

*The Effects and Limitations of the Regional Development
Strategy in Liaoning Province:
The perspective of the Japanese firms that have
expanded there*

OIKAWA, Hideaki

Chief Executive Officer, Across Japan Co., Ltd., and
Representative, Northeast Asia Marketing Development Center

Summary

Since the reform and opening-up of 1979, the Japanese firms in China, with its continued rapid growth, experienced such things as the 1997 Asian Financial Crisis, the 2003 SARS crisis, the 2005 anti-Japanese demonstrations, and the rise in labor costs from the 2008 entering into effect of the Labor Contract Law. In order to hedge against the risks from overconcentration in China for foreign investment, from around 2003 an expansion strategy of "China plus one" was adopted, and recently the move to shift from China to other Asian regions became mainstream. 2011, however, was a year when they were taught that risks exist in whatever part of the world you are in, having gone through the Great East Japan Earthquake disaster from 11 March on and the major earthquake in Turkey, the floods in Thailand, and the breakout of civil wars and demonstrations in various places.

In these circumstances—with China being, for Japan, first of all a massive destination market for exports, along with being a production base adjoining the market—has the time not come for its significance to be reconsidered as a place for the expansion of processing trade (it was once called the world's factory), spreading the risk via the new development of multiple bases? With the Chinese economy entering a stable growth period, and accompanying the economic growth rate falling, it is thought that henceforth problems will come to the surface at various levels, but the fact that it is a giant nation with the most influence in Asia will be unshaken. The time has also come to reconsider Northeastern China as a base forming a pole for the Northeast Asian market surrounding the Sea of Japan, and not handling China—which is colossal and has great variation by region—as one entity.

In the connection of being an economic development region of China and the western entryway of Northeastern China, the province which is the economic driving-force eclipsing the other Northeastern provinces is Liaoning Province. The regional development strategy of Liaoning Province is underway with the Liaoning Coastal Economic Belt and the Shenyang Economic and Technological Development Area forming its two axes. The aim is for it to become a development center for Northeastern China, and to make it take off as a major hub of the Northeast Asian region, centered on Shenyang and Dalian, along with the peripheral areas of delayed development. In this paper, from the perspective of businesspeople seeking Northeastern China business opportunities, the author explains the current state of economic development and the regional development strategy concept for Liaoning Province, and examines the problem points that will become impediments to the development of Liaoning Province. In addition, the author explores the challenges which must be overcome in order for it to become a hub region for Northeast Asia. For the Japanese economy also, which has the Japan Sea region as a window located on the facing shore to Northeastern China, it is a challenge which is an opportunity to mutually complement the regional development strategy of Liaoning Province.

[Translated by ERINA]