

On the Special Feature : Economic Relations between Japan and Northeast Asian Countries

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The current issue contains four articles that discuss economic relations between Japan and Northeast Asian countries. In most of the past issues of our journal, the staff researchers served as managing editors of the issues and collected articles that had close connections with the regions of their research interests. Contrastingly, this issue takes a different approach, and we staff researchers altogether contributed articles and discussed a single research topic from various viewpoints, that theme being Japan's economic relations with Northeast Asian countries.

In addition to the four papers, here in this *introduction to the special feature*, we also briefly overview economic relations between Japan and the Democratic People's Republic of Korea (hereinafter referred to as the DPRK). So this issue comprehensively covers most of the Northeast Asian region that is the re-

search subject of our institute, namely Russia, China, Mongolia, and the Korean Peninsula.

Currently, the DPRK is under international sanctions following the United Nations Security Council resolutions. Furthermore, several problems, including nuclear weapons testing, missile development, and abductions of Japanese citizens, have aggravated political, economic, and diplomatic relations between Japan and the DPRK. Following the global outbreak of the novel coronavirus, the DPRK has almost completely shut itself off from the rest of the world. Therefore, it is pretty difficult to assess the current situation in the relationship with the DPRK within the framework of economic relations among Northeast Asian countries. Consequently, we have decided to review the relationship between the two countries in this *introduction to the*

special issue rather than as an independent article.

Let us briefly introduce the four papers in this issue.

NAKAJIMA Tomoyoshi, in the first article of this special feature, studies the “Exchanges Between Northeast Asia and Japanese Local Governments.” The study precisely analyses the efforts of Japan’s local governments to enhance the cultural and economic relationship with the Northeast Asian region, shedding light on eleven prefectures in the Northeastern (Tohoku) and Northwestern (Hokuriku) regions with a strong interest in it. Detailed descriptions of their friendship agreements with foreign local governments and establishing overseas offices are attractive. Moreover, the unique experiences of Yamagata, Iwate, and Toyama prefectures provide us with valuable insights.

The second paper is a study by two Chinese staff researchers, namely LI Chunxia and DONG Qi. The study “Economic Relations between Japan and China as Seen from Trade Statistics between the Two Countries” argues the importance of Chinese trade and changes in its role in the Japanese economy. They successfully and plausibly describe how the Japan-China trade relationship has transformed over the past thirty years since China’s reform and opening-up policies up to the present and how both the component and role of Chinese products for Japan have changed accordingly. Despite the increased interest and shifts in business interests moving toward Southeast Asian countries, we can learn that China still holds great importance to Japan while its role is changing.

ENKHBAYAR Shagdar, in the third article on “An Overview of Semi-Centennial Mongolia-Japan Economic Relations,” also follows the historical development of the economic relationship between Japan and Mongolia. Japan is one of the largest donor countries investing in Mongolia and the only country with which Mongolia has an economic partnership agreement. Using statistical materials, the author carefully traces the fifty-year history of the Japan-Mongolian relationship and depicts each development stage of the socialist, transition, and modern periods. Now we want to turn the readers’ eye to the unique features of this paper. She pays particular attention to a possible and promising field of Japan-Mongolian economic cooperation on the backdrop of climate changes, global warming, and the recent movement of decarbonization.

Finally, SHIDA Yoshisada, one of the editors of this issue, contributed a paper titled “Japan’s Interest in Economic Sanctions Against Russia as Seen Through the Sanctions Articles in the Nikkei Newspaper.” This paper analyzes the economic relationship between Japan and Russia from the perspective of Japan’s level of interest in sanctions against Russia. Russia invaded Ukraine in February 2022, and the war between the two countries continues to this day. Furthermore, in response to Russia’s actions, many countries around the world, led by Western countries, have imposed severe economic sanctions against Russia. Japan is no exception to the implementation of these sanctions. Sanctions can have a negative impact not only on the country to which they are directed, but also on the country that implements them. Therefore, the relationship between the sending and the targeted countries is an important factor in determining the effectiveness of sanctions and the extent of their repercussions. In order to consider this indirectly, Shida collects articles on “Russia” and “sanctions” that appear in Japanese economic newspapers, and through analysis of these articles, attempts to find out what Japan’s level of interest is toward Russia and toward economic sanctions against Russia.

