, CFAU has more than twenty research institutes and centers, including the Institute of Asian Studies, the Institute of International Law, and the Chinese Foreign Policy Studies Center. Students are able to specialize in subjects such as diplomatic studies, English, Translation & Interpreting, French, Japanese, Spanish, International Law, International Economics & Trade, Finance, International Relations and World Politics, etc.

CFAU was the first Chinese university to offer Diplomatic Studies as a major at the undergraduate level, and was also amongst the first group to confer Ph.D. and Master Degrees in International Relations and Diplomatic Studies. CFAU has two nation-level key disciplines: Diplomatic Studies and International Relations, two municipality-level key disciplines: Politics and English Language & Literature and one post-doctoral research station. English studies is a nation-level and municipality-level model program. China National Association for International Studies and Chinese Society of International Law, two nation-level academic organizations, have their secretariats on CFAU campus. The Research Centre for Beijing International Exchanges and Foreign Affairs Administration under the auspice of the Beijing municipality, is also based at CFAU. As an important foreign policy think-tank, CFAU is China's focal point for the NEAT (Network of East Asian Think-tanks), NACT (Network of ASEAN-China Think-tanks) and NTCT (Network of Trilateral Cooperation Think-tanks). Foreign Affairs Review—Journal of China Foreign Affairs University has been rated as a “National Excellent Journal for Social Sciences” and a “National Core Journal for Humanities and Social Sciences”.

The CFAU Board of Trustees was set up in May 1995. The Board’s first honorary chairman was the former Vice Premier Qian Qichen. Over the past decades, the chairman has been the successive Foreign Ministers. The fourth Board of Trustees was formed in January 2014, and Qian Qichen was again named honorary Chairman of the Board. The current Chairman of the Board of Trustees is Foreign Minister Wang Yi.

With the deepening of China's reform and opening to the outside world, CFAU has been expanding its connections with other countries through cultural and academic exchanges and has established ties with institutes for diplomatic studies, universities, and research institutes based in the US, the UK, France, Russia, Canada, Australia, Japan, Korea, etc. In January 2013, CFAU signed an agreement co-establishing the Confucius Institute with the University of French Polynesia. CFAU is a member of the International Forum on Diplomatic Training (IFDT), a yearly meeting of Deans and Directors of Diplomatic Academies and Institutes of International Relations, and attends the Forum to discuss relevant academic issues, and exchange information.
and experiences regarding matters of school management and development. Each year CFAU has the honor to host world-renowned statesmen, diplomats and scholars on campus either for visits or giving lectures at the University.

Over the past 60 years, approximately 20,000 students have graduated. Amongst CFAU’s alumni, more than 30 have been charged with official ministerial duties, about 500 have served as ambassadors to foreign countries, and more than 1,000 have served as counselors in Chinese embassies abroad, directors of governmental departments and agencies other than the Foreign Ministry, or professors and scholars with senior professional titles. It’s no exaggeration to say that wherever China’s red five-star national flag is raised, there are alumni of CFAU present, making CFAU truly worthy of the name, “The Cradle of Chinese Diplomats”.

During the 1950s and 1960s, CFAU trained more than 100 international students from the USSR, Eastern European countries, DPRK, Vietnam, etc., some of whom have been placed into senior positions in their respective countries or sent back to China as ambassadors. In recent years, CFAU has organized training programs for diplomats from Asia, Africa, Latin America, Eastern Europe, Central Asia, and ASEAN countries or regions. So far, more than 3,000 diplomats from more than 150 countries have participated in the programs.

With growing overall national strength, China needs more and more exceptional people to work in the fields of diplomacy and foreign services. In response to this increasing national need, CFAU has built a second campus in the Shahe University Area under the guidance and support of the Party Central Committee, the State Council, and the Ministry of Foreign Affairs. With a total floor space of more than 800,000 square meters and gross building area of 28.8 hectares, the first phase of the construction project was completed and put into use in September 2012. The Shahe campus provides students with a pleasant and spacious learning and living environment with modern facilities and equipment, reflecting CFAU’s distinct educational philosophy of inclusiveness, rationality, and humanity.

On January 3, 2014, the Agreement of Co-Building China Foreign Affairs University between the Ministry of Foreign Affairs and the Ministry of Education was signed at the Diaoyutai State Guesthouse. According to this agreement, the two ministries will establish a coordination mechanism and increase efforts to support the University in terms of policy, financing, discipline development, academic research, talent cultivation, personnel training, and faculty development.

The Ministry of Education, the Ministry of Finance and the National Development and Reform Commission jointly released a selected list of the country’s construction plan of world-class universities and first-class disciplines known as the “Double First-Class” initiative on September 21, 2017. CFAU ranks among the top 95 disciplines in the country according to the list.

