

## PARK IN-KOOK

President, Korea Foundation for Advanced Studies (KFAS)

I am In-kook Park. I am the President of the Korea Foundation for Advanced Studies. I chaired the third workshop on China. We had a focus on four points. The first point was the outcome of the 19<sup>th</sup> Chinese Communist Party Congress and its implications, and the second point was on the future trajectory of the China-US relationship, especially in the light of bilateral trade economic issues, and other related security issues. We especially had some thoughts on analysing Moody's and the S&P's downgrading of China's sovereign rating, while the IMF raised China's growth forecast from 6.7% to 6.8%. The third issue was how China will respond to the North Korean nuclear crisis, and the fourth was the new Chinese foreign policies, including One Belt, One Road, and also trade policy, including the future of the TPP and RCEP, especially on the trade debate.

During our workshop, we had two panellists from the United States, two from China, one from Korea, one from Japan, and one from France. Given the sensitivity of the issues, we debated on the understanding that all debate was based on everybody not speaking on behalf of their government, just exchanging their personal views. At first, one Chinese panellist started his statement by responding to my opening question – why President Xi Jinping had three-and-a-half-hour-long speeches in the 19<sup>th</sup> Congress – and he responded that it was a very special occasion for President Xi, and he wanted to explain his thoughts in a very systematic way about socialism with the Chinese characteristics in a new era. A little long, but it is included in the Communist Party charter. At the same time, the Chinese panellist expected that it would very likely become inserted into the Chinese constitution next year.

He also pointed out some principal contradictions other than the highlighted ones; notably, an inadequate and unbalanced development and people's needs for a better life, so now, even though China's economic development is no longer backward, it is not easy to meet the demands of people for a better life, so that is a key point.

Then, on foreign policy issues, he pointed out both the elements of continuity and change. In terms of change, in the past, China always talked about how to reform world order, to make it more just and fair, but now China talks about maintaining our world order, while continuing to talk about making it just and fair. He also pointed out that China has benefitted from world order, and it is now a more responsible stakeholder, and as China rises, it has increasingly become a superpower, and a superpower cannot take a free ride, but must maintain order.

He also argued that China's successful development experience can now be a model for other developing countries. Xi Jinping himself had talked about socialism with Chinese characteristics. What do we mean by Chinese characteristics? It means there is no Chinese model in a universal sense, but at the same time, China is also saying to developing countries that they do not have to follow the western approach to development, but they have to find their own in light of the Chinese approach to development. In the next five years, China will have more continuity than change in foreign policy, and there will be more of a Xi imprint, and Chinese foreign policy will be more pragmatic.

After he argued in that way, there were some counterarguments from the panel, saying that by the year 2050, China aims to become the arbiter in Asia-Pacific, politically or militarily, so we could easily expect that China will be more assertive in the next five years. Another panellist also argued that China has fourteen land neighbours, but they do not want an alliance with China, even though they want to enjoy more trade with China. China has also entered a conflict with many neighbours, so she should try to improve relations with neighbours after the 19<sup>th</sup> Party Congress.

We had a talk about economic issues, which were presented by another Chinese expert. He mentioned that there are two unchanged things, and one changed thing. The two unchanged things affect the first. China's basic national condition is still, and will long continue to be, in the primary stages of socialism. It will not change. Secondly, China's status as the world's largest developing country has not changed. I am not sure how many people agree with their status, but that is a key point he presented as two unchanged factors. The other one, the changed factor, is that in the past, there has been major contradiction between ever-growing material and cultural needs of the people, and the low

level of production or supply, but now, the contradiction has been changed. The current description of the major contradiction is that between the people's ever-increasing need for a better life, and inadequate current development situation, so that is why China should and will pay more attention to quality than quantity, to achieve a better life and a better environment.

