



The Present Regional Economic Cooperation in Northeast Asia and the Prospect

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Abstract

During the economic globalization process in world, the trend of regional economic cooperation becomes more prominent. Along with China's entry into WTO, Asia becomes the center of world economic development at the new century. East Asia is the principal part of Asian economic development. And the hotspot of East Asia economic development is Northeast Asia that centers on China, Japan, and the Republic of Korea. Economies of countries in Northeast Asia are complement and have great potentials and spaces for cooperation. Driven by different parties, the regional economic cooperation in Northeast Asia, represented by the Tumen River International Cooperation Development Project, achieves many important progresses at present. An original integration appears step by step. Surely, some factors, including real economic basis and politics, restrict the Northeast Asia cooperation. Along with the improvement of international politics environment, the development of economic globalization, the enhancement of economic strengths of countries in Northeast Asia, and the strengthen of mutual economic relationships, it is necessary and probable in practice to construct a regional integration organization that centers on Northeast Asia free trade zone. Anyway, the real Northeast Asia regional economic integration organization is still an illusion today.

Keywords: Regional economic cooperation in Northeast Asia, Course, Prospect

During the economic globalization process in world, the trend of regional economic cooperation becomes more prominent. Along with China's entry into WTO, Asia becomes the center of world economic development at the new century. East Asia is the principal part of Asian economic development. And the hotspot of East Asia economic development is Northeast Asia that centers on China, Japan, and the Republic of Korea. Economies of countries in Northeast Asia are complement and have great potentials and spaces for cooperation. Therefore, to strengthen Northeast Asia regional economic cooperation is not only the internal needs and subjective desires for countries' economic development, but also an inevitable trend in world economic development. Once a new economic cooperation zone comes into being in Northeast Asia, it will change the world economic pattern and turn into an important pole of world economy.

In a common sense, Northeast Asia includes Northeast China, Far-east Russia, Mongolia, Democratic Peoples Republic of Korea, the Republic of Korea, and Japan. This region has a population of 300 million, an area of 9,170,000 square kilometers, with rich resources, wide market, and great potentials for regional economic development. China, Japan, and the Republic of Korea, as the three main economic bodies in Northeast Asia, have complement economies (Chuanjun Zhao, 2006, p141). Japan is a developed industrialized country, and the Republic of Korea a new-developed industrialized country. The two countries have sufficient capitals and powerful technological strengths but their natural resources and laborers are relatively in short. As for Japan, it prefers to export amounts of rich capitals and relatively advanced technologies, and has to import sorts of industrial and agricultural resources. The laborers are also in a serious short. The Republic of Korea faces similar condition. As for China, the Northeast three provinces are old industrial basis. After thirty years of industrial development, the industrial experiences are rich, and the quantity and quality of laborers are better there. The disadvantages of China is chiefly in capitals, technologies, and management, which are rightly the advantages of Japan and the Republic of Korea. Democratic Peoples Republic of Korea, Mongolia, and Far-east Russia

relatively lags behind in economic development, but they have rich natural resources. Therefore, Northeast Asia possesses the internal conditions for economic cooperation naturally in a sense.