The Party and the State have entrusted the university with an honorable mission to build itself into a university with world-class disciplines. CFAU will forge ahead in constructing the first-class disciplines of International Relations and Diplomacy with Chinese characteristics and continue to seek new ways to prepare students to meet the needs of the multidimensional aspects of diplomacy and foreign services, further develop disciplines, deepen pedagogical reforms, and advance teaching quality. With the efforts of all faculty, staff and student community, CFAU in this new era will be further developed into an incubator for China’s diplomats, the forefront of theoretical studies and innovation of China’s diplomacy, and a vital force in international exchanges and cooperation.
(3) Korean National Diplomatic Academy (KNDA)

The Institute of Foreign Affairs and National Security (IFANS) of the Korea National Diplomatic Academy (KNDA) has its roots in the Research Institute of Foreign Affairs (RIFA) established in 1965, and has ranked as Korea’s top foreign policy and security think tank for the last nine years. IFANS conducts a wide variety of activities, such as the following:

Research on and Development of Foreign Policy & Policy Consulting:
IFANS develops mid to long-term foreign policies, conducts analysis of and research on current policy issues, and provides policy recommendations for the government.
- Research on and analysis of current issues in international politics
- Development of mid to long-term policies
- Policy reports on pending diplomatic issues

Academic Exchange with Domestic and Overseas Think Tanks:
IFANS engages in active intellectual exchanges and communications with think tanks in Korea and abroad, and in building extensive academic networks with them.
- Regular bilateral and trilateral meetings with major policy research institutes in the United States, China, Japan, Russia, other countries in Asia, and the Middle East
- Hosting of its annual signature program, IFANS Conference on Global Affairs
- Frequent meetings with experts on the Korea-U.S. alliance, North Korea and Northeast Asia
- Cooperation and exchanges with universities and research institutes at home and abroad

Public Diplomacy
IFANS endeavors to promote understanding of our diplomatic issues and foreign policy.
- IFANS Talks
- IFANS Debate
- Meetings with the foreign diplomatic corps in Korea and the press

Publication of Research Results
IFANS produces various publications of research both online and offline.
- International Issues and Prospects (Weekly)
- IFANS FORECAST (KOR/ENG) (Yearly)
- Series of Policy Studies (Yearly)
- IFANS FOCUS (KOR/ENG) (Frequently)
- China Report (Yearly)
- Center for Diplomatic History Studies’ oral history series (Frequently)

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<th>5 Research Departments</th>
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<td>Department of National Security and Unification Studies</td>
<td>Center for Chinese Studies</td>
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<td>Department of Asia-Pacific Studies</td>
<td>Center for Diplomatic History Studies</td>
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<td>Department of American Studies</td>
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<td>Department of European and African Studies</td>
<td>Center for Japanese Studies</td>
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<td>Department of International Economy and Trade Studies</td>
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TEL: (82-2)-3497-7633  FAX: (82-2)-571-1019  E-mail: ifir@ifir.or.jp  URL: http://www.ifir.or.jp/
(4) Trilateral Cooperation Secretariat (TCS)

The Trilateral Cooperation Secretariat (TCS) is an international organization established with a vision to promote peace and common prosperity among Japan, the People’s Republic of China (China), and the Republic of Korea (ROK). Upon the agreement signed and ratified by each of the three governments, the TCS was officially inaugurated in Seoul, September 2011. On the basis of equal participation, each government shares 1/3 of total operational budget.

The TCS aims to serve as a cooperation hub for trilateral cooperation that encompasses the broad spectrum of sectors and actors. With a view to solidifying the cooperative ties among the three countries, the TCS will strive to ensure that trilateral cooperation remains dynamic and future-oriented.

Secretary-General: MICHIGAMI Hisashi (Japan)
Deputy Secretary-General: CAO Jing (China)
Deputy Secretary-General: KANG Doho (ROK)

2. Functions and Activities
1) Supporting Trilateral Consultative Mechanisms
   - Trilateral Summit/ Trilateral Ministers’ Meeting, etc.
2) Conducting Cooperative Projects
   - Trilateral Table Top Exercise (TTX) on Disaster Management/ CJK FTA Seminar, etc.
3) Promoting Trilateral Cooperation
   - International Forum for Trilateral Cooperation/ Young Ambassador Program (YAP), etc.
4) Collaboration with Other Organizations
   - ASEAN/ EU/ APEC/ UNESCAP, etc.
5) Research & Database
   - Progress Report of the Trilateral Cooperation/ TCS Website, etc.

3. Organization
The TCS consists of a Consultative Board and four Departments. The Consultative Board, the executive decision-making body of the organization, is comprised of a Secretary-General and two Deputy Secretary-Generals. The Secretary-General is appointed on two-year rotational basis in the order of the ROK, Japan, and China. Each country other than the one of the Secretary-General nominates a Deputy Secretary-General respectively. Under the Consultative Board, there are Department of Political Affairs, Department of Economic Affairs, Department of Social and Cultural Affairs, and Department of Management and Coordination. The four Departments are composed of Professional Staff seconded by the three countries, and General Services Staff recruited through open competition from the three countries.