

Furthermore, Xi Jinping's foreign relations have recently been epitomized in the idea of "a correct handling of justice and interest or benefits". In Chinese, justice and interest or benefits are *yi*, 义, and *li*, 利, respectively. This is a rather enigmatic formulation. The Party-affiliated writers try to explain that the balance between justice and interests or benefits stems from Confucianism, but in my opinion, that is not true. In Confucianism, justice has always overridden interests and benefits.

Be that as it may, China has its core interests (whatever they may be), and cannot sacrifice them for the sake of abstract justice. On the other hand, China wants to be seen as a country fighting for greater justice – which China is likely to interpret as less unipolar world – in the international arena. Therefore, the correct handling of justice and interests translates into a pragmatic, utilitarian foreign policy, not very different from what we have already seen. In practical terms, we should expect China to become more active in furthering international justice even outside its immediate scope of interests, but only in a very limited manner and only in cases where some sort of a win-win solution may be reached.

The foreign politics in any country are influenced by the domestic climate. China has its fair share of internal problems related to economy, environment, social welfare and national cohesion. A cure for these elements can only be found through economic growth and its spill-over effects to every part of the country. Time and again China's leadership has declared that economic growth needs first and foremost stability, both within China and beyond. There is no reason to neither suspect the sincerity of these calls nor doubt the position of economic growth as China's top priority. Thus any developments that might destabilize regional or global economy are most unwelcome for China.

In terms of stability, Northeast Asia is relatively unproblematic for China. There will be friction in the Sino-Japanese relations, but as long as the leadership in both

countries is willing and able to keep nationalism at bay, the economic interdependencies should be enough to ensure that no major crises will break out. The DPRK is a question mark, and further dialogue among the neighboring states is urgently needed to facilitate any eventualities.

In the wider Eurasian perspective, the crises in Ukraine and Syria are where global attention is currently centered, and the same is probably true for China as well. China is not happy about Russia's destabilizing actions in the Ukrainian crisis. Although China has initially benefitted from Russia's lack of friends with beneficial trade deals, it is not in China's interests to see the situation escalate. Further Russian military interference might trigger a trade war which would harm all countries integrated in the world economy. Therefore, the relations between China and Russia may grow cooler, which would have repercussions in Northeast Asia as well.

Finally, it is patently clear from an outside observer's vantage point, that the nations in Northeast Asia are still living in the shadows of the 2<sup>nd</sup> World War. The situation looks very similar to the one in Europe after the 1<sup>st</sup> World War, when the period of peace was nothing more than paving the way for the next war. The Europeans, especially Germany, have since learned their lesson. It would be possible for Finns to still moan about the territorial losses we suffered under the Soviet aggression, and let that bitterness influence our bilateral relations, but we have chosen not to do so.

The Northeast Asian nations should also stop dwelling on the past. Based on the European perspective, that means that the countries who feel victimized should let bygones be bygones, and the countries that are labelled perpetrators should properly deal with their past. Both kinds of actions are needed in all nations in the region, because one time or another, all have been victims and all have been perpetrators. In the future, there are hopefully only friends and partners.

## *Closing Remarks*

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I would like to draw a close to the long conference which began yesterday. Thank you very much to the great number of people who have attended this conference, including from overseas. On this occasion, for the first time from Northern Europe, we were honored by the attendance of Mr. Jyrki KALLIO, Senior Research Fellow at the Finnish Institute of International Affairs. As we had expected we received a Northern European balanced and impartial analysis. In addition, we have received gracious cooperation and support for the staging of the conference from the embassies and consulates of each nation and the concerned

institutions in Japan. I would like to express my profound gratitude also as the representative of the Executive Committee for this conference.

I apologize at this point when you are so tired, but kindly allow me to make my closing remarks over the next ten minutes. We have had invaluable keynote addresses and reports, as well as discussions. I won't be able to mention everything in detail here, but please permit me to talk on my own impressions regarding the important points that are to be the message of this conference.

