PRACE NAUKOWE Uniwersytetu Ekonomicznego we Wrocławiu

RESEARCH PAPERS of Wrocław University of Economics

Redefinition of the Role of Asia-Pacific Region in the Global Economy

> edited by Bogusława Drelich-Skulska Anna H. Jankowiak Szymon Mazurek

Nr 370



Publishing House of Wrocław University of Economics Wrocław 2014 Copy-editing: Agnieszka Flasińska Layout: Barbara Łopusiewicz Proof-reading: Magdalena Kot Typesetting: Małgorzata Czupryńska Cover design: Beata Dębska

Information on submitting and reviewing papers is available on the Publishing House's website www.pracenaukowe.ue.wroc.pl www.wydawnictwo.ue.wroc.pl

The project has been cofinanced by the National Science Centre according to the decision No. DEC-2011/01/D/HS4/00639

The publication is distributed under the Creative Commons Attribution 3.0 Attribution-NonCommercial-NoDerivs CC BY-NC-ND



© Copyright by Wrocław University of Economics Wrocław 2014

ISSN 1899-3192 ISBN 978-83-7695-494-3

The original version: printed

Publication may be ordered in Publishing House tel./fax 71 36-80-602; e-mail: econbook@ue.wroc.pl www.ksiegarnia.ue.wroc.pl

Printing: TOTEM

Contents

Preface	9
---------	---

Part 1. Current Trends and Perspectives in Economic Policy of the Asia-Pacific Countries

Katarzyna Żukrowska: The role of Asia-Pacific region in current stage of	
development of world economy	13
Elżbieta Czarny, Jerzy Menkes: Role and significance of Asia and Europe	
in the U.S. policy	28
Marcin Grabowski: The role of transnational integration in forming of	
Northeast Asian Community	41
Szymon Mazurek: Diversity of cluster policies in Asian countries	57
Tomasz Wojciech Wiśniewski: The concept of energy security – overall	
analysis approach	71
Magdalena Broszkiewicz: Corporate Social Responsibility as a new source	
of competitiveness in Asia	89
Joanna Kos-Łabędowicz, Sylwia Talar: South Korea model of development	
of Internet economy infrastructure	100
Po Kai Fang: Taiwan's position in Asia-Pacific economic integration after the	
ECFA	116
Sebastian Bobowski: Thai clustering – typology of the emerging market	127
Paweł Dobrzański: Government's role in Asia-Pacific market economies.	
Japan vs. China	138

Part 2. Prospects of Trade, Investment and Finance in Asia-Pacific Region

Elżbieta Majchrowska: New trends in the global trade: TPP - pivot to	
Asia?	153
Jerzy Dudziński: Remarks on export of developing countries of Asia, Africa	
and Latin America in the 21 st century	164
Elżbieta Czarny, Paweł Folfas: Changes in trade introversion of Asian	
regional trade agreements as a measure of their openness to regional and	
global cooperation (comparative analysis)	176
Artur Klimek: Asian stock exchanges: Position and development	188

Ewa Trojnar: Taiwan's trade relations in the Asia-Pacific: Current stage and	
future challenges	197
Agnieszka Kukułka: Natural disasters and FDI inflow in the developing	
countries of South-Eastern Asia	208
Paweł Pasierbiak: International fragmentation of production and foreign trade of Japan	217
Iwona Pawlas: The role of India in the global economy in the beginning of the	
21 st century	228
Iwona Sobol: Islamic banking – the case of Malaysia	240

Part 3. The challenges for the Chinese economy in the 21st century

Marcin Jałowiecki: China's economy in the future till 2030	253
Anna H. Jankowiak: Economic differentiation of regions in China	267
Małgorzata Smagorowicz-Chojnowska: Xiao as a way to the future capital	
leadership of the Asian-Pacific region founded on Confucian values (based	
on the Chinese example)	281
Małgorzata Dziembała: Prospects for the development of economic cooper-	
ation between China and African countries	294
Kuang-yi Chao: Leadership or partnership – how China's Shanghai Pilot	
Free Trade Zone will promote RMB internationalization?	305
Łukasz Gacek: Challenges for the gas sector in China	313
Tomasz Bieliński: Development of human capital and governmental support	
as strategic advantages of Chinese high technology companies	326
Karolina Łopacińska: The competitive advantage of Chinese companies on	
the European market, and methods of building their market position	342

Streszczenia

Część 1. Współczesne trendy i perspektywy w polityce ekonomicznej regionu Azji i Pacyfiku

