

The PRC-Japan Lead Economic Initiative in East Asia

The People's Republic of China (PRC) and Japan are the two countries that had been at the center of East Asian regional development and still are highly influential in the region. The influence of these two countries is embedded in other East Asian countries history, economy, social development, and culture. Furthermore, as the PRC had risen to be one of G2 countries and as Japan's significance in the region endures, the two countries are critical in leading regional development. For instance, along with the Republic of Korea, the three countries economy accounted for about 23percent of global GDP in 2015.¹ One may speculate, therefore, the potential regional development and its economic prosperity that the PRC and Japan's cooperation may bring forth.

The PRC and Japan lead economic initiative could further prosper the region for reasons such as the region's great potential and the potential to increase the efficiency of the existing regional organizations like Association of Southeast Asian Nations, which is often criticized for its deficiencies. However, as the two countries have unresolved issues, such as history and territory, initiating such collaborative economic cooperation seemed to be challenging. As 2018 marked the 40th anniversary of the Treaty of Peace and Friendship between the PRC and Japan and as the Japanese Prime Minister marked that the countries had "entered a new phase," nevertheless, the cooperative relation among the two countries seem to be promoted rather than conflicting with adversities.²

Consequently, in the so-called "new era" of the PRC and Japan relation, the plausible positive impacts of the PRC and Japan collaboratively lead economic initiative in the East Asia region will be examined. In doing so, the critical issue of "To what extent the PRC and Japan lead economic cooperation initiative will positively influence the East Asia region?" will be corresponded.

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2019. <https://www.reuters.com/article/us-china-japan/china-japan-to-forge-closer-ties-at-historic-turning-point-idUSKCN1MZ000>.

¹ Dong-ik Shin, "Overcoming the Asian Paradox," *Horizons*, no. 8 (Autumn 2016): 57.

² Norihiko Shirouzu and Philip Wen, "China, Japan to Forge Closer Ties at 'Historic Turning Point,'" Reuters, last modified October 25, 2018, accessed May 24, 2019, <https://www.reuters.com/article/us-china-japan/china-japan-to-forge-closer-ties-at-historic-turning-point-idUSKCN1MZ000>.

The PRC-Japan Lead Economic Initiative in East Asia

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Introduction

East Asia

Can Weather Cause War?
Global warming's impact on the Darfur conflict

Murder and the Mob:
Japan's Yakuza Hit Hard Times

Nasty Boys:
Hollywood's Greatest Villains

TIME

THE BEST OF ASIA

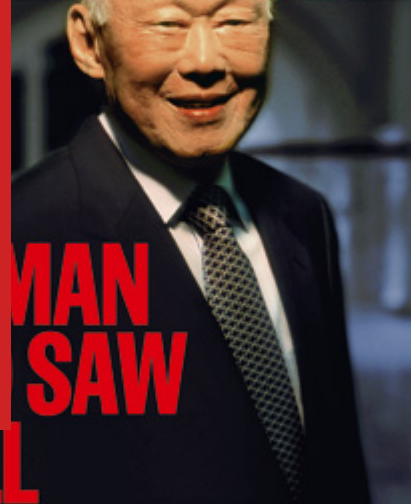
Our Annual Guide to the Finest

- PLACE TO PARTY LIKE IT'S 1989
- FOOD FIT FOR A SUMO WRESTLER
- GOLF WITH GOATS
- WAY TO FORGET ABOUT GLOBAL WARMING
- GREAT GETAWAY WE SHOULD REALLY KEEP SECRET
- RELIEF FROM SCHOOL-RELATED STRESS
- DONKEY SANDWICH
- BUSSFUL BATH

AND MORE ENCHANTMENTS FOR THE MIND, BODY AND SOUL

CONQUER? • SPIELBERG'S SECRET MAST

TIME



MAN SAW

IT ALL

On the eve of the East Asia summit, **LEE KUAN YEW** talks about the rise of China, the role of the U.S., the future of Singapore, and the uses of faith

THIS MONTH
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China's Economy

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Southeast Asia?

Soaring stockmarkets
Obama's Syrian dilemma
Hope at last in Pakistan
Containers: thinking inside the box
Psychiatry on the couch

A BIRD? IS IT A PLANE? NO...
S JAPAN!



