

THE THIRD-PARTY COOPERATION BETWEEN CHINA AND SOUTH KOREA IN SOUTHEAST ASIA IN THE POST-PANDEMIC ERA

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IMPACT OF COVID-19 ON GLOBAL AND REGIONAL ECONOMIC COOPERATION

- Current global economic development situation is uncertain in many important details. It depends not only on the situation of the pandemic, but also on international relations and the effectiveness of economic policies in the face of high uncertainty.
- Super-large fiscal stimulus program exacerbates the sovereign debt crisis.
- Expansionary monetary policy has significantly pushed up global inflationary pressures. At the same time, the significant increase in global raw material prices since 2021 has also released a clear inflation signal.
- The Fed's decision to accelerate the reduction of asset purchases.
 - Need to pay close attention to the stock, bond and foreign exchange market shocks caused by the adjustment of monetary policy.

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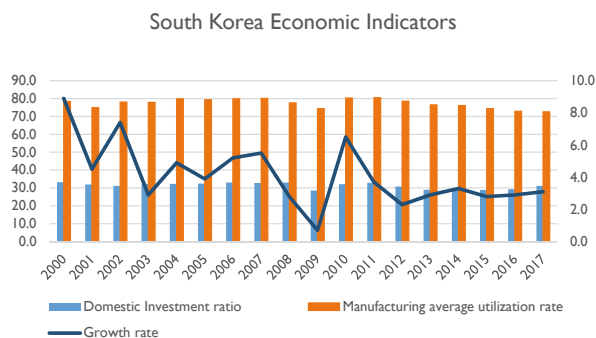
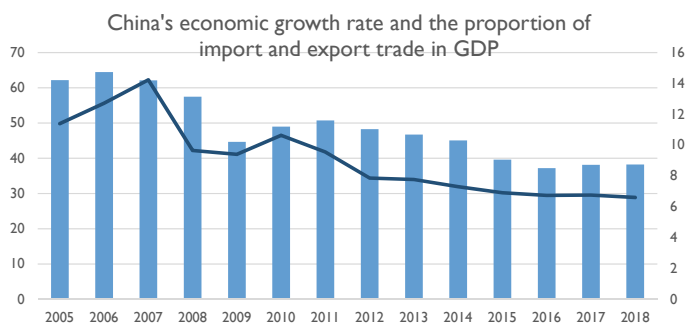
- Global trade in goods is gradually picking up, but still need to be vigilant against the repeated obstruction of trade recovery by the pandemic.
- Return of industrial policy
 - Supply chains in many countries are at risk of rupture, corporate debt increases, and industrial policies are returning.
 - Strengthen the review of foreign direct
- Need for regional cooperation has increased
- Pandemic has highlighted the function of government

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OPPORTUNITIES

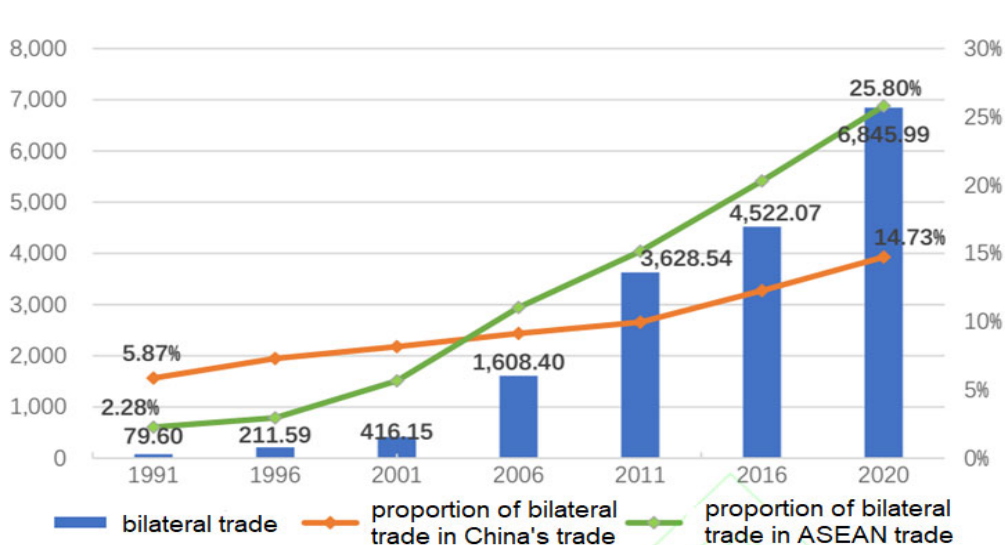
■ Practical needs of China-ROK economic cooperation

