

## **2012 Caixin Summit: China and the World**

### **Friday 16 November, 14:00 – 15:45 China and its Neighbors**

Ensuring peace and prosperity within the Asian region forms the basis for establishing China's credentials as a major, responsible power. What are the main issues that a good-neighbor national policy must focus on in this new era?

#### **Key Points**

- China's emergence as a world power is met with a mixed emotions
- An economic powerhouse, many neighbors see a future of bilateral cooperation and mutual economic benefit with China
- China's growth in military strength is fueling anxiety. Expressions of nationalism in the wake of territorial disputes has produced concern with neighboring countries
- While liberal trade policies characterized the early 2000s, many note a recent lack of similar policy actions in China

The emergence of China - now the world's second largest economy - has many talking about shifts in the geopolitical dynamics of the Asia-Pacific region. In fact, China's is so important in the world economy that every country, be it in Africa or Latin America, has become a neighbor to China.

From the north, Russia is interested in cooperating with China in both traditional energy cooperation and beyond. Siberia holds lot of potential for its proximity to China and rich natural resources.

Calmer attitudes would help to resolve recent territorial conflicts. Japan and China's economies are so closely linked that there is no way to harm without creating a mutual harm. Japan continues to be China's largest foreign investor (excluding Hong Kong). In the first three quarters of this year, while total FDI to China dropped by 3.4 percent, Japanese investment in China rose by 17 percent. And more Japanese companies regard China not only as a big factory, but also as a great market.

China-Japan trade relations will contribute to China's transformation from an export-driven economy to one driven by domestic consumption. China can also learn from Japan in dealing with an aging society. Some mechanisms, including the elimination of tariffs, liberalization of investment and more policy dialogues, can boost both economies and reduce tension.

#### **Panelists**

**Sergey Belyakov**, Deputy Minister for Economic Development of the

Russian Federation

**Moeletsi Mbeki**, Deputy Chairman, South African Institute of International Affairs

**Douglas Paal**, Vice President for Studies, Carnegie Endowment for International Peace

**Barry Naughton**, Professor, University of California, San Diego

**Kazuhito Yamashita**, Research Director, Canon Institute for Global Studies

Moderated by **Huang Shan**, Chief of International Desk, Century Weekly

*Disclosure*

*This summary was prepared by Gong Cheng. The views expressed are those of certain participants in the discussion and do not necessarily reflect the views of all participants or of the Caixin Summit.*

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