Abenomics, nationalism and the challenge to China



Critical Issue

**To what extent the PRC and Japan
lead economic initiative will positively
influence the East Asia region?**

Table of Contents

What

1

What is the PRC-Japan lead economic initiative?

When

2

When will the PRC-Japan lead economic initiative take place?

Who & Where

3

To whom and to where the bilateral economic initiative will be favorable to?

Why

4

Why should the bilateral economic initiative be implemented?

How

5

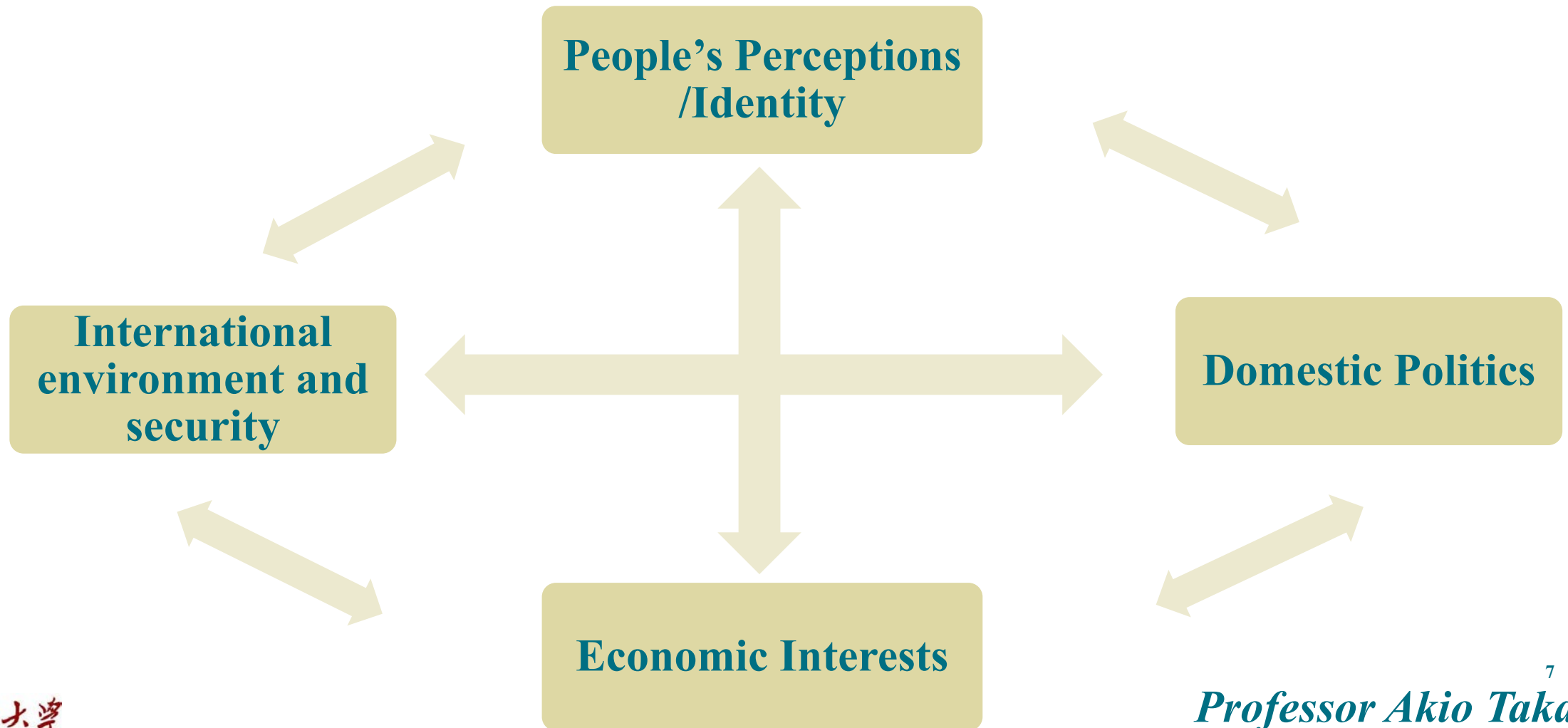
How will the PRC-Japan lead economic initiative be instituted? ⁵



