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## **THE PEOPLE'S REPUBLIC OF CHINA AND REGIONAL ECONOMIC COOPERATION IN ASIA**

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Today I am very happy to attend the High-Level Economic Symposium for the People's Republic of China (PRC) and discuss with you the economic situation and development of the PRC and Asia. Taking this opportunity, I would like to brief you on the basics of the PRC's participation in the regional economic cooperation and am willing to compare notes with you more profoundly on issues of common interest to you all.

It is known to all that over recent years, with the vigorous progress of economic globalization, regional economic cooperation has demonstrated a robust development momentum. The vast majority of countries and regions have participated in regional economic cooperation of various forms with numerous regional trade agreements signed. According to statistics of WTO, as of January 2002 it has got notification from 162 regional trade agreements, including a large number of bilateral free trade agreements besides EU, NAFTA, ASEAN and MERCOSUR. It is worth our attention in particular that regional economic cooperation has gone beyond the traditional concept of 'region' with the emergence of more and more transcontinental and trans-regional trade agreements. Apart from regional economic and trade arrangements, various other kinds of cooperation mechanisms have also been established in the world, to name a few, APEC and ASEM have incorporated more countries and regions into the framework of regional economic cooperation and considerably expanded their respective influence.

Compared with that of Europe, Americas, Africa and Australia, regional economic cooperation in Asia is lagging behind. However, with the concerted endeavor of various Asian nations, regional economic cooperation in the area tend to be more and more dynamic in recent years, an increasing number of countries and regions have begun to join hands in promoting and expanding economic and trade interactions. As the most influential cooperation mechanism in the Asia Pacific, APEC has played a positive propelling role in Trade and Investment Liberalization and Facilitation (TILF) in Asia. A series of regional economic and trade arrangements have been created in succession and new ones are just under way along with the existing ASEAN, Preferential Trade Arrangement for South Asia, Bangkok Agreement, Gulf Cooperation Council and Economic Cooperation Organization of Central Asian Countries. What's more, Asian countries are seeking regional economic cooperation with nations beyond the area so as to accelerate close economic and trade relations in a wider geographic range.

Regional economic cooperation in Asia is generating more and more substantive results with the increasing attention paid by various Asian countries. Some nations have not only made considerable progress in mutual elimination of tariff and non-tariff barriers and promotion of liberalization of trade in goods, but also witnessed a wider coverage of cooperation, which is gradually spread from traditional trade in goods to new fields such as trade in services, trade and investment facilitation, human resource development, SME cooperation, government procurement and e-commerce, further intensifying the economic links among various Asian countries.

As a member in Asia, the PRC has seen swift rise of its national economy and notable improvement of its people's living standards through the 20 odd years' reform and opening up. In 2001, the PRC brought an end to its 15-year marathon negotiations and became a WTO member. After joining the WTO, the PRC will take a step-by-step approach to cut its tariff, eliminate non-tariff barriers, relax market access restrictions on service and investment and establish an economic and trade administration regime in line with both international prevailing rules and the PRC's actual situation according to WTO rules and its commitments. The unity and transparency of the PRC's economic and trade policies will be greatly improved and the market will open further to the outside world. This will not only create more favorable conditions for the PRC's economic development but also lays down a more solid foundation for the economic cooperation between the PRC and other countries, especially those in Asia.

The PRC always attaches great importance to regional economic cooperation in Asia and has all along been dedicated to building a closer economic and trade cooperative relationship among Asian nations. We are of the view that against the increasingly developed economic globalization, further strengthening of economic and trade cooperation is the inevitable choice of Asian countries to actively respond to the new situation. As the biggest developing country in Asia, the PRC will be more positively poised to participate in Asia regional economic cooperation. I believe concerted action by various Asian nations to create conditions for the evolution of regional economic cooperation of various forms is of far-reaching significance:

First, regional economic cooperation is conducive to consolidating peace and stability in Asia. It is known to everyone that economic element is one of the major linkages in today's international relations and mutually beneficial economic and trade exchanges play a vital role in promoting friendly ties among all countries. Asia has a vast territory and large population and most of its countries have different historic experience, whose national situations demonstrate similarity and diversity at the same time. In seeking common development, Asian countries have already shaped close contact with one another. Therefore, further efforts to expedite regional economic cooperation in Asia could help Asian nations deepen understanding, widen consensus, thus helping consolidate peace and stability and cultivating a harmonious environment for the common development of all in the area.

