

## **Chapter 2 Emerging economy strategy**

**(China, ASEAN/Asia-Pacific, India, Russia, the Middle East, and Africa)**

### **Section 1 China**

#### **< Future policy >**

China is an economic superpower ranked second in the world in terms of GDP size and is an important neighboring country that has a close economic relationship with Japan. The Japan-China relationship has reached important milestones, including the 45th anniversary of the normalization of the bilateral diplomatic relationship in 2017 and the 40th anniversary of the conclusion of the Treaty of Peace and Friendship between Japan and China in 2018. In particular, following a series of Japan-China summit meetings held in Viet Nam and the Philippines in November 2017, the mood for closer economic exchange between the two countries has been growing.

In a policy speech this year, Prime Minister Shinzo Abe mentioned plans to invite Premier Li Keqiang to Japan by holding a Japan-China-Republic of Korea (ROK) summit at an early time, to visit China himself and to realize a visit to Japan by President Xi Jinping and indicated the policy of raising the Japan-China relationship to a new level by deepening high-level exchange. Based on this policy, Japan aims to further strengthen the Japan-China economic relationship by promoting government-to-government exchange, exchange between the Japanese and Chinese economic communities involving both the public and private sectors, and cooperation between private companies.

#### **< Progress status >**

On May 14 and 15, 2017, the Belt and Road High-Level Forum for International Cooperation was held in Beijing, China, and from Japan, State Minister of Economy, Trade and Industry Yoshifumi Matsumura and other officials attended. In the afternoon of May 14, six thematic sessions were held in parallel with respect to the following themes: (A) policy communication, (B) connectivity of infrastructure, (C) trade facilitation, (D) financial cooperation mechanisms, (E) people-to-people exchange, and (F) think-tank communication.

On the occasion of the APEC leaders' meeting held in Da Nang, Viet Nam, in November 2017, Prime Minister Abe and President Xi Jinping held a Japan-China summit meeting, and the two countries agreed on the following points:

- (A) Developing the economic relationship is one of the most important foundations for both countries; cooperation will move ahead in a broad range of fields including finance, food trade, the environment and energy conservation, tourism, and the declining birthrate and aging population; and exchanges between the two countries' business communities will be encouraged.
- (B) It will be important to cooperate in order to build a win-win relationship that is free and open and based on rules, and promoting business between private-sector companies as well as Japanese and Chinese business in third countries will also be beneficial to the development of the countries concerned, not just Japan and China.
- (C) The two sides will together discuss how Japan and China will contribute to the stability and prosperity of the region and the world, including the "the Belt and Road" Initiatives.

At ASEAN-related summit meetings held in Manila, the Philippines, in the same month, Prime

Minister Abe held a meeting with Premier Li Keqiang, and they basically agreed on the same points.

The 43rd Japan-China Joint Economic Mission, which was mentioned by Prime Minister Abe at this summit meeting, was realized on November 20-26. A delegation comprised of representatives from three organizations--the Japan-China Economic Association, the Japan Business Federation (Keidanren), and the Japan Chamber of Commerce and Industry (the number of delegates, around 250, was the largest ever) visited Beijing and Guangdong Province. On November 21, the delegation held a meeting with Premier Li Keqiang for one hour, the longest ever for a meeting between a Japanese business delegation and a Chinese leader, in a very favorable atmosphere. Premier Li expressed the view that in order to improve the Japan-China relationship, it is necessary to make new contributions in terms of strengthening the foundation of the relationship by promoting exchange between the two countries' business communities. The Japanese delegation visiting China requested the Chinese side to observe the WTO rules. It also expressed concerns over the enforcement of China's internet security law and anti-monopoly law, control of capital outflow, and an export control bill and requested improvements in these respects.

The Japan-China Business Leader and Former High-Level Government Official Dialogue (Japan-China CEO Summit) has been held annually since 2015 jointly by Keidanren and the China Center for International Economic Exchanges (CCIEE), alternately in Japan and China, as a forum to promote exchange between the two countries' business communities and exchange of views about common challenges. The third Japan-China CEO Summit was held in Tokyo on December 4 and 5, 2017.

The third forum was attended by around 100 people from Japan and China, including Prime Minister Abe, former Prime Minister Yasuo Fukuda, Keidanren Chairman Sadayuki Sakakibara, and CCIEE Chairman Zeng Peiyan (Former Vice Premier of the State Council of China). In addition to discussing the economic situations in Japan and China and future prospects, the participants exchanged opinions on the following fields: (A) trade, investment and financial cooperation (including economic partnership), (B) cooperation in growth sectors (healthcare, tourism, and the environment), and (C) infrastructure development (including the One Belt, One Road initiative). They also agreed on strengthening exchange between the Japanese and Chinese business communities and promoting initiatives that contribute to the continuous development of a mutually beneficial relationship based on common strategic interests and issued a joint statement.

Prime Minister Abe, in a speech that he delivered as a guest, pointed out that the mutually beneficial economic relationship between Japan and China in the field of infrastructure is not limited to bilateral trade but that it also greatly contributes to the prosperity of Asian peoples. He expressed hope that this meeting will mark a new start in cooperative relations between the Japanese and Chinese business communities.

Minister of Economy, Trade and Industry Hiroshige Seko expressed the view that it is important for Japan and China to cooperate in improving the global business environment under such trade frameworks as the Regional Comprehensive Economic Partnership (RCEP) and the WTO and to promote specific business cooperation activities in third countries.