What

**What is the PRC-Japan
lead economic initiative?**

The PRC-Japan Relation



52



1st China-Japan Third Party Market Cooperation Forum

*Cooperation
agreements*

**Infrastructure,
Finance,
Logistics,
Information
technology**

3

*Minister of Economy,
Trade and Industry
Hiroshige Seko*

**Competition to
cooperation
High quality
cooperation
Cooperative potential
(Eastern Economic
Corridor)**

October 26, 2018

Premier Li Keqiang & Prime Minister Shinzo Abe
Prosperity in the region & world economic stability
BRI: Third market cooperation

*Suggestions
By Minister of Commerce
Zhong shan*

- 1. Innovate open
& win-win cooperation**
- 2. Trade connectivity**
- 3. Long-term support
& promotion mechanism**

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How will the PRC-Japan lead economic initiative be instituted? 9



When

When will the PRC-Japan lead economic initiative take the place?

TIMELINE

1972

September 29

**PRC-Japan
Normalization**

**Joint Communiqué of the
Government of Japan and the
Government of the People's
Republic of China**

1978

October

**China-Japan
Treaty of Peace
and Friendship**

1998

November

**Japan-China Joint
Declaration on
Building a Partner
ship of Friendship
and Cooperation
for Peace and
Development**

2008

May

**Joint Statement ...
on Comprehensive
Promotion of a
"Mutually Beneficial
Relationship Based
on Common
Strategic Interests"**

2012

September

**Senkaku/Diaoyu
Island dispute**

PM Abe: “Fully returned to the normal track”

25-27 October

1st official visit of Japanese Prime Minister to the PRC in 7years

Prime Minister Shinzo Abe- President Xi Jinping:

Realign bilateral relationship

3key principles:

1. shifting from competition to cooperation
2. Forging a relationship as partners, not as threats
3. Developing free and fair trade regime

52 Memorandums of cooperation

Economic cooperation on third countries

Resume discussion on implementation of the **“2008 Agreement”**
on the development of East China Sea resources development

Chinese Ambassador to Japan Chen Yonghua:

“A new historical starting point”

PRC-Japan

2018-

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How will the PRC-Japan lead economic initiative be instituted? ¹³



Who & Where

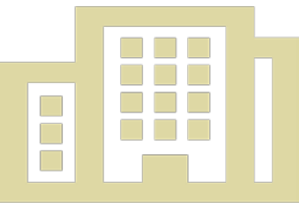
To whom and to where the bilateral economic initiative will be favorable to?

Actors & Beneficiaries



The People's Republic of China

Japan



Enterprises

East Asia Region



International society



East Asia

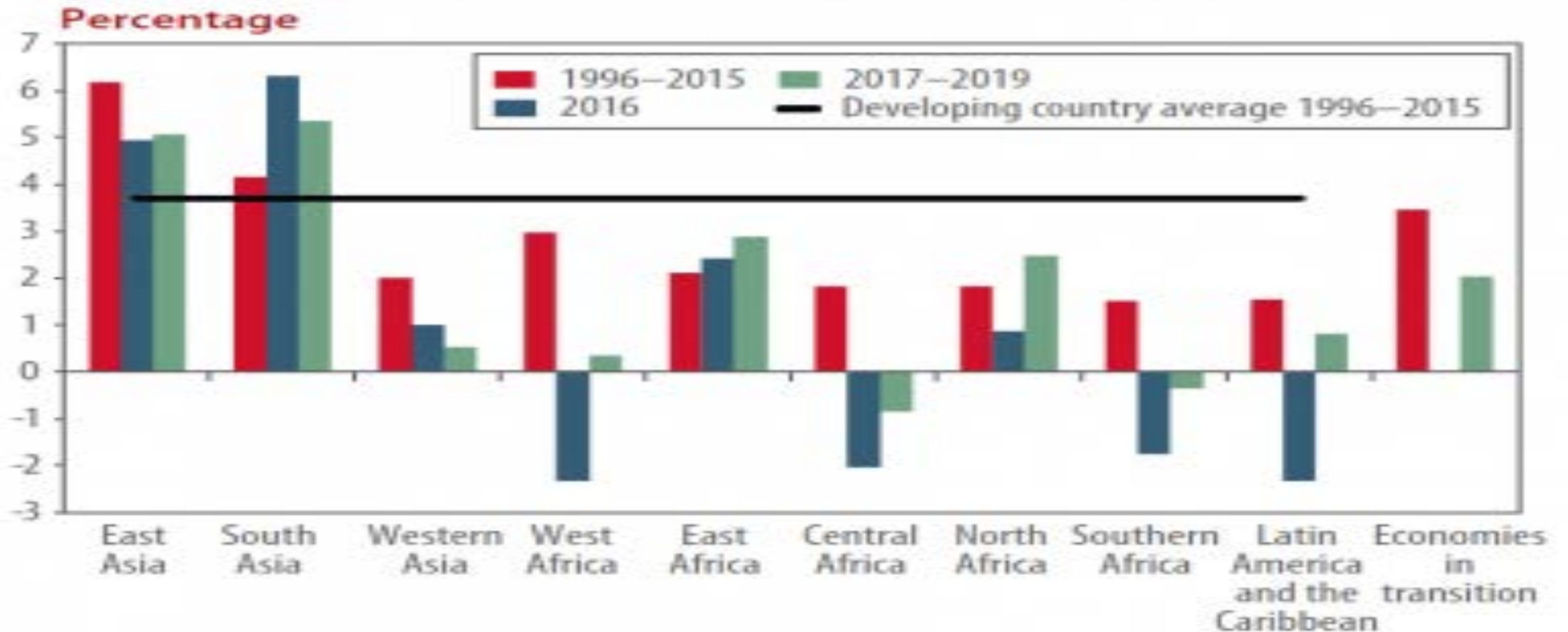
(2015)