At this year's conference, we took up a somewhat serious topic with international political implications. This is for the reason that the Ukraine issue has become of interest. The Ukraine issue is an event in faraway Europe, and may appear unconnected with Northeast Asia, but considering that it has gone as far as causing antagonism between the EU and Russia, and the United States and Russia, I think it is an issue which is wholly close, and it cannot be ignored for the economic development of Northeast Asia.

This issue was discussed in Session A, and includes a variety of issues, beginning with Ukraine's participation in the EU and NATO, but what has brought on profound antagonism is that Russia has moved to change borders by use of force, including its annexation of the Crimean Peninsula. As you are aware, the significance of the EU's birth and existence has been the attempt to create peaceful international borders, and Europe, which has had many problems with national borders after World War II, has made the barrier of national borders lower via building a community. Therefore, in Europe, changes of international boundaries by force can only negate the EU's ideals and efforts, and is deemed a perilous move which makes a dead letter of the broader post-war international order.

Moving now to Northeast Asia, as in the keynote address by Mr. KALLIO, in China which is second to the United States as an economic superpower, the legitimacy of the regime depends on economic growth, and consequently, in spite of a stable international environment being necessary, there is also the viewpoint of China spreading unease to the countries neighboring the South China Sea and the East China Sea. Former Ambassador Yuji KUROKAWA pointed out the existence of great powers and non-great powers, and trying to overlap this with the perspective of respect for the post-war international order, Northeast Asia appears as a microcosm of the world: the building of antagonism potentially exists among the non-great powers respecting the post-war international order, the great powers with which friction can arise and for whom the post-war international order is not necessarily in their national interests, and although not a great power, viewed from its values, the DPRK, which is close to the latter. It would seem that the issues which Northeast Asia must overcome are numerous.

In Session A, I think there were many things that were learnt regarding the Ukraine issue, and one opinion held in common was that with the impact of the antagonism between the EU and Russia, Russia's eastward shift will be furthered. There are aspects which should be welcomed in this eastward shift. Entering the Asia-Pacific market, and the emphasis placed thereon, lead to Russia placing importance on cooperative relations with the countries of the Asia-Pacific. This appears to be a golden opportunity for Northeast Asian economic development. On the other hand, there is also the aspect of the closeness of the great powers of China and Russia, which have friction with the post-war international order. As can be seen from the fluctuations in the Vladivostok LNG plant concept, there is

the concern over the possibility that the emphasis on the Asian market will not lead to the development of Japan-Russia cooperation. In Session A, however, as the background to the emergence of the Ukraine issue, the historical fact that there are many Russians who reside in Ukraine was pointed out. This is a question which cannot be overlooked for Northeast Asia, and actually regions which have such a background do not exist for the most part in Northeast Asia, and Russia newly provoking territorial disputes in Asia appears to be unrealistic. I think that when Russia began pursuing the eastward shift in earnest as a national interest, Japan, the Asian leader and member of the G7 (the developed countries' summit), was asked how it should treat Russia in Asia. In China's case also, as pointed out by Mr. KALLIO, viewed from the perspective of the regime's *raison d'être*, economic growth and stable international borders are necessary, and I expect that a coordinated international approach will subsequently grow stronger.

Next is the progress of the TPP negotiations. This has been a topic which has been raised over the last few years, and with the negotiations entering the final stretch, the situation of their progress is greatly of interest, and was actively tackled this year. From Mr. Shinji YADA, Counsellor at the Cabinet Secretariat TPP Government Task Force, busy with the final stages, we had a concrete and detailed explanation of the TPP negotiations. The degree of progress differs depending on the sector, and we had a detailed explanation of the sectors that have been agreed, are close to agreement, are being tackled, and where difficult problems remain. Currently, in line with the negotiations being held in the United States, it appears there will be a decision on whether to go forward to a March ministerial-level meeting.