On December 24, 2017, the 11th Japan-China Energy Conservation and Environment Forum was held in Tokyo and was attended by around 860 participants, including public-sector and private-sector

officials from Japan and China. The participants from the Japanese side included Minister of Economy, Trade and Industry Seko, Parliamentary Vice-Minister of Economy, Trade and Industry Daisaku Hiraki, Minister of the Environment Masaharu Nakagawa, and Chairman Shoji Muneoka of the Japan-China Economic Association. The participants from the Chinese side included Vice Chairman Zhang Yong of the National Development and Reform Commission, and Vice Minister of the Ministry of Commerce Gao Yan. At the plenary session in the morning, Minister Seko delivered remarks as a representative of Japan and explained the progress made in related efforts since the previous forum, and Japan's intention to encourage business cooperation between Japanese and Chinese companies in third-country markets in response to the results of the Japan-China Summit Meeting held in November 2017, among other issues. In the afternoon, six working sessions were held. In particular, the session for development of third-country markets was created in the 11th forum. The Japanese side explained the existing Japan-China cooperation projects in third countries, and based on this explanation, public- and private-sector participants from both sides held many specific and positive discussions about further developing the cooperation. At the document exchange ceremony, Japan and China exchanged consensus documents concerning 23 new Japan-China cooperation projects, thereby bringing the number of cooperation projects that have been agreed upon since the first forum to 336.

On April 16, 2018, the Fourth Japan-China High-Level Economic Dialogue was held in Tokyo. This was the first Japan-China High-Level Economic Dialogue in around eight years since 2010, and it was attended by Minister of Foreign Affairs Taro Kono, Minister of Economy, Trade and Industry Seko and other officials on the Japanese side and by State Councilor and Foreign Minister Wang Yi, Minister of Commerce Zhong Shan, and other officials on the Chinese side. The participants discussed macroeconomic policy, cooperation and exchanges in the economic field between Japan and China, Japan-China cooperation in third countries, and economic partnership in East Asia and response towards global issues.

Regarding matters related to the Ministry of Economy, Trade and Industry, significant results were achieved in the following respects:

- (A) The two countries affirmed their intention to maintain communications and to consider proceedings for discussions by officials from the public and private sectors and specific cooperation cases with respect to business cooperation between Japan and China in third countries.
- (B) Japan proposed to establish a Japan-China Services Cooperation Mechanism as a framework for service industry cooperation and hold a symposium in the field of aging of society, and the two sides affirmed the direction of cooperation.
- (C) Japan conveyed its views with respect to excess production capacity, provision of subsidies, liberalization of foreign investment, protection of intellectual property, cybersecurity, securing of fair competitive conditions concerning export control, and the need to develop a fair and open business environment.

On April 15, Minister of Economy, Trade and Industry Seko held meetings individually with Minister of Commerce Zhong Shan and Vice Chairman Zhang Yong of the National Development and Reform Commission, who were visiting Japan to coincide with the Japan-China High-Level Economic

Dialogue.

On May 9, 2018, the Seventh Japan-China-ROK Trilateral Summit Meeting was held in Tokyo. This was used as an opportunity to hold a meeting between Prime Minister Abe and Premier Li Keqiang. The two leaders agreed mainly on the following points in light of the discussions at the Japan-China High-Level Economic Dialogue held in April.

(A) Japan and China would strengthen cooperation regarding the negotiations for the RCEP and the Japan-China-ROK FTA.

(B) Regarding Japan-China private-sector business cooperation in third countries, the two countries would establish a new “committee” for discussions between ministries and agencies involving both the public and private sectors under the framework of the Japan-China High-Level Economic Dialogue in order to discuss specific projects, and they would hold a “forum” as a place for exchanges among companies on the occasion of Prime Minister Abe’s visit to China.

Prime Minister Abe once again explained the position of Japan that it would explore the possibilities for cooperation for each individual project, based on international standards such as openness, transparency, economic viability, and financial sustainability.

In the morning of May 9, Minister of Economy, Trade and Industry Seko held meetings with Minister of Commerce Zhong Shan and Chairman He Lifeng of the National Development and Reform Commission, who were visiting Japan to coincide with the Japan-China-ROK summit.

In a meeting with Minister Zhong, Minister Seko agreed with him to establish the Japan-China Services Trade Cooperation Mechanism as a part of Japan-China cooperation in the service industry in order to develop a favorable environment for trade and investment in services and to facilitate investment and mutually beneficial cooperation in this field. At the following Japan-China summit meeting, Minister Seko and Minister Zhong signed the Memorandum on the Strengthening of Cooperation in Service Trade.

In a meeting with Chairman He, Minister Seko agreed with him to establish the Japan-China Service Industry Cooperation Mechanism as a part of Japan-China cooperation in the service industry in order to promote cooperation in the areas of the service industry such as elderly care and support and education through exchange of views about macropolicies. At the following Japan-China summit meeting, Minister Seko and Chairman He signed the Memorandum on the Development of Cooperation in the Services Industry.

In Minister Seko’s meetings with Minister Zhong and Chairman He, regarding business cooperation in third countries, both sides exchanged opinions for the purpose of providing opportunities for discussions among related parties in the public and private sectors with the aim of promoting business expansion of Japanese and Chinese companies in third countries. At the following Japan-China summit meeting, the Memorandum on the Private-Sector Economic Cooperation in Third Countries between Japan and China was signed by Minister Seko and Minister for Foreign Affairs Taro Kono on the Japanese side and by Chairman He and Minister Zhong on the Chinese side (the contents of (B) among the agreed points at the Japan-China summit meeting on May 9, 2018).