

The Northeast's Economy Viewed from Japan and Japan–China Cooperation

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Over 13 years from 2003, China has been developing its Strategy of Revitalizing the Old Industrial Bases Including Northeast China. This strategy, in order to correct the regional disparities which the Reform and Opening-Up Policy brought about from the end of the 1970s, was introduced along with the Great Western Development Strategy and the Plan for Promoting the Rise of the Central Region. These have in common with the national economic construction, which China advanced from the end of the 1920s, the point of being important national strategies for constructing new levels aiming at around 2020 and 2050. However, in the Northeast revitalization strategy there has been the peculiar significance and difficulty of: the reform of large-scale state-owned enterprises; the turnabout of an economy dependent on natural resources; and strategy within Northeast Asia.

Under the Northeast revitalization strategy, to 2013 the three northeastern provinces (Liaoning, Jilin, and Heilongjiang) realized economic growth exceeding the national average. In manufacturing the introduction of new production lines, ownership, and the structural shift seen from the scale of enterprises have progressed. The weighting, however, of secondary industry within GDP has risen in Liaoning and Jilin, and the weighting of state-owned enterprises for the three northeastern provinces still greatly exceeds the national average. In addition, the profit ratio of the medium and large state-owned enterprises of Liaoning Province (approximately half of the total assets and GDP of the three provinces) is low, the economic growth rate has fallen greatly since 2014, and the growth rate became negative for the third quarter consolidated in 2016.

For the Japanese economy, the growth rate has been declining after the collapse of the bubble economy, the structure has changed, and a new level of development has been under construction. Presenting this comprehensively is the historic turning point for the structure of the international balance of payments. Since the middle of the nineteenth century, the balance of trade was in the red for approximately a century and in the black for forty-five years, and since 2011 has changed to underlying red figures. On the other hand, the income balance has expanded greatly in the black, and as well as offsetting the red figures for trade, has become the greatest factor in the black figures for the current account. With indirect investment income showing a stagnating trend, direct investment income has been expanding, and the high manufacturing industry ratio and the high revenue of direct investment into Asia, including China, have been supporting the Japanese economy. The investment income into China has reached a scale second to the United States, and in terms of the ratio of the investment balance and rate of return, it has greatly exceeded the United States.

The Northeast revitalization strategy has taken as important the reform of state-owned enterprises, the reform of industrial structure, and the deepening of opening to the outside world. In addition, the positioning of the Northeast in proximity to Japan, and the expansion of cooperation, such as investment and trade, have been drawing attention. Recently, Japanese firms with their high degree of state-owned industry reform and industrial structure have been undertaking cooperation: via cooperation with Toshiba Rolling Stock Department, there are the cases of the Dalian Locomotive and Rolling Stock Co., Ltd., expanding into the urban rolling-stock sector and constructing a new factory in Lüshun; and additionally Nissan has expanded in accordance with the policy for nurturing the automotive industry in Dalian City.

Also, examples of the development of automotive-related mold SMEs can be seen. However, in recent years, Japanese investment and trade have contracted, and become one factor lowering the Northeast's opening to the outside world.

With the momentum of the Lehman shock, East Asia is facing the challenge of developing its intraregional final goods trade via the high degree of its growth pattern, namely, the reduction of disparities and the raising of incomes, and balancing it with trade in intermediate goods. Via the continuation of the Northeast revitalization strategy, and the strengthening of Japan's participation in Northeast Asian regional cooperation, the expanding and deepening of the division of labor within the East Asian region is important for the sustained economic development of China's Northeast, Japan, East Asia, and the world.

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