Katarzyna Żukrowska: Rola regionu Azji-Pacyfiku na obecnym etapie roz-	
woju światowej gospodarki	26
Elżbieta Czarny, Jerzy Menkes: Rola i znaczenie Azji i Europy w polityce	
USA	40
Marcin Grabowski: Rola integracji regionalnej w Azji w tworzeniu	
Wspólnoty Azji Północno-Wschodniej	55
Szymon Mazurek: Zróżnicowanie polityki klastrowej w krajach azjatyckich	70

Tomasz Wiśniewski: Pojęcie bezpieczeństwa energetycznego – podejście do	
całościowej analizy	88
Magdalena Broszkiewicz: Społeczna odpowiedzialność przedsiębiorstw	
jako nowe źródło konkurencyjności firm azjatyckich	99
Joanna Kos-Łabędowicz, Sylwia Talar: Południowokoreański model roz-	
woju infrastruktury gospodarki internetowej	115
Po Kai Fang: Pozycja Tajwanu w integracji ekonomicznej regionu Azji-Pa-	
cyfiku po ECFA	126
Sebastian Bobowski: Tajski klastering – typologia rynku wschodzącego	137
Paweł Dobrzański: Rola państwa w gospodarkach rynkowych Azji i Pacyfi-	
ku. Japonia vs. Chiny	150

Część 2. Perspektywy handlu, inwestycji i finansów w regionie Azji i Pacyfiku

Elżbieta Majchrowska: Nowe trendy w światowym handlu: TPP – zwrot	
w stronę Azji?	163
Jerzy Dudziński: Uwagi o eksporcie rozwijających się krajów Azji, Afryki	
i Ameryki łacińskiej w XXI wieku	175
Elżbieta Czarny, Paweł Folfas: Zmiany wewnętrznej orientacji handlowej	
azjatyckich ugrupowań integracyjnych jako miary ich otwarcia na współ-	
pracę regionalną i globalną (analiza porównawcza)	187
Artur Klimek: Azjatyckie giełdy papierów wartościowych: pozycja i roz-	
wój	196
Ewa Trojnar: Stosunki handlowe Tajwanu z regionem Azji i Pacyfiku: bieżą-	
cy stan i przyszłe wyzwania	208
Agnieszka Kukułka: Katastrofy naturalne a bezpośrednie inwestycje zagra-	
niczne w krajach rozwijających się Azji Południowo-Wschodniej	216
Paweł Pasierbiak: Międzynarodowa fragmentaryzacja produkcji a handel za-	
graniczny Japonii	227
Iwona Pawlas: Rola Indii w globalnej gospodarce początku XXI wieku	239
Iwona Sobol: Bankowość islamska – przykład Malezji	250

Część 3. Wyzwania dla gospodarki Chin w XXI wieku

Marcin Jałowiecki: Gospodarka Chin do roku 2030	266
Anna H. Jankowiak: Zróżnicowanie ekonomiczne regionów Chin	280
Małgorzata Smagorowicz-Chojnowska: Xiao jako droga wiodąca do przy-	
wództwa regionu Azji i Pacyfiku, oparta na wartościach konfucjańskich	
(na przykładzie Chin)	293

Małgorzata Dziembała: Perspektywy rozwoju współpracy gospodarczej	
Chin z krajami Afryki	306
Kuang-yi Chao: Przywództwo czy partnerstwo – jak pilotażowa szanghajska	
strefa wolnego handlu będzie promować internacjonalizację RMB?	312
Łukasz Gacek: Wyzwania stojące przed chińskim sektorem gazowym	325
Tomasz Bieliński: Rozwój kapitału ludzkiego oraz pomoc rządowa jako	
przewagi strategiczne chińskich firm sektora wysokich technologii	341
Karolina Łopacińska: Konkurencyjność firm z kapitałem chińskim na rynku	
europejskim i sposoby jej kształtowania	355

PRACE NAUKOWE UNIWERSYTETU EKONOMICZNEGO WE WROCŁAWIU RESEARCH PAPERS OF WROCŁAW UNIVERSITY OF ECONOMICS nr 370 • 2014

Redefinition of the Role of Asia-Pacific Region in the Global Economy

ISSN 1899-3192

Marcin Grabowski

Jagiellonian University, Kraków e-mail: martin.grabowski@gmail.com

THE ROLE OF TRANSNATIONAL INTEGRATION IN FORMING OF NORTHEAST ASIAN COMMUNITY

Abstract: The paper will analyse building and stumbling blocks of possible formation of the Northeast Asian Community in the foreseeable future. Analysis will be primarily based on system-theory, but only transnational and international levels (understood as inter-state level) will be taken into account. Supranational level, being at a very early stage of development in Northeast Asia, will be mentioned in a model, however, not fully analysed in this paper. The hypothesis of presented paper is as follows: building blocks of NE Asia Community exist at the transnational level (especially economic cooperation) and stumbling blocks at international (inter-state) level, especially in the political sphere.

