

A near friend is better

Editor's note: Japanese Prime Minister Shinzo Abe is scheduled to visit China and meet Chinese leaders on Oct 25-27. This is the first official visit paid by Japanese Prime Minister in seven years, and it coincides with the 40th anniversary of the enactment of the China-Japan Treaty of Peace and Friendship on Oct 23, 1978. What can we expect out of this visit? How can the two countries enhance ties? Five experts shared their views on the issue with China Daily's Liu Jianna. Excerpts follow:

Closer ties would be mutually beneficial



Zhou Weisheng, a professor at Japan Ritsumeikan University

Due to external causes and historical disputes, relations between China and Japan have endured many twists and turns. So as to safeguard the two sides' interests and the overall development of Northeast Asia, it is essential for the two countries to establish a relationship that will not be easily swayed by a third party and sign a fifth political document based on consensus on the long-term development of bilateral relations.

At the moment the unilateralism and American First policy of the Donald Trump administration have to certain extent weakened the US-Japan alliance, which has made Japan attach more importance to economic and trade cooperation with China. Just as Prime Minister Shinzo Abe said in May, China and Japan have entered an era of coordination. Meanwhile worsening trade relations with the United States have also pushed China to establish closer ties with Japan.

On one hand, Japan's economy has encountered many difficulties after 20 years of sluggish economic growth due to various factors including its slow decision-making process and limited domestic market. On the other hand, Japan's industrial base, manufacturing technology and GDP base all boast a huge advantage, to which a Japanese Nobel Prize winner each year for 18 years well attests.

Either from a social perspective or an economic perspective, China and Japan could and should develop a partnership that is complementary and mutually beneficial in nature. Japan can offer much valuable experience and lessons for Chi-

na in terms of population aging, healthcare, environmental protection, real estate and so on, as to a large degree Japan's present is likely China's future. Besides China offers a massive and attractive market for Japan to make full use of its technological and capital advantages.

In addition, beginning with more cooperation on infrastructure, energy, environment and transportation in other countries, the two neighbors could expand their cooperation in third-party markets and make the cake of shared interests larger by offering financial incentives and policy support.

Despite the potential benefits to Japan's economy, Japan remains hesitant to fully embrace the Belt and Road Initiative. To seize the opportunities of the times, it needs to gain a more comprehensive and objective understanding of the Initiative. The Belt and Road Initiative Japan Research Center was established to this end on Nov 30 last year. Just as Japan is the biggest contributor to sustaining Chinese character (*hanzi*) culture, it could also make a big contribution in the Initiative and possibly a joint Research Fund for Belt and Road Initiative could lead the way.

Consensus on trade expected

One of the most anticipated and desired outcomes of Abe's visit to China would be the two countries agreeing to work together to safeguard the multilateral trade system and issue a statement to that effect. This would mark Japan loosening itself from the embrace of the United States and moving closer to China. Leaning toward China on the economic and trade front is not easy for Japan, but it would be quite significant and conducive to both countries in the long term. Despite its opposition to the US' unilateralism and American First policy, Japan dare not voice its discontent to its patron. While together with the US and the European Union,



Zhou Yongsheng, a professor at the Institute of Japanese Studies, China Foreign Affairs University

Japan accuses China of infringing on intellectual property and conducting unfair trade practices. In this sense it would mean a lot to the future of multilateral trade and globalization if the two could bridge their differences and reach a consensus.

Recently Trump's unilateralism and American First policy have hammered Japan so much that it has sought to enhance its cooperation with China to gain more leeway. Besides China forms an important part of the massive free trade zone that Japan wishes to build for its long-term growth prospects, widening the appeal of China's market at the moment.

Generally speaking the China-Japan-Republic of Korea free trade agreement and the Regional Comprehensive Economic Partnership would offer unparalleled opportunities for China, Japan and East Asia in general. Furthermore, this is the key to offset the US' trade bullying against China and Japan and expand the two's development space and room to maneuver. Thus the two neighbors should take a more proactive attitude toward the agreement and the RCEP.

Immense opportunities for their collaboration



Hu Mingyuan, a research fellow at the Center for Northeast Asian Studies, Jilin Academy of Social Sciences

Apart from strengthening economic cooperation, China and Japan need to break the ice in their political relations and promote mutual political trust through Abe's visit. Hopefully the two sides can achieve a breakthrough in terms of the Belt and Road Initiative and reinforce communication and coordination on Taiwan, the South China Sea and Diaoyu Island issues.