1. The Northeast regional economic cooperation course

During recent twenty years, Northeast Asia regional economic cooperation passes through two stages generally. The first is the initial development stage from late 80s to early 90 in 20th century. The second is the practical cooperation development stage since mid 90s in 20th century. In 1991, the UNDP (United Nations Development Program) formally presented "Tumen River Area Development Program" and placed it in the list of key projects of promoting the cooperation between Northeast Asian countries, expecting for financing 30 billion dollars in twenty years and constructing an economic development zone in Tumen River delta that locates at the border of China, Russia, and Democratic Peoples Republic of Korea. During later six years, the United Nations Development Program organized six PMC (Program Management Committee of Tumen River Area Development Program) meetings and many inter-government conferences in order to push the international cooperative development in Tumen River area. Under this background, in early 90s in 20th century, the development of Tumen River area began to receive attention from the international community. Relevant countries around Tumen River constituted equipped policies for joining in Northeast Asia regional economic cooperation. In December 1995, at the sixth PMC meeting, China, Russia and Democratic Peoples Republic of Korea Signed "Agreements on the Establishment of the Coordination Committee for Tumen River Area Development"; the aforementioned three countries plus Mongolia and the Republic of Korea also signed the "Memorandum of Understanding on Environmental Problems Relating to the Tumen River Economic Development Area and Northeast Asia" and "Agreements on the Establishment of the Consultative Commission for the Development of the Tumen River Economic Development Area and Northeast Asia". These two agreements and the memorandum of understanding, which stand for a change in cooperation progress from research to actual development as the major task, are the milestone in the international cooperation progress. The UNDP and other international institutions continue to support the Tumen River area international cooperation. Driven by different parties, the regional economic cooperation in Northeast Asia, represented by the Tumen River International Cooperation Development Project, achieves many important progresses at present. An original integration appears step by step. First, except Democratic Peoples Republic of Korea and the Republic of Korea, Democratic Peoples Republic of Korea and Japan do not realize normal relationships, the bilateral relationship between other countries is positive in general. China maintains traditional friendly relationships with Russia, Democratic Peoples Republic of Korea, and Mongolia. Russia achieves relatively normal communication and cooperation with Japan and the Republic of Korea. And most of them signed legal files supporting bilateral cooperation and communication, such as "China-Japan Peace and Friendship Treaty", "Treaty of Good-Neighborliness and Friendly Cooperation between Japan and Russian", "Treaty of Good-Neighborliness and Friendly Cooperation between Russia and Democratic Peoples Republic of Korea", "Russia-the Republic of Korea Basic Treaty", etc. The normalization of National countries in Northeast Asia achieves continuous progresses, what founds strong basis for the regional cooperation in Northeast Asia (Yan Jiang, 2007). Second, trade-precended Northeast Asia regional economic cooperation has already achieved marvelous progresses. In the regional trade aspect, the scale of internal trade in Northeast Asia is enlarging in recent years. The economic dependence between countries is deepening further. The trade volume between China and Japan realizes a sharp increase from 10.4 billion dollars in 1981 to 236.02 billion dollars in 2007. The trade volume between Japan and the Republic of Korea increases quickly in recent years. And even for the Republic of Korea and Democratic Peoples Republic of Korea, the trade volume is in rising. At present, China is the first largest trade partner of Japan, and also the largest importing country of Japanese products. Meanwhile, China is the largest trade partner of the Republic of Korea. Third, the construction of a platform for driving Northeast Asia economic cooperation is speeding. Northeast Asia regional economic cooperation starts later and is driven mainly by governments, related international institutions, local governments, enterprises, non-government organizations, and academic fields together. Therefore, the development of regional economic cooperation needs to guide enterprises, especially transnational companies, to participate in the cooperation. At present, Northeast Asia has already possessed an economic cooperation platform with various forms and rich contents, such as China International Equipment Manufacturing Exposition, International China Harbin Fair for Trade and Economic Cooperation, Jilin Seaside and Border Area Regional Cooperation Meeting, Northeast Asia Exposition on High-Tech and Products, Shenyang, China.

2. Problems in Northeast Asia cooperation

Surely, some factors, including real economic basis and politics, restrict the Northeast Asia cooperation. First, the primary factor that restricts the regional economic cooperation in Northeast Asia is the complexity of state forms. It is well-known that Northeast Asia is one of areas in world where multiple politics and economies exist together. There are two different economic systems, namely capitalism and socialism. Some countries are in a transition from socialist system to capitalist system. Some countries insist on their socialist road. And some apply reform exploration and practice. Some countries have already reached a higher economic level. And some are developing fast in recent years. Some countries are still at the edge of poverty. In a sense, Northeast Asia has all kinds of politics and economies

existing in world at present. The complexity and diversity of state forms will inevitably cause serious disagreements on aims and objectives of countries participating in regional economic cooperation, what makes it hard to achieve breakthroughs in a short period. Second, complicated historical problem is an important factor that impacts the development of Northeast Asia regional economic cooperation. Regional economic cooperation is based on mutual trust and understanding in an area. Due to influences of some historical problems, there is not a mutual trust mechanism between countries in Northeast Asia. These historical problems focus on two aspects: the first is Japan's attitudes toward historical problems. Among the six countries of Northeast Asia, China, the Republic of Korea, and Democratic Peoples Republic of Korea had suffered from Japan's imperialistic invasion and cruel enslavement. Chinese, people of Democratic Peoples Republic of Korea, and people of the Republic of Korea will never forget the suffering history. However, Japan refuses to acknowledge its harms on other countries in history, what could not be accepted by other countries and will make it impossible for Japanese to resume the trust of people whose countries have ever suffered from Japan's invasion. The second is the dispute over territories and territorial sea. For sorts of historical reasons, many countries dispute over territories in Northeast Asia, such as the "northern islands" issue between Japan and Russia, the "Dokdo Islands (the Republic of Korea names it as Bamboo Island)" issue between Japan and the Republic of Korea, the "Diaoyu Island" issue between Japan and China, and the dispute over territorial sea between China and Japan. The territorial issue is always the most sensitive problem in state relationships. It concerns not only state and national dignity but also tremendous economic interests. For example, in dealing with the relationship with Russia, Japan has insisted on the principle of associating politics and economy together for a long period, what restricts the trade between Japan and Russia and also impacts the Japan's participation in Northeast Asia regional economic cooperation. The last is the complicated political and safety issue that is also an important factor that restricts Northeast Asia regional economic cooperation. In history, Northeast Asia is always an interest center of China, Russia (Soviet Union), United States, and Japan. Among the six countries in Northeast Asia, Japan and the Republic of Korea have respectively signed a safety insurance convention with United States. The United States maintains a large scale of military force in Japan and the Republic of Korea, which offers reliable conditions for United States interfering with Northeast Asia business, and further enhances the complexity of politics and safety issues in Northeast Asia, affecting the stable development of regional economic cooperation. The Korean Peninsula Issue is a hot among the complicated international relationships in Northeast Asia for a long period. The development of this issue is one of most urgent issues for the peace of Northeast Asia. However, this issue is at a stalemate for a long time, which will inevitably enhance the intensity of mutual relationships in Northeast Asia, and restricts the deepening development of Northeast Asia regional economic cooperation.

