

Japan–China Cooperation and the Revitalization of China’s Northeastern Provinces (Summary)

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China began implementing its “Revitalization of the Northeast Old Industrial Base” strategy in 2003. However, economic growth in the region, particularly in Liaoning Province, has been below the national average since 2014. The strategy has prioritized the reform of state-owned enterprises, the higher structuring of industries, and the promotion of an open economy. However, the GDP share of secondary industry has not seen any significant change in Liaoning and Jilin Provinces. While the asset share of state-owned enterprises in the provinces of the Northeast has dropped dramatically, it still remains much higher than the national average. This poses a serious problem given the low profitability of these companies.

Northeastern China has sought to establish closer economic relationships with neighboring countries. Some Japanese companies have participated in revitalizing the region’s

industries. For example, the Nissan Motor Company started production in Dalian in 2014, and Toshiba has helped Dalian Locomotive and Rolling Co. develop electric city tram and underground train business since 2001. However, Japanese FDI in northeastern China has not increased recently, and Japan’s share of the region’s foreign overseas trade has dropped.

The drastic change in Japan’s balance of payments shows it has entered a new stage of economic development, where the primary income balance is essential to keep the whole in balance. It is important for Japan to develop economic cooperation with China, because Japanese firms investing in China earn high profits. Japan’s cooperation in overcoming the current difficulties in the economies of the northeastern provinces will contribute to building a new era in the Japan–China relationship.