He also mentioned a three-step phase for the next 30 years in China's main policy. The first stage is from now until 2020. China will finish building a moderately prosperous society, and during 2022 to 2035, China will basically realise the socialist modernisation, and in the third stage, from 2035 to 2050, China will enter as a great modern socialist country. It is not easy for us to recognise what is different between the three concepts, but his conclusion is that there will be no more GDP growth target, as the Chinese focus will shift from quantity to quality. There are also some new development strategies. There is the One Belt, One Road initiative, and also they will evolve from free trade zone to free trade port concept. The free trade zones were expected through 11 cities earlier, but now China is exploring making new concepts, the concept of a free trade port like Singapore.

On the question of S&P and Moody's downgrading China's government rating for the first time in more than 20 years, the Chinese panellists categorically denied this, by saying that two organisations made a big mistake and they used an incorrect model. The US panellist also agreed that we cannot trust the two organisations' analysis. After that, one US panellist made a statement that, while Xi Jinping delivered 32,000-character speeches, the US president only gives 144-character Tweets, so unipolar power has shifted now. There is a re-emergence of multipolarity and balance of power. That is why the US needs to protect the alliances in Asia while China gains influence.

The North Korean problem is very serious and urgent, and his analysis is that there is too much focus on North Korea. When he talked to US citizens in Washington, 95% said that the answer to North Korea is not in North Korea, but in China. He thought that it is a misunderstanding, even though China is a necessary part of dealing with North Korea. At the same time, he proposed five stages; the first stage is North Korea has not demonstrated a re-entry vehicle of ICBM, so it is not ready to talk yet, so there are maybe six months or a year left until real talks can start. Secondly, we need some ramping up of the missile defence system. The US has to build more launchers, even though missile defence is not even 50% reliable. I am not sure if this statistic is right or not, but anyway, he argued in that way. Thirdly, we need to step up the intermediate range missiles in Northeast Asia. The US is the only one defending the INF treaty, while everyone is violating it. The US needs to leave INF, and put a middle-range missile in Northeast Asia, threaten North Korea, and reinforce deterrents. Then, the fourth element, he supported the reintroduction of tactical nuclear weapons on the US vessels to lower the likelihood of Korea and Japan going nuclear, and also ramping up the covert action against North Korea. Right now, \$7 billion are being spent on covert action. During the Cold War, much more resources were pulled into Eastern Europe. That is what he argued.

He also suggested that, on the strategic area, the US should turn China into more responsible stakeholders. The US should depart from the traditional Indo-Pacific strategies. The US relationship to Asia during the Obama administration was almost just like another NATO: no action, talk only. So the US should adjust its position to China's One Belt, One Road, not to oppose, but to refresh the Bretton Woods system. It is kind of a brand new idea.

Another US panellist made his own assessment of the Trump administration's initial 10-month achievements. In various ways, and I will tell you in four categories: in which areas they have made successful attempts, in which ones they have made unsuccessful attempts, in which one he has made big mistakes – we had a very good discussion at the time – and also, we had some observations about the future of trade and conflict between China and the United States. The Korean panellist served as a trade minister; he had some great concerns about the possible conflict or trade war between the US and China, and described the points where he has such concerns from the Chinese side and the US side.

Our Japanese panellist argued why Abe is influential. He argued that he is maintaining a very close, personal relationship with Trump. From his observations, Trump cannot sit for more than three hours to talk about something important. The best way to spend several hours with him is to play golf outside, so that is why they will play golf today, so he expects great things. The Japanese panellist reminded us of Abe's previous idea in the name of *Asia's Democratic Security Diamond*, which includes India and China, as a new concept to be embraced, and create norms like freedom of navigation. But the Chinese panellist strongly opposed that concept, because while Abe insists on such



an idea, he openly challenges it by creating US, Japan, India, Australia's coalition, to isolate China, which means that it is contradicting from their argument, and real implementation.

Then, we had some analysis of the One Belt, One Road system by our European panellist. He fully supports the Belt-Road initiative, as a new Marshall Plan for the 21<sup>st</sup> century, and especially including a population of three billion.

I have some other interesting items, but I will share them with you during the intermission. Thank you.