With the ongoing China-US trade

A near friend is better than a distant relative

Editor's note: Japanese Prime Minister Shinzo Abe is scheduled to visit China and meet Chinese leaders on Oct 20-21. This is the first official visit by Japanese Prime Minister in seven years, and it coincides with the 40th anniversary of the enactment of the China-Japan Treaty of Peace and Friendship on Oct 23, 1978. What can we expect out of this visit? How can the two countries enhance their ties? Five experts shared their views on the issue with China Daily's Liu Aojun. Excerpt follows:

Closer ties would be mutually beneficial



Zhou Hengxing, a professor at Japan Ryukoku University

Due to extraneous and historical disputes, relations between China and Japan have endured many trials and tribulations. It is significant to see the two sides' interests and the overall development of Northeast Asia. It is essential for the two countries to establish a relationship that will not be fully severed by a third party and sign a fifth political document based on consensus on the long-term development of bilateral relations.

At the moment the unilateralism and American First policy of the Donald Trump administration have to certain extent weakened the US-Japan alliance, which has made Japan attach more importance to economic and trade cooperation with China. Just as Prime Minister Shinzo Abe said in May, China and Japan have entered an era of coordination. Meanwhile, worsening trade relations with the United States have also pushed China to establish closer ties with Japan.

On one hand, Japan's economy has encountered many difficulties after 20 years of sluggish economic growth due to various factors including its slow decision-making process and limited domestic market. On the other hand, Japan's industrial base, manufacturing technology and GDP level still hold a huge advantage, in which a Japanese Nobel Prize winner each year for 26 years will attest.

From a social perspective or an economic perspective, China and Japan could and should develop a partnership that is complementary and mutually beneficial in nature. Japan can offer much valuable experience and lessons for Chi-

na in terms of population aging, healthcare, environmental protection, real estate and so on, as to a large degree Japan is present to Italy China's future. Besides, China offers a massive and attractive market for Japan to make full use of its technological and capital advantages.

In addition, beginning with recent cooperation in infrastructure, energy, environment and transportation in other countries, the two neighbors could expand their cooperation in third-party markets and make the role of their bilateral trade more that Japan wishes to build for its long-term growth prospects, widening the appeal of China's market at the moment.

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Intense opportunities for their collaboration

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Zhou Hongyang, a professor at the Institute of Japan Studies, Chinese Foreign Affairs University

Japan across China of infringing on intellectual property and conducting unfair trade practices. In this sense it would mean a hit to the future of multilateral trade and the realization if the two could bridge their differences and reach a consensus.

Recently Trump's unilateralism and American First policy have hampered Japan so much that it has sought to enhance its cooperation with China to gain more leeway. Besides, China forms an important part of the massive free trade zone that Japan wishes to build for its long-term growth prospects, widening the appeal of China's market at the moment. Generally speaking, the China-Japan Republic of Korea free trade agreement and the Regional Comprehensive Economic Partnership would offer unparalleled opportunities for China, Japan and East Asia in general. Furthermore, this is the key to offset the US trade bullying against China and Japan and expand the two's development space and room to maneuver. Thus the two neighbors should take a more proactive attitude toward the agreement and the RCEP.

Intense opportunities for their collaboration

Cooperation in third party should be increased

It is expected that Abe's visit will consolidate the thinking of the China-Japan relationship and achieve tangible economic and trade outcomes. Japan has become the biggest source of inputs to the Chinese market since the world 2009. Which has largely boosted Japan's economic development and the ruling party's political interests. Let it be just that advantage at the same time as its status has declined in global trade. Given the trade bullying of the US, it has become imperative for Japan to adapt its policy and strengthen its engagement with China. China and Japan could increase

their cooperation in industrial upgrading and energy, and cooperate in third party markets. For example, China has built the Mombasa Nairobi Standard Gauge Railway while a Japanese company manages the port of Mombasa, giving much potential for cooperation in Kenya.

After years of frictions in bilateral relations, a positive momentum emerged last year as both China and Japan realized they needed each other for economic growth. In the past few years, their worsening political ties have inhibited their economic and trade cooperation, which is expected to be corrected with more high-level exchanges. Yet expectations for Abe's visit should not be too high. In the future, the two countries should expand cooperation in the new economy, environmental protection, energy conservation, healthcare, insurance and people-to-people exchanges. Speaking of the Belt and Road Initiative, it should be noted that the Japanese government can only guide and encourage enterprises to take part in specific programs. All in all, it is up to the Japanese companies to decide whether to participate based on their comprehensive assessments of costs, market expectations and anticipated profits.

