



PARK IN-KOOK

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Good afternoon everyone. If my memory is correct, this workshop is special in that it is the first WPC session on China. Usually, WPC has been focused on Europe and its neighbors.

For the first time last year, the World Policy Conference was held outside of Europe. The 2014 WPC in Seoul signifies IFRI's great interest in Asia and this is further evident by the fact that they have organized a workshop dedicated to China.

The rise of China is no longer news at all. In 2014, Even though PPP is a controversial concept, the IMF declared that China had surpassed the United States in terms of GDP based on PPP. The most positive economic forecast – from London – is that China's GDP per capita may exceed that of the US in 2043. Of course, today, we could explore the opposite end of the spectrum by [listening to the presentation of] Prof. Cooper.

In 2010, China was on a 33-year streak of continuous economic growth of more than 6 percent a year, breaking Taiwan's record of 32 years and South Korea's record of 29 years of consecutive super-fast growth of more than 6 percent a year. Maybe China's streak will reach 38 years this year. But the rise of China's economy also raises the question of whether the world is headed towards harmony and co-prosperity – or doomed to fall in the Thucydides Trap.

In this regard, I already distributed four major triggering factors or elements for today's intensive discussion. They are: ① "Characteristics and Features of Sino-American Relations," ② "The New Silk Road Initiative or OBOR," ③ "Chinese Stock Market Crash This Summer and Its Impact: Is It a Tempest in a Teapot?" and ④ the "Internationalization of the Renminbi and the Future of Trade Interconnectedness."

On the first issue, President Xi raised the issue of new type of major power relations during the recent Sino-US summit talk. Even though there was no direct response from President Obama, it deserves much attention in the sense that this vision of a new order was suggested by China for the first time. This is different from G2 responsible stakeholders or the Beijing Consensus, which were coined by the outside world. While there may be conceptual ambiguities, I hope it shows Xi Jinping leadership's inclination towards a peaceful and responsible rise of China.

In the global multilateral arena, both sides found common ground on a variety of issues including combatting climate change, anti-terrorism and curbing cyber-crimes. For example, I would like to remind you that the COP 15 conference 6 years ago in Copenhagen failed to adopt a legally-binding outcome document mainly because the US and China could not overcome their distrust of each other. It was a typical case of mutual distrust leading to the prisoner's dilemma. But now, we expect the US and China will serve as a locomotive for adopting legally-binding framework to curb CO2 emissions at COP 21 next month in Paris. I am sure that COP 21 will be a great landmark achievement.

On the controversial side or volatile side, the US and China have been engaged in maritime and territorial disputes in the South China Sea. I do not have to dwell on the nature of the tense situation. But the agreement by the two presidents to improve air-to-air safety and crisis communication are welcomed as good examples of Confidence Building Measures.

Last month, the Permanent Court of Arbitration ruling of the maritime dispute between the Philippines and China, and a US naval ship's navigation near the Subi Reef are new developments which entail closer coordination and consultation between the parties concerned.

Second, on "One Belt One Road" ("一帶一路") we expect clearer elucidation on One Belt One Road from one of the best, I think, Chinese speaker Prof. ZHANG Yunling because he had some personal input from President Xi Jinping. If



I were to raise some questions [they would be]: ① the feasibility of the New Silk Road, ② mobilization of an astronomical amount of investments, ③ how to ensure the security and safety of such a long-distance connection in the most vulnerable regions including ISIS areas. And ④ the compatibility between AIIB and existing international development financial institutions like ADB and the World Bank.

Third, the Shanghai stock market crash this summer spawned a mixed bag of optimism and pessimism on China's economy. Although no numerical targets were offered, President Xi Jinping said in the wake of the 5th Plenum of 18th [CPC] Central Committee that an annual growth of 6.5 percent would be required for China to "build a moderately prosperous society" by 2020.

Fourth, on the issue of the internalization of the Chinese Renminbi, IMF's Managing Director Christine Lagarde recently said she supports the findings in her staff's proposal to include the yuan in the SDR basket. This will be formally decided in the coming board meeting in 9 days as part of the IMF's quinquennial review.

On those issues, there have been tensely divided polemic arguments between China haters and those who have been bullish on the yuan. Now, the Asia-Pacific economic zone has been seriously divided into two blocks – one is the US-led TPP and the other is RCEP led by China. I want to draw your attention to the fact that China also implied the possibility of joining TPP on several occasions. And I wonder if China may judge that TPP could be utilized as a tool to accomplish her domestic economic reforms. I hope China could reflect on the good lessons learned from its accession to the WTO 14 years ago.

Why is TPP so important? I think it symbolizes the cornerstone of the US's policy of rebalancing towards Asia. The hallmark of TPP will not only be the increased trade of manufactured goods but also services, agriculture, foreign investment and government procurement. And [TPP] also [includes provisions over nontariff issues like] the role of the state on enterprise and environment issues as well.

Last but not least, the role of Europe. It was a great surprise when the United Kingdom announced last March that the UK would join AIIB, which triggered an avalanche of European participation. I should make a full stop here.

During today's program, six world-renowned speakers will be given a maximum of 13 minutes – because one speaker did not show up – to present their thoughts, and then will be given another 3 minutes maximum for additional comments or questions among the presenters. After that, I will open the floor to the audience for further intensive Q&A.

I will give you the order: First, Prof. JIA Qingguo, then Prof. ZHANG Yunling [will give us the opportunity] to hear the Chinese versions on political and economic issues. And then I will invite Prof. Richard Cooper for [him to present] his arguments. And then I will invite Prof. QIAO and also invite Minister BARK to talk on some trade issues. And lastly, I will invite Prof. Foucher to talk on the European view on the New Silk Road.

If I [were to] just give some few words on the first speaker Prof. JIA Qingguo, he is working as the dean of the School of International Studies of Peking University and he is also a member of the Standing Committee and the Foreign Affairs Committee of the of the National Committee of the Chinese People's Political Consultative Conference. And also, he has a very interesting political background. He is a member of the Standing Committee of the Central Committee of the China Democratic League. Maybe you do not know, [and may be asking,] what do you mean by China Democratic League? The China Democratic League is the equivalent of the US Democratic Party. He is not a Communist Party member. So he is very active as a politician [and has] in-depth [knowledge] of the Chinese Democratic Party. So maybe we could hear his own reasons [for joining the Democratic Party]. He is a product of Cornell University.