

Trade and Investment Relations between the Three Provinces of China's Northeast and Japan

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Summary

Since the strategy of the revitalization of the Northeast old industrial base was put into effect, the economy of the three provinces of China's Northeast (Liaoning Province, Jilin Province, and Heilongjiang Province) has sustained a high-rate of growth. This region, which has a population of over 100 million, has a geographical proximity to the Northeast Asian countries of Japan, the ROK, the DPRK, Russia and Mongolia. Due to its geographical advantage of being situated practically in the center of Northeast Asia, further economic growth is expected in the three provinces of the Northeast as a production and export base and consumer market oriented toward the further promotion of Northeast Asian economic links.

Japan is an important trade partner for the three provinces of China's Northeast, and is also a key partner country for foreign investment and introduction of technology. In this paper, based on the results of fact-finding surveys of and existing research on Japanese companies on the ground, I have analyzed the current status of and challenges for Japan's trade and investment vis-à-vis the three provinces of the Northeast.

Although the trade and investment relations between Japan and the three provinces of China's Northeast since reform and opening-up have achieved a certain degree of progress, with the exception of coastal cities like Dalian, the disparity is quite large compared with the Pearl River Delta, the Yangtze River Delta and the Bohai Sea Rim Region. Moreover, among the three provinces of the Northeast also there is a great difference in intensity for trade and investment relations with Japan, depending on the province.

Japan's trade and investment vis-à-vis the three provinces of the Northeast is mainly concentrated in Liaoning Province. In contrast the expansions by Japanese-affiliated companies into Jilin Province and Heilongjiang Province, which are located inland, are still few. Thus the strengthening of economic cooperative relations between Japan and the interior parts of the three provinces of the Northeast will have important implications.

As a factor supporting the sustained economic growth of the three provinces of the Northeast, the development of distribution infrastructure is increasing in importance, and has become an important point in the attraction of Japanese-affiliated companies. In recent years, the large-scale infrastructure development of a passenger-dedicated railway line, high-speed railway lines, and expressways in the three provinces of the Northeast has been carried out. These expansion projects and development, along with being prerequisites for the economic development of the three provinces of the Northeast in the future, have important implications also for the expansion of economic exchange with Japan.

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