Expectations should remain realistic

Meanwhile, despite Japan's stilling closer to China under the threat of US protectionism, it still considers its alliance with the US as the size qua non of its foreign relations. Which is unlikely to change in the near future.

Li Jing, a professor of Japan studies at Peking University



LI JING / CHINA DAILY

Asia and Europe work together to meet challenges

Editor's note: Liu Fuchen, president of the Chinese Academy of Social Sciences, delivered a speech at the Asia-Europe Economic Forum, which was held in Brussels, Belgium, on Oct 17-18. Excerpt follows:

The world economy is now in the last period of the international financial crisis, but the potential risks are accumulating. Economic growth is not balanced, and the growth of some major economies is not robust, the international economic order is facing grave threats, and the problems in the economic field are extending to social, political and security areas, and so endangering world peace, development and stability.

At present, the challenges facing the world economy mainly include four aspects:

First, the factors supporting long-term economic growth are not stable.

Global economic growth has picked up due to the long-term implementation of easy monetary policies in major countries to a large extent, but the short-term effects of these policies are decreasing and they cannot improve long-term economic growth rates.

The decline in the long-term economic growth rate is mainly due to the decline in the growth rate of total factor productivity. For advanced economies, the growth of total factor productivity is mainly due to technological advances in R&D. However, the highest level of R&D expenditure in history is accompanied by the lowest long-term economic growth rate since World War II. The problem is not that R&D has not produced technological advances, but that rapid technological advances have not led to rapid economic growth. Technological progress has been both creative and destructive. Developed economies have reduced R&D input proportion in general-purpose technology advancements while increasing the proportion of R&D input in the proprietary technology advancements of enterprises, which has reduced the cross effects brought about by the use of technological progress in a wider range, and has amplified its destructive impacts on existing industries as well.

Second, the risks facing global economic stability are rising.

In 2008, the US economy grew relatively strongly, but major economies such as Europe, Japan and China, suffered downward economic pressure. The size of the US economic growth rate and the increase of interest rates by the Fed, together with the downward growth rate and monetary ease-

ing of other countries led to capital reflux to the United States, appreciation of the US dollar, as well as currency depreciation in other countries, and monetary crisis in some emerging markets. This kind of international financial market turmoil is the inherent defect of the US-dollar based international monetary system.

In 2009, the US economy is highly likely to see a downward trend and slow economic growth as a whole will see a slowdown in growth. This is very unfavorable for the economy and Japan, which have not yet recovered from their quantitative easing policies.

The United States has also adopted a big-big-0-by-0-0 trade policy. Increase tariffs and the resultant trade retaliation, as well as restrictions on investment, have adversely affected international trade and investment, and have become significant negative factors affecting global economic stability in the future.

Third, the problem of income inequality has not been effectively resolved.

The World Inequality Report 2008 pointed out that global income inequality is still very serious. Populism triggered by income inequality has caused great difficulties in the health and stability of the world economy and politics.

The income inequality is partly due to the fact that wealth is increasingly concentrated in a few hands, causing the rich to become richer. Besides, it is also a result of the widening wage gap. Globalization and technological advancements do benefit some people but also hurt some others. Globalization and technological advancements should benefit as many people as possible. Using anti-globalization policies to correct the widening income gap is obviously wrong, and does not help solve income inequality.

Fourth, the multilateral system and international economic rules have been undermined.

Providing a safe and profitable trading environment for the business community is one of the main functions of the World Trade Organization, while the unilateralist actions of the United States are destroying such a trading environment, which is hostile to the world as a whole. On the one

hand, the US has blocked the selection of judges for the WTO Appellate Body, making the WTO dispute settlement mechanism ineffective, on the other hand, unilateral tariff imposition by the US has in fact undermined WTO rules and prevented countries from handling trade frictions with the US through the WTO. Countries have no choice but to resort to trade retaliation, thus bringing more and more trade barriers to the world.

The US is abusing national security to implement trade and investment protection for domestic industries and increase its some international trade and investment activities based on its domestic laws.