As in the reports by Mr. Shujiro URATA and Mr. Kazuhito YAMASHITA, regarding the necessity of Japan's participation in the TPP, Japan's fundamental tone is that it should further participation in the TPP, taking as conditions such things as: the liberalization of trade and creating of new international rules are essential, at a stage of development for production where the production process for manufactured goods is divided into several stages, and the distribution of production within the factory straddles many nations; in agriculture also, the export of agricultural products in Japan with its declining population will lead to food security; and direct payments will be made in place of the tariffs supporting farmers, and appropriate support measures will be sought regarding the shock of the transitional-phase liberalization.

This year, Mr. Claude BARFIELD of the AEI (the American Enterprise Institute for Public Policy Research) and Mr. SHEN Minghui of the Center for East Asian Cooperation and APEC, Chinese Academy of Social Sciences, also attended, and made some deeply interesting points. The point from Mr. BARFIELD regarding the significance for the United States of the TPP, with the TPP having the aspect of a symbol for Asia's security and Asia's return policy, was original. In addition, for the Obama administration, besides TPP negotiations with its partner countries, difficult negotiations with the leaders of the

Democratic Party and the Republican Party within the United States lie ahead. In recent Japanese newspaper reports, concerning the TPP it was reported that on the 22nd Mr. Orrin HATCH, the Republican Chairman of the Senate Committee on Finance, announced his plan to submit to Congress within the month the TPA (Trade Promotion Authority) bill entrusting trade negotiations to the President (24 January, morning editions), and in the TPP negotiations which have entered the final stretch, it appears that the putting in place of a domestic system by the Obama Administration is going forward. In addition, from Mr. SHEN Minghui was offered the dispassionate and objective analysis that from the perspective of the overcoming of the “spaghetti bowl effect” in which multiple individual FTAs have brought tangled adverse effects, there is positive significance in wider regional economic partnership agreements, such as the TPP, RCEP, and the Japan–China–ROK FTA, and the US approach is effective of first creating bilateral trade liberalization agreements and then broadening them to multiple nations, but China, however, has little experience in creating international rules and is on the side of accepting them.

Session C took up the new moves for distribution between Europe and East Asia. On the one hand, in the report by Mr. Ryuichi SHIBASAKI, he calls attention to the Arctic Ocean route which can greatly reduce the distance in comparison with the southern route linking Europe and East Asia. In particular, the concept of bringing LNG from the Yamal Peninsula to Northeast Asia and Japan is also being examined, among other things, and is attracting attention amid Russia’s eastward shift. On the other hand, Mr. Ipppei MACHIDA pointed out that the new Europe-bound rail cargo transportation has already begun, which goes from China’s central and western cities via Kazakhstan and Russia to Germany, and is termed the “New Silk Road” and the

“China Land Bridge”, and that not just Germany, but Japanese firms also are showing their interest. Excluding the southern maritime route and air transportation, the past transportation route linking East Asia and Europe was the Trans-Siberian Railway only, and he holds that this situation is now changing greatly. How the Trans-Siberian Railway will deal with this change in situation could not be heard from this report, but from the PowerPoint presentation active initiatives on speeding up and technological innovation were learnt, and because Japan’s Nippon Express and others are cooperating with the Trans-Siberian Railway, creating concepts for the construction of a flexible transportation network for automobiles and construction machinery components connecting to the west by ship plus air and rail, there is expectation about how the Trans-Siberian Railway will continue changing in the new times. Lastly, in the aspects of software and systems, in order to promote such distribution, there is the problem of speeding up customs procedures, and Mr. Alexey SUKHORUKOV in his report said that the introduction of the mandatory provision of information prior to arrival within road and rail transportation is contributing to speeding up customs procedures, along with technological innovation, including electrification, and there appears to be the possibility of expanding this to maritime transportation also. I would like to pay attention to the topic of speeding up the distribution connecting Europe and East Asia in the future also.

With the above, I have made my closing remarks. I offer my heartfelt thanks to all of the report makers and everyone who came and listened intently. I would also like to thank the interpreters who have done a fantastic job over these two days. Thank you very much for your kind attention.

[Translated by ERINA]