- China has entered a new normal of the economy, promoted the construction of the "Belt and Road", pursued high-quality development.
- South Korea's economic growth has also slowed. South Korea is expanding investment overseas, and it is necessary to tap new impetus for economic growth



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BILATERAL TRADE BETWEEN CHINA AND ASEAN (1991-2020)



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■ Interaction during the pandemic

- Video Conference of ASEAN-China-Japan-ROK Ministers
- In 2021, China's top five trading partners will be ASEAN, the European Union, the United States, Japan and South Korea. The imports and exports to these trading partners will be 5.67, 5.35, 4.88, 2.4 and 2.34 trillion yuan respectively, an increase of 19.7%, 19.1%, 20.2%, 9.4% and 18.4% respectively.
- Anti-epidemic measures jointly taken by China and the ROK
 - Fast track construction: personnel exchanges
 - Green channel construction: the circulation of goods

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OPPORTUNITY

- China-South Korea (Changchun) International Cooperation Demonstration Zone (June 29, 2020)
 - high-end equipment and intelligent manufacturing, pharmaceutical industry, and healthy food.
- Importance of non-traditional security issues such as public health in global governance has increased significantly.
 - non-traditional security cooperation (environmental protection, disasters, diseases, etc.)
- Booming digital economy
 - Blockchain, big data, artificial intelligence and other technologies, digital financial business, subscription economy
- Complex global supply chains
 - In order to avoid risks, components and intermediates supply network has expanded, and the value chain has become more complex

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- Globalization and regional cooperation become more important. In order to control the pandemic, it needs global cooperation.
- Countries along the “Belt and Road” have maintained stable economic cooperation during the pandemic, though factors such as flight suspensions and quarantine measures have affected the implementation of the “Belt and Road” cooperation projects.
- In 2021, China’s imports and exports to countries along the “Belt and Road” will reach 11.6 trillion yuan, an increase of 23.6%, 2.2 percentage points higher than the overall growth rate of China’s foreign trade in the same period. Among them, exports were 6.59 trillion yuan, an increase of 21.5%; imports were 5.01 trillion yuan, an increase of 26.4%.
- From 2013 to 2021, the total value of Imports and Exports between China and countries along the “Belt and Road” increased from 6.46 trillion yuan to 11.6 trillion yuan, an average annual growth rate of 7.5%, accounting for 29.7% of China’s total foreign trade value in the same period.
- "Digital Silk Road" and "Healthy Silk Road"

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CHALLENGES

- Industrial transfer leads to the restructuring of the industrial chain
- Interference from external factors
 - Sino-US trade frictions
- Some countries are worried about China’s rise
 - Some countries misinterpret or misunderstand China’s foreign economic and trade policies and question large-scale projects of Chinese investment.
- Problems with third-party market cooperation models
 - Profit distribution: The industrial structure of China and the ROK is similar, the overlap in the field of foreign investment is relatively large, and the structure of foreign trade is similar.
 - Lack of supporting policies: At present, third-party market cooperation is still in the early stage of development, and most cooperation is still in the preliminary planning stage, and it is still necessary to go deeper and more solid.

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PROSPECTS

- Adhere to multilateralism and free trade, reduce tariffs, remove barriers, and open markets to each other
- South Korea is also affected by the Sino-US trade dispute and needs to strengthen the China-South Korea economic strategic dialogue
- Improve coordination and communication mechanisms, ensure the smooth development of cooperation, and promote dialogue mechanisms under the guidance of the government.
- Establish a normalized working mechanism
 - Promote a cooperative demonstration project and explore new paths for third-party market cooperation between China and South Korea in the post-pandemic era.
- In 2022, the entry into force of the RCEP will also promote China-south Korea cooperation in third-party markets in Southeast Asia

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Thank you!

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