Second, regional economic cooperation is conducive to the common prosperity of Asian countries. Economic development is the top priority for all Asian nations. Regional economic cooperation could enable Asian countries to foster strength and circumvent weakness, take advantage of each other's strong points and to raise economic power and improve people's living standards. Meanwhile, on the basis of economic and trade cooperation, various countries could gradually expand cooperation to transportation, agriculture, information, energy, environmental protection and other fields to form all-directional collaboration and boost economic progress.

Thirdly, regional economic cooperation is conducive to resisting global risks in joint efforts. With the development of economic globalization by leaps and bounds, all kinds of risks find easier access to the whole world. As the saying goes, when the city gate catches fire, the fish in the moat come to grief, i.e. innocent people sometimes suffer from what happens to others, today it is almost impossible for a country to respond to challenges of globalization only by itself. Therefore, Asian countries should actively get involved in regional economic cooperation, get closer each other's collaboration and coordination, reinforce risk preventive measures, set up the first dam against risks of globalization and withstand all types of blows from outside the region together.

Having in mind the above, the PRC always takes a positive attitude towards participating in Asia regional economic cooperation. Herein, I would like to briefly introduce the PRC's involvement in regional economic cooperation in Asia.

First, let me share with you the PRC's participation in APEC activities. APEC is the most important regional economic cooperative organization with the biggest number of members in the Asia Pacific. It has exerted important influence in promoting economic cooperation and development in the Asia Pacific since its establishment some ten years ago. The PRC very much values the role of APEC and has always been active in consultations on relevant issues and in moving forward the 'two wheels' of APEC process, namely, TILF and ECOTEC.

The PRC served as APEC host in 2001 and successfully held the 9th APEC Informal Leaders' Meeting in Shanghai from October 20th to 21st. Centering on the theme 'Meeting new challenges in the new century: Achieving common prosperity through participation and cooperation' at the summit, leaders of participating member economies have conducted in-depth discussions on macro economic situation, human capacity building, future orientation of APEC and international anti-terror cooperation. Important documents such as APEC Leaders' Declaration, Shanghai Consensus, E-APEC Strategy, APEC Leaders' Anti-terror Statement were released. All these have comprehensively promoted the work of APEC to promote TILF and ECOTECH and injected new vigor into APEC for greater progress in the new century.

Second, I would like to say something about the PRC-ASEAN Free Trade Area. In November 2001, Premier ZHU Rongji and ASEAN leaders came to a common decision to build the PRC-ASEAN Free Trade Area in the coming ten years. At present both sides are making positive preparation for the negotiation on Free Trade Area to be launched very soon. This is a strategic decision of pivotal historic significance. Study and analysis by the PRC-ASEAN Expert Task Force shows that following the creation of the free trade area, the PRC's export to ASEAN countries will rise by 55% and ASEAN's export to the PRC will surge by 48%, giving tremendous potential to bilateral cooperation. Once established, the PRC-ASEAN Free Trade Area will turn out as an economic zone with 1.7 billion consumers, nearly USD 2 trillion worth of GDP and trade totaling USD 1.2 trillion. Calculated by population, it will be the biggest free trade area in the world and from the perspective of economic scale, it will be the largest regional trade block composed of developing countries. The establishment of the PRC-ASEAN Free Trade Area could not only help scale up bilateral economic and trade exchanges and realize common economic development, but also enhance the existing friendly relations between the PRC and ASEAN nations, maintain a peaceful and stable Asia with mutual trust of all neighboring countries and accelerate the progress and development of all nations.

Second, the PRC has been actively involved in economic cooperation under the framework of Bangkok Agreement, which is a preferential trade arrangement arrived at by Asian developing countries under the chair of ESCAP of UN. It aims at expanding trade and promoting economic development of member countries through two-way preferential tariff and reduction of non-tariff measures. The PRC officially joined the Bangkok Agreement in May 2001 and its current members also include India, South Korea, Bangladesh, Sri Lanka and the Laos. Bangkok Agreement is the first regional trade arrangement of substantive preferential trade practice that the PRC has ever entered, which has played a positive role in enlarging the PRC' economic and trade interaction with other members. The third round of negotiations of Bangkok Agreement was formally kicked off in January 2002. In the spirit of further enhancing South-South cooperation and developing friendly ties with neighboring countries, we will play an active part in this round and help shape closer economic and trade cooperation among member countries.