Intra regional trade: 55% total global trade

PRC + Japan + ROK: 23% global GDP

East Asia

Figure 2
Average annual GDP per capita growth by region



Source: United Nations, *World Economic Situation and Prospects 2018*.

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Why should the bilateral economic initiative be implemented?

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How will the PRC-Japan lead economic initiative be instituted? ¹⁸



Why

Why should the bilateral economic initiative be implemented?

Why PRC-Japan Lead Cooperation?

1

Deficiency of existing regional organization

Public Choice Theory:

Free rider problem

Cost effectiveness

Voting rules

2

Potential for regional development

Inclusion of developing and developed countries

3

Common interests between the PRC & Japan

National economic development

Regional Development

Liberalists

Public Choice Theory

Free Rider Problem

- Public good theory
- Solutions:
 1. Charge additional fees
 2. Provision of premiums
 3. Force not to be a free rider

Cost Effectiveness

- Prioritize national interest
- Club theory
- Marginal utility & marginal cost

Voting Rules

- Rules of making decisions:
 1. Majority rule
 2. Point voting
 3. Veto
- Size of majority population
- Method of distribution

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How will the PRC-Japan lead economic initiative be instituted? ²²




How

How will the PRC-Japan led economic initiative be instituted?



Implementation of PRC-Japan Economic Initiative

1. BRI
2. Continuation of established bilateral cooperation
Ex) Japan-China Policy Dialogue on the Mekong Region
3. Expansion of Joint economic initiative
4. Multilateral cooperation with other developing countries in the region



Concluding Remark

Critical Issue

**To what extent the PRC and Japan
lead economic initiative will positively
influence the East Asia region?**

Conclusion

❖ PRC-Japan lead economic initiative is an initiative that

1. Continues the PRC-Japan relations
2. Takes a similar form to that of the First China-Japan Third Party Market Cooperation Forum

❖ PRC-Japan lead economic initiative

1. Will take a place under the so-called “new phase” of the two countries bilateral relation
2. Had already taken a step, which can be considered to be the first step, in 2018

❖ PRC-Japan lead economic initiative will benefit

1. East Asia in short-term
2. International society in long-term
3. Not only the governments, but also enterprises

Conclusion

❖ PRC-Japan lead economic initiative needs to be implemented as

1. The regional organization's limits are posited by some like the public choice theories
2. With support, the region can further develop
3. Both the PRC and Japan share common interests in the region

❖ The PRC-Japan lead economic initiative will be like

1. (possibly) a form of the Belt and Road Initiative (BRI)
2. Continuation of practiced bilateral cooperation
3. Further expansion of joint exercises
4. Multilateral cooperation



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谢谢

ありがとうございます。
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THANK
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