In violation of its own commitments, the US has also withdrawn from the multilateral agreements reached through intensive efforts by the international community, such as the convention on climate change and diplomatic conventions. The world has made great efforts to establish rules in order to constrain the law of the jungle and to achieve peaceful development, prosperity and stability in the world. However, the achievements that have been made in this regard are now facing grave threats.

The economic prosperity and stability of Asia and Europe are the cornerstone of the prosperity and stability of the world economy. Asia and European countries are also important forces for maintaining world peace and development. In order to meet the above challenges, Asia and European countries should work together. At present, special attention should be paid to cooperation in the following three aspects.

First, we need to strengthen technical cooperation and establish a more inclusive innovation system.

Technological progress is not only related to long-term economic growth, but also to reducing income inequality. Asia and European countries have broad prospects for cooperation in technology since they have good foundations for technological progress. Large market scale, and make significant investments in R&D.

Asia and European countries should work together to explore a more inclusive innovation system. This system should not only provide sufficient incentives for pioneering innovation, but also bring the benefits of innovations to more people.

A more inclusive innovation system should encourage general-purpose technological advancement. Eurasian countries can promote R&D investment in general-

purpose scientific and technological activities through intergovernmental cooperation, and also explore new incentive systems to encourage enterprises and research institutions to increase R&D investment.

A more inclusive innovation system should also work a better balance between intellectual property protection and the diffusion of new technology, prevent excessive monopoly of technology, and expand the benefits of technological advancement.

Second, we need to strengthen policy dialogues and establish a more effective coordination mechanism.

Regular macroeconomic policy coordination mechanisms should be established between Asian and European countries to cope with economic and financial turbulence and risks. The scope of macroeconomic policy coordination can include fiscal policy, monetary policy, financial supervision and financial stability policy, sovereign debt policy and budget policy, as well as defense mechanisms against another financial crisis.

Asian and European countries should coordinate international trade and investment policies to prevent populism and external factors from bringing obstacles to Asia-Europe cooperation, and continuously promote trade and investment facilitation and liberalization.

Third, we need to adhere to the multilateral framework and improve and maintain more authoritative international economic rules.

Asia and European countries should work together to uphold and maintain the multilateral framework, push for WTO reforms, oppose US unilateralist policies, and resist US discriminatory provisions against other countries in the WTO reform process.

China and the European Union have established a joint working group to promote WTO reform. Other economies in Asia and Europe can also participate in the WTO reform agenda. Asia and European countries should adapt to the development of international trade and investment practices, and support the WTO in establishing international rules for digital trade, trade in services and international investment.

They should also support the more effective operation of the WTO dispute settlement mechanism and enable it to cover a wide range of trade disputes and support the WTO to establish an effective mecha-

nism to contain unilateralism.

Asian and European countries should continue to support multilateral institutions such as the International Monetary Fund, World Bank, Asian Infrastructure Investment Bank and Asian Development Bank, and support multilateral agreements and conventions such as the Paris Agreement on climate change, as an to maintain and improve the existing multilateral frameworks, and support the multilateral mechanism to play an important role in addressing global issues.

Finally, I would like to take this opportunity to talk about my views on the Belt and Road Initiative and the EU strategy of Connecting Europe and Asia.

President Xi Jinping proposed the Belt and Road Initiative five years ago. Guided by the principle of extensive consultation, joint contributions and shared benefits, the Belt and Road Initiative is committed to promoting the alignment of development strategies and complementary advantages of countries along the routes, thus creating a platform for multidimensional cooperation to achieve win-win and shared development. The European Union recently issued Connecting Europe and Asia. The EU Strategy which proposes a comprehensive and systematic policy approach to the Eurasian connectivity. The EU document positively evaluates the significance of Eurasian connectivity and its role in promoting economic growth in Europe and Asia, and advocates "comprehensive, sustainable and rule-based connectivity".

The EU's vision of connecting Europe and Asia is highly consistent with the Belt and Road Initiative, and the two can fully achieve strategic docking.

In terms of infrastructure investment, China has established a development financing system to provide funds for infrastructure construction, and has accumulated rich experience and capabilities in infrastructure construction. Europe has developed financial markets and mature infrastructure construction rules. China-EU cooperation has great potential for realizing the shared vision of connecting Europe and Asia. As long as we promote open and inclusive cooperation for win-win outcomes, the strategy of Connecting Europe and Asia and the Belt and Road Initiative will achieve effective alignment and become an important platform for Asia-Europe cooperation to meet global challenges.