



# 上海论坛 2016 观点集萃

## The Free Market in Northeast Asia

### Cooperation & Sharing

2016/5/29 13:30-17:15

**Chair: Hu Lingyuan** Director of Center for Japanese Studies, Institute of International Studies,  
Fudan University

**Fan Yongming**

Professor, School  
of International  
Relations and  
Public Affairs,  
Fudan University

**The Trend of Japan's Economy and Its Impact on China.**

Economics issues of both China and Japan require global perspective. China and Japan have very close economic connections and promising prospect. But there are also tremendous problems. It is estimated that China will grow in low rate in following years. Two main challenges faced by China are the excess capacity and the need of an economic structure reform. The experiences and lessons of Japan in past decade is worthwhile for contemporary China. The demographic issue of Japan also needs attention. The future of two countries are tightly related. China is in need of Japan's experiences and technology, while Japan needs China's market. In all, it can be viewed positively towards the future of the relationship.

**Masahiro Kohara**

Professor, Tokyo  
University

**International Order and Diplomacy**

Current global power configuration and order are undergoing substantive transition, which raises considerable challenges to international society. There is a dilemma between economic growth and political risks. On one hand, we are demanding economic cooperation. On the other hand, we worry about the political and security issues. This requires appropriate settlement of domestic political problems, and higher institutionalization of regional cooperation. The existing cooperation mechanism including TPP, RCEP and FTAAP are not supposed to be mutually exclusive. The inclusiveness is of the highest significance. So that this region can share interest, overcome disunity brought by domestic politics, make wiser foreign policy, and avoid past mistakes.



# 上海论坛 2016 观点集萃

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**Yukiko Fukagawa      Japan-China-Korea FTA after Trans Pacific Partnership (TPP) Agreement**

Professor,  
Waseda University

TPP is more than a mere free trade agreement. It is a new set of rule, and an effort for higher standard for liberalization of good trade, service trade and investment. TPP has domino effect on economies in the regions including Vietnam, Thailand, and Taiwan etc. The negotiation of CJK FTA is inevitably effected by TPP. As for South Korea, entering TPP means reaching virtual high-standard FTA with Japan. Whether it will enter depends on response of US. Agriculture issue is still significant between Japan and Korea. Japan and China will also aim for higher standard. Given the fact that RCEP has far lower standards, TPP's impact on it will also be obvious. Disagreement on common tariffs may pose barriers for cooperation. Integration actually is regarded as the growth strategy for Japan. But future way of participation in integration and interaction with other Asian economies needs improvement and revision. **JCK needs to avoid export-led growth ideas, avoid industrial policy legacies, and avoid politicization of the economic pacts.**

**Shiro Armstrong      Japan-China Economic Relations and Regional Cooperation**

Australian National  
University

Japan and China have good economics dominating bad politics, deduced from their immense volume of trade in lack of signing a trade pact. The post-WTO accession coincided with a period of increased political tension between Japan and China. Cases do exist as the two settle rare earth dispute through WTO mechanism peacefully. However, Japan's evaluation of doing business in China is decreasing, given the terrible political relationship and growing labor costs. The investment is moving to SE Asia and South Asia from China. For improving bilateral relationship, current regional cooperation mechanism should be used, like RCEP, which can be more ambitious in goals. But the fragmentation effect also needs attention.

**Song Zhiyong      The Prospect of China-Japan-Korea FTA**

Director of Institute  
of Asia and Africa  
Research, Chinese  
Academy of  
International Trade  
and Economic  
Cooperation

CJK FTA is strongly influenced by US as well as the respective expectations of the three countries. US does not want to see the formal establishment of CJK FTA. In light of the challenges posed by EU and Euro zones, US is worried about the potential threat of an integrated East Asia. So US is now taking the initiative and trying to play a lead role in the cooperation in Asia-Pacific region. At the meantime, Japan, China and South Korea has different expectations. All requires lower standards in its weak sectors but higher in advantageous ones. Japan may pose higher requirement since it has been in TPP. China will go on negotiating based on its own conditions. South Korea's attitude is hard to estimate since it has achieved China-Korea FTA. In one word, the future is not so promising,



# 上海论坛 2016 观点集萃

and the negotiation may fail.

## **Shen Minghui**

Director of  
Emerging  
Economies  
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National Institute of  
International  
Strategy, CASS

## **New Challenges for An Inclusive Regional Architecture**

One challenge is the so-called spaghetti bowl effect. The same item of good needs to meet different tariff reduction arrangement and rules on origin. According to field studies, the utilization of FTA in Chinese corporations is very low. That is possibly because of the lack of information, the little margin compared with the MFN standards of WTO, and high cost of FTA utilization. After comparing with corporations in Japan and Korea, it is found out that once the FTA is toward US, the utilization rate will increase tremendously. The decomposition of Asia's export exhibits that major part goes to other economies rather than remaining within the region. Another challenge is the construction of a meta-FTA. Now TPP and RCEP are partly conflictual. TPP will inevitably come into effect eventually. But RCEP will face more challenges. RCEP itself is a more basic agreement, aiming at reducing pre-trade costs, including transportation and storage.