3. Prospect for Northeast Asia regional economic cooperation

After entering the 21st century, some important factors that have ever restricted Northeast Asia regional economic cooperation are in negotiation. Meanwhile, many new factors that are in favor of the fast development of Northeast Asia regional economic cooperation appear. First, economic globalization and regional economic integration develop quickly. At a time of economic globalization and digital information, the economic relationships between countries are deepening. To participate the international division and win international competitive advantages have become basic preconditions for any country realizing economic development. During the process of strengthening economic globalization, more and more countries desire for maintaining and improving their regional competitive advantages by regional economic cooperation. As a result, regional economic groups become the main bodies of international economic relationships more and more. The regional economic globalization develops slowly in Northeast Asia. But we should notice that some countries in Northeast Asia begin to adjust their traditional foreign economic policies recently, and give up the non-group foreign economic strategies in a sense. It means countries in Northeast Asia are trying to set up free trade zones under the great background of speeding development of world economic globalization and regional economic integration. Second, the relationship between world giants is at a coordination and cooperation stage. Since the cold war pattern is over, especially after the America "9.11" incident, the relationship between world giants enters an adjusting period. During the adjusting process, although conflicts and frictions between large countries still happen inevitably, and even become serious sometimes, these disagreements and frictions will not turn into complete oppositions for a long period. All large countries prefer to keep long-time cooperation with others. At the very beginning of 21st century, the cooperation between large countries is improving, and the cooperative contents and fields are enlarging and deepening. In dealing with mutual relationships, large countries pursue for cooperation but not opposition; reducing conflicts but not stimulates contradictions; constructing strategic trusts and understandings but not triggers strategic mistakes and misunderstanding. In recent years, although Northeast Asia receives worldwide attentions due to the North Korea's Nuclear Issue that challenges the peace and stability of Northeast Asia, all countries in this region hope to settle this dispute by political and diplomatic ways. Generally speaking, after entering the new century, new changes of mutual relationships between countries in Northeast Asia appear, which benefit regional economic cooperation. The relationships of the six countries in Northeast Asia have been improved or are improving now. Finally, new economic trends emerge in countries of Northeast Asia. The economic development of countries in

Northeast Asia is one of important factors that influence regional economic cooperation. During late 90s in 20th century, except China realizes sustainable and fast economic development, other countries suffer from serious economic problems in Northeast Asia. In recent years, not only China maintains the driving development of economy, but other countries step out of economic jams. The economic conditions of countries in Northeast Asia are in a favorable turn. Therefore, all six countries can invest more energy in planning international economic cooperation systematically, what offers important practical basis for Northeast Asia regional economic cooperation.

Northeast Asia regional economic cooperation has already experienced more than twenty years. Although certain progresses have been achieved in trade, investment, and local bilateral cooperation, the regional economic cooperation does not realize significant breakthroughs in general. Entering the 21st century, along with the improvement of international politics environment, the development of economic globalization, the enhancement of economic strengths of countries in Northeast Asia, the strengthen of mutual economic relationships, and China's entry into WTO, it is necessary and probable in practice to construct a regional integration organization that centers on Northeast Asia free trade zone. Anyway, the real Northeast Asia regional economic integration organization is still an illusion today. But we can predict that Northeast Asia countries that have created or are creating "economic miracles" will find out effective ways settling historical and practice problems, benefiting all human beings by close regional economic integration.

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