In this last part of this introduction to the special issue, we will

provide an overview of the current state of Japan-DPRK relations. Economic relations between Japan and the DPRK soon began in the postwar period (September 1956) with the resumption of trade, albeit via third countries, and although affected by the Japan-the Republic of Korea normalization negotiations, direct transportation and direct settlement between the two countries began in the 1960s. Deferred payments also became active in the 1970s, with the scale of Japan-DPRK trade reaching US\$550 million in 1980, US\$560 million in 1988 before the collapse of the Soviet Union, and a peak of US\$590 million in 1995 after its breakup. Since 1983, the DPRK has not repaid its debts to Japan, and this was a disincentive to pursue direct transactions with the DPRK for large Japanese companies that had claims. Nevertheless, in 2000, after the “Arduous March” had ended, the level of trade was about US\$460 million, which was on par with China’s US\$490 million and South Korea’s US\$430 million.

Most discussions on Japan-DPRK relations in Japan centered on the abduction issue after Chairman Kim Jong Il acknowledged the matter at the Japan-DPRK Summit during Prime Minister Koizumi’s visit to the DPRK in September 2002. The image of DPRK in Japan deteriorated thereafter, leading to reduced demand for its foods and clothing. Moreover, as discussions on Japanese sanctions against the DPRK went on, Japan-DPRK trade continued to decline, falling to US\$190 million in 2005, a year before Japanese imports were restricted owing to its own sanctions, and to US\$7.7 million in 2008, when exports from Japan were also regulated, with zero direct trade (indirect trade was also restricted by Japanese sanctions, so even if there were any, it would not appear in the statistics) continuing for more than 10 years.

Japanese direct investment in the DPRK began after the Joint Venture Law was enacted in 1984, and then on February 28, 1986, DPRK President Kim Il Sung called for investment in his nation from the delegation that visited the DPRK to commemorate the 40th anniversary of the formation of the General Association of Korean Residents in Japan. As of the end of 1992, there were 120 cases of investment by Koreans living in Japan totaling US\$100 million. Although the number of companies operating declined thereafter due to the slump in the DPRK economy, it was companies owned by Koreans in Japan who first brought the clothing processing trade into the country and shared their know-how. Clothing would become the DPRK’s main export industry and have a large impact on the internationalization of its economy. Subsequently, processing trade became the mainstream, and the number of Japanese companies with non-Korean management also increased, mainly in the light industrial sector, and this constituted Japan-DPRK trade until the early 2000s.

Since 2006, the Japanese government has called on Japanese citizens to refrain from traveling to the DPRK, trade was restricted by Japan’s own economic sanctions after 2009, and financial transactions with the DPRK and the operation of joint ventures in the country were also regulated after 2013 due to tougher international sanctions under UN Security Council resolutions. As of January 2022, there continues to be basically no economic relations between Japan and the DPRK. The only remaining contact, humanitarian assistance from Korean residents in Japan to family members and relatives who returned to the DPRK as part of the “resettlement program”, continues to be denied due to the border blockade employed after the DPRK’s transition to a “special quarantine regime” on January 30, 2020, which has stopped letters and packages from reaching the country.

From a global perspective, the future prospects for Japan-DPRK economic relations will be greatly influenced by the U.S.-DPRK conflict over the nuclear issue, and from a bilateral perspective, resolution of the abductions issue and cumulative debt problems which are pending issues for Japan and the DPRK. First, can the U.S.-DPRK agree, if not on complete de-

nuclearization, then on the need for the DPRK to no longer develop nuclear weapons and their means of delivery and to dispose of them over time? This is likely the starting point for Japan and DPRK to have a future-oriented view on their relationship and to discuss what the nature of economic relations between the two countries would look like.