Prospects for Economic Cooperation in Northeast Asia

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The Rise of Nationalism in CJK

• China asserts its regional role as a super military and economic power
  - Nationalism has been a powerful force behind sustaining national unity and managing internal conflicts and dissention
  - It believes it has economic leverage over other countries in the region and will use it
The Rise of Nationalism(II)

• Japan is determined to become a normal country with military capacity commensurate with its economic power
  - Attempts to contain the rise of China in the region where its base of influence is waning
  - Nationalism is one way of unifying the people under the banner of a “stronger Japan”
The Rise of Nationalism (III)

- Korea could lose its political independence if it continues to depend on China economically.
- Japan is unwilling to recognize Korea’s ascent to the rank of “other advanced economies”.
- It has become so globalized that it could lose national identity without infusing a sense of economic and political achievements.
The Rise of Nationalism (IV)

- Growing economic interdependence has not prevented the danger of nationalism
  - China believes it can survive the termination of trade with Japan and Korea
  - Japan will suffer, but is prepared to endure the consequences for national pride
  - Korea cannot survive
The Danger of Nationalism

• There is no regional security arrangement that can accommodate the rise of nationalism in all three countries
  - A minor incident could easily trigger a region-wide military conflict
  - The US military presence has been and will continue to be the only deterrent to warfare in Northeast Asia
Japan-Korea Relations

• There are no fundamental issues that pose risk of breaking up the bilateral relations
  - Should try to persuade the public futility of the bilateral disputes from the regional perspectives of security
  - Work together for accommodation of the rise of China
  - Most of all prevent nuclear buildup of North Korea
Japan’s exports to various parts of the world (% of total exports)

Source: IMF, Direction of Trade
Japan’s imports from various parts of the world (% of total imports)

Source: IMF, Direction of Trade
Tourist movements have been rising

Japan’s inbound tourists: Source country/region breakdown (%)
Tourist movements have been rising

China’s inbound tourists: Source country/region breakdown (%)
Rate of change in the number of foreign visitors to Japan (%, y-o-y)

Source: Japanese National Tourists Organization
Japan’s trade with China

[Graph showing trade trends from 2000 to 2013, with blue line for exports to China, red line for imports from China, and shaded areas for 12-month moving averages for both.]
Japan’s trade with Korea

![Graph showing trade between Japan and Korea from 2000 to 2014. The graph compares exports to Korea and imports from Korea, with a 12-month moving average line for both.](graph.png)
Tourist arrivals in Japan

Visitor Arrivals from China
Visitor Arrivals from Korea

12 区間移動平均 (Visitor Arrivals from China)
12 区間移動平均 (Visitor Arrivals from Korea)