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eepeening China-Japan Economic and Trade Relations: Now and in the Future

Trade and economic exchanges between Japan and China have gained increasing momentum in recent years. H. E. Song Zhiguang, Ambassador of the People's Republic of China in Japan, presents his view of this deepening and diversifying relationship.

China and Japan have made steady strides in their amicable neighborly relations by following the four principles of peace and friendship, equality and mutual benefits, mutual trust, and long-term stability. In fact, never in the history of our two nations have friendly exchanges been as close as they are today. The most prominent and important development in these exchanges is, of course, our fast-growing economic and trade relationship.

There are, I believe, four distinct characteristics in the economic and trade relations between our two countries. First, development has been extremely swift. Back in 1972, when the two nations normalized their diplomatic relations, bilateral trade totaled a mere US\$1 billion. In 1981, the figure came to US\$10 billion, a tenfold increase in a decade.

Secondly, there is a complementary character in the



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nature of our economies. China is endowed with abundant natural resources and a big market, and Japan is a country with advanced industrial technology. Our exports to Japan are, in fact, made up mostly of petroleum, coal, farm produce and other primary products, while Japan sells us manufactured goods, industrial technology, and plant and equipment.

A third characteristic is that we have maintained a healthy basic balance in our bilateral trade over the past few years. This shows the element of equality and mutual benefits in our trading relations.

Finally, economic cooperation between our two countries has seen great development in recent years. The number of projects undertaken has grown year by year, together with a steady expansion in the fields and scope of cooperation. Also, there is an increasing variety in the way economic cooperation is being pursued by our two countries.

“Modernization efforts”

Looking back over the years, the development of our trade relations has given us both encouragement and confidence for the future. At present, our country is vigorously pursuing the “four modernizations” with a view to turning China swiftly into a prosperous country with a better life for our people. In other words, we are going full steam ahead toward building a form of socialism which fits the characteristics of China. While we are primarily relying on our own efforts for the pursuit of these goals, we will also need the support and cooperation of our friends abroad.

In our modernization efforts, we are pursuing a two-pronged policy: domestically, our goal is to revitalize our economy, and internationally we pursue an open-door policy. We believe these two policies are complementary and mutually beneficial.

China's open-door policy is a logical outcome of the country's economic development. Although this policy has not been in effect for long, the results have been remarkable. In the last five years, China's external trade has doubled. Foreign investments in China soared to US\$11.2 billion, and the number of industrial projects and enterprises invested in by foreign capital reached about 2,000 cases.

As our open-door policy is compatible with the fundamental interests of our country, it enjoys the overwhelming support of all our people. It has in fact become an integral part of our basic national policy of fostering prosperity among the people and creating wealth for the nation. In March this year, the Chinese government, in a bid to pursue the open-door policy to the full, decided to open up 14 coastal cities and Hainan Island to foreign investment in addition to the four existing special economic zones. Meanwhile, the government also took steps to encourage more foreign enterprises to invest in China, either through wholly-owned subsidiaries, or through joint ventures and cooperative arrangements with Chinese enterprises. As an added incentive to invest in China, foreign investors have been allowed to sell some of their advanced technology products in the Chinese market.

“Economic growth”

After several years of readjustments, the Chinese economy is now developing healthily. Over the past three years, China's gross national product (GNP) has grown an average of 8% each year, and the value of China's GNP in fiscal 1983 increased by 10% from the previous year, and foreign trade by 11.4%. This high performance is expected to continue in the years ahead.



Coal wharf under construction at Qinhuangdao. This is one of China's key projects under the sixth five-year plan.

The progress in China's economic rebuilding together with the increased purchasing power of the Chinese people, means a further expansion in our enormous market of 1 billion people, and this creates immensely favorable conditions for developing our country's external economic and trade relations. In China's seventh five-year plan, our objective is to focus on the development of the country's energy supply and the improvement of transport and communications systems. However, we will also carry out technical innovation in some several hundred thousand enterprises throughout the country. This mammoth undertaking, unprecedented as it is, is essential not only for meeting present demands in our economic development but also for laying the right foundation for the country's future economic prosperity. For Japanese entrepreneurs, wouldn't this be a golden opportunity to exercise their business acumen?

China and Japan are two friendly nations and close neighbors, separated, so to speak, by a mere strip of water. In economic and trade relations, the conditions for further cooperation are favorable—namely good timing, a proximity in geography, and a cooperative spirit among our two peoples. As we consider the ties of economic cooperation between our two countries, we feel that they have developed beyond the normal confines of trade exchanges. To raise our economic and trade relations to a higher level still, we feel it necessary to seek new ways to promote economic and technological cooperation.

A close and lasting economic and trade relationship between China and Japan will not only conform to the mutual interests of our two peoples but will also contribute greatly toward peace and prosperity in Asia and the world. ●