Besides, the PRC has also been active in the international development activities of Mekong Sub-region, dedicated to intensifying economic and technological cooperation and seeking common development with countries within and without the sub-region as well as some regional or international organizations. Countries in the Lancang-Mekong Subregion enjoy fairly strong complementarity in resources and market and big potential of trade and investment cooperation. In order to explore ways of cooperation and tap the collaboration potential to the full, the PRC government held 'Seminar on trade, investment and development of Lancang-Mekong Sub-region' in Kunming in June 2001. 400 representatives from relevant countries, international organizations and business communities showed up and put forward excellent proposals on the sub-regional economic cooperation. The seminar proved a complete success and produced positive impact on the sub-regional cooperation on trade, investment and development, it also facilitated the communication and cooperation between the government and business circle in the field of sub-regional trade and investment.

Finally, I would also like to mention the arrangement of closer economic and trade relations between inland the PRC and Hong Kong SAR. According to the common discussions and decision of Central government of the PRC and Hong Kong SAR Administration, consultations on closer economic and trade arrangement between the inland and Hong Kong SAR made an official start in January 2002. It is a regional economic and trade arrangement established according to the Principle of One Country, Two Systems and WTO rules. Through elimination of tariff and non-tariff measures for trade in goods, further opening of trade in service market and promoting of trade and investment facilitation, the advantages of the two economies will be brought into full play to explore development space for common prosperity. Currently consultations between inland and Hong Kong SAR are under way in a positive and prudent fashion.

Regional economic cooperation has joined globalization in becoming the two trends of the present world economic development. The PRC is active in promoting both multilateral trade and investment liberalization and development of regional economic cooperation; convincing evidence in this context is the PRC's effort to join the WTO and our role in APEC and other regional economic cooperation mechanisms. We hold that both the multilateral trading system and regional economic cooperation should be open and comprehensive and that the two should be soundly interactive with each other. Fair, open and non-discriminative regional economic cooperation is conducive not only to expanding economic and trade cooperation within the region, but also to promoting the process of multilateral trade and investment liberalization. In the future, the PRC will have in mind the guideline of from the near to the distant, difficult things after easy ones and by stages, get more actively involved in regional economic cooperation and build even closer economic and trade relations with other countries and regions on the basis of mutual benefit.

Countries in East Asia are close neighbors of the PRC. In the long run, the whole East Asian region will be equipped with the basis and development prospect to gradually march towards trade liberalization. Therefore, to strengthen cooperation with various countries in East Asia will be an important target in the PRC's future participation in regional economic collaboration.

The government attaches great importance to cooperation in East Asia and PRC leaders have attended five 10+3 and 10+1 summits. During the third 10+3 summit, leaders of various countries identified economy and trade, finance, science and technology, human resource development, cultural and information exchanges as cooperation areas to be strengthened. All these efforts have furthered the process of East Asia regional economic cooperation. We will continue to take an active part in 10+3 and 10+1 cooperation and accelerate trade liberalization process in the region to realize common economic development of the overall East Asian region.

The PRC will go on with its active participation in cooperation under the framework of Bangkok Agreement, building a closer economic and trade relationship among members and pushing the nations' economic and trade cooperation into depth.

The PRC will, as always, support and get positively involved in trade and investment cooperation in Lancang-Mekong Sub-region and regard common development, common benefit, common progress and common prosperity as our objective of cooperation with countries in the sub-region.

The PRC will continue to expedite economic and trade collaboration under the framework of Shanghai Cooperation Organization and launch the process of trade and investment facilitation with Kazakhstan, Kyrgyz Republic, Russian Federation, Tajikistan, and Uzbekistan. Economic and technological cooperation will be conducted with trade and investment environment optimized so as to accomplish the goal of reduced flowing cost of commodities, capital and services and create conditions for the realization of trade liberalization in the area.

The PRC will go on playing a positive role in APEC and other cooperation mechanisms, facilitate the implementation of results of Shanghai meeting, stick to the basic principles of flexibility, voluntarism and consensus through consultation, push forward TILF and ECOTECH and promote the sustainable economic development of the Asia Pacific.

Ladies and Gentlemen,

Asia is a region full of vim and vigor and one brimming with hope and good prospect. At the beginning of this century, we note with pleasure that the regional economic cooperation has got further enhanced with the economic and trade cooperation among various Asian countries scaling to a new high. The PRC is willing to join hands with all countries to promote Asia regional economic cooperation and make our contribution to the common prosperity and progress of Asian countries.