## **Pei Guifen**

Professor,  
Institute of Japanese  
Research, Hebei  
University

## **Competitive Analysis of Manufacturing in China, US and Japan**

Deloitte and U.S. Council on Competitiveness published the report of global competitiveness of manufacturing. China and US rank first and second in the report, while Japan is relatively lower in the ranking. This conclusion is quite different with other institutes and organizations, because of the different researching method the report adopted. It interviewed senior executives in manufacturing and management to decide different driving elements of different countries. China ranked first in 2010, 2013 and 2016, because its lost-cost labor and raw material, huge investment of government, comprehensive supplier network and attractiveness of local market are highly valued. Still the defects are also significant, including imperfect regulation and assurance system, insufficient innovation, and estimated increasing labor costs. With the implementation of domestic strategy of industry revival, US may transcend China in one or two years. Japan's industrial policy undergoes backward since 1990s, causing negative impacts on manufacturing. The Revival Strategy raised by Abe administration aims to provide new stimulation for industrial revolution, but the effect is waiting to be observed. China's supply-side reform needs to learn from Japan's experiences.



# 上海论坛 2016 观点集萃

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**He Ping**

Center for Japanese  
Studies, Fudan  
University

## **The New Development of FTAs in Asia-Pacific and Its Implications for China**

FTA is a regional public goods. The increasing FTAs in Asia-Pacific indicate an escalating competition for regional leadership. It also helps to increase the willingness and capacity of higher level of ambitious trade deals. In this trend, how to comfort losers and encouraging winners is worth attention. Efforts also has to be made to match the “names” with the substance of FTAs. While speeding the regional process, the maintaining of multilateral momentum should not be neglected. Now China is lagging behind in making FTAs. This situation of “Anyone but China” has to be tackled properly.

**Ki-Jeong Nam**

Associate Professor,  
Seoul National  
University, Institute  
for Japanese Studies

## **Synchronization of Bilateralism and Multilateralism in East Asia: South Korea, Japan, and the East Asian Community, 1998-2002.**

In 1998, President Kim Dea-jung made several diplomatic efforts in aching East Asian Community. The most obvious one is the efforts to make a more peaceful North Korea, and improvement of relations with North Korea. President Kim also proposed to borrow the power within region to make joint response to financial crisis. In his endeavor, the relationship with Japan also witnessed considerable improvement. However, with Bush entered into power, relation with Japan worsening with historical issues and the rising of China, this community initiative lost its relevance. Now it is commonly thought that US and China is of greater importance in building a peaceful region.

**Fu Junwen**

Researcher, Institute  
of World Economy,  
Shanghai Academy  
of Social Sciences

## **Establishing a High-standard RTA from the Strategic Perspective**

China is supposed to make RTA standard which is high enough to lead in next round of reform, borrowing experiences of other RTAs. Such high standard can promote domestic reform and restructuring, the relocation of resources, introducing higher quality FDI, improving management for business competition, and higher environmental and labor standards. This can also help the corporations to get better position when investing overseas. The standard setting should start from the perspective of global supply chains. With the accumulation of experiences, barriers of investment can be largely reduced. China can also gain stronger competitiveness and initiative in global trading. The back force for reform is also of high importance. The past 15 years since China entering WTO exhibits that China has great adaptability in changing situations. With guidance of advanced development ideas, such capacities will be strengthened.



# 上海论坛 2016 观点集萃

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**Gao Lan**

Professor,  
Institute of  
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Fudan University

## **Comparison Study of US Policy on Integration in East Asia and Europe**

The U.S. has its own integration proposition in East Asia, including TPP, TTIP AND TISSA. The current situation of Asia integration is a multiple complex: various mechanisms both overlap and differentiate. The U.S. supported the integration in Europe, but interferes strongly in East-Asia, exhibits its existence in all respects including economies, politics and culture. The U.S. has close economic connections with countries in Asia. Unlike Europe, Asia does not have comprehensive security arrangement, US has ample chances to get into the security issues in the region. East Asia itself owns diversified values and cultures within, not to mention the divergence with the U.S. From the perspective of China, China has no intention to exclude US from the integration process. The new type of relations of great powers, Community with a shared future, and the Belt and Road Initiative and AIIB are all possible way for participation.

**Hu Lingyuan**

Professor,  
Center for  
Japanese Studies,  
Fudan University

## **New Challenges and New Opportunities in Sino-Japan Strategic Relations of Mutual Benefit**

In 2006 Abe raised Sino-Japan Strategic Relations of Mutual Benefit in his first administration. The following year witnessed some progress but without full-edged progress. From 2007 to 2010, with the efforts both sides, several consensus and cooperation are achieved in economy and disputed maritime area. The year of 2010 marked a transition. The pivot of the U.S. constitutes sustentative influence in East Asia. Also in that year, China's GDP transcend Japan and the latter felt real threat posed by this change. As for now, the various issues and problems are still largely controllable. The primary task should be the establishment of good complex of East Asia cooperation mechanisms. Inclusiveness and its institutionalization should be achieved. The endeavor of political leaders is necessary in this process. Multilateralism in the region can help to destruct security dilemma. Strategic toleration and and strategic mutual benefit should both be valued.

(Editor: YE Siyu)