Keywords: China-Japan-Korea, Northeast Asian Community, Northeast Asia, Trilateral Summit, Asian regional integration.

DOI: 10.15611/pn.2014.370.03

1. Introduction

Broadly understood East Asia (including Northeast and Southeast Asia) is one of the most dynamic regions in the world, bringing opportunities and threats for the global system, being a crucial element of the Asia-Pacific system. What is important, both the Asia-Pacific and East Asia institutionalize regional cooperation (in forms of regimes or organizations *in statu nascendi*). In this context Association of Southeast Asian Nations – ASEAN (and ASEAN Community), should be mentioned, being a crucial integration scheme for South-East Asia, Asia-Pacific Economic Cooperation – APEC, playing a crucial role for the Pacific-wide integration or U.S.-led Trans-Pacific Partnership are worth mentioning. In case of East Asia, one should focus on ASEAN + 3 (APT – ASEAN Plus Three) scheme, created after the Asian economic crisis and following East Asian Summit (initiated in 2005 in Kuala Lumpur). In the aforementioned context, lack of cooperation structure in North-East Asia seems to be surprising, having in mind different theoretical approaches, used for regional analysis. South Korea's 2008 initiative of Trilateral Summit of China, Japan and Korea, built on APT side meetings, institutionalized by the creation of an ASEAN Plus Three Secretariat in Seoul in 2011, as well as tripartite FTA negotiations, seems to be a chance for the change of the situation.

This paper analyses a set of building and stumbling blocks of Northeast Asian regional integration, based on regional integration theories, system theory and regional security complex theory. The basic assumption of the paper is that the transnational factors support Northeast Asian regional integration, *in statu nascendi* supranational factors (including especially newly created secretariat) reinforce transnational level, whereas international (understood as inter-state) level should be perceived as a stumbling block for regional integration and possible forming of Northeast Asian Community.

2. Theoretical assumptions

There is a set of theoretical and methodological approaches that should be applied for the regional integration analysis in Northeast Asia, hence not all of them may be taken into consideration in short paper. For the purpose of this research systemic approach has been selected as a broader analytical scheme, set of regional integration theories, being a matrix for the analysis of the so-called integrative potential.

Systemic approach in international relations is a one of the most widespread in international relations theory and analysis. It is both broad and multi-level approach, being widely described in scholarly literature. Despite the aforementioned, the way of analysis and even the idea of international system is still disputable.¹ System analysis brings high explanatory potential, showing how system structure determines its functioning, both the aggregate and its separate elements. Application of this approach allows us i.a. to find relations among units' attributes and their position in system's structure.² Detailed application of system analysis may be found at J. Dougherty i R. Pfaltzgraff.³

For the sake of this paper, level of analysis concept is crucial for this paper. B. Buzan and R. Little apply five levels of analysis, including: international systems, international subsystems, units (basically nation-states), subunits and individuals.⁴ Basing on their approach, just two levels will be analysed, i.e. international (inter-state) level and transnational level (including all types sub-state units' interactions,

¹ Problems in idea's conceptualization in IR historiography are analysed in: B. Buzan, R. Little, *International Systems in World History: Remaking the Study of International Relations*, Oxford University Press, New York 2000, pp. 17-34.

² See T. Łoś-Nowak, System międzynarodowy, [in:] *eadem* (ed.), *Współczesne stosunki międzynarodowe*, Wydawnictwo Uniwersytetu Wrocławskiego, Wrocław 2008, pp. 96, 97.

³ J. Dougherty, R. Pfaltzgraff, *Contending Theories of International Relations: A Comprehensive Survey*, Harper & Row, New York 1990, p. 148.

⁴ B. Buzan, R. Little, op.cit., p. 69.

including individuals, and presuming this level may influence both state level, and supranational level).

Second set of theories is connected with possibilities of regional integration. In this one should refer to Joseph Nye's concept of the integrative potential. He mentioned four conditions, favouring integration (symmetry or economic equality of units; complementarity of the elite value; existence of pluralism, capacity of member states to adapt and respond).⁵ Looking briefly at the above-mentioned four factors, we may definitely question most of them in case of Northeast Asian regional cooperation. There is no symmetry or economic equality of units, but we may see integration in the region as a way of looking for core areas. Problems with internal stability and complementarity of values among participating units are also clearly visible (this seems to be main issue among those three countries). On the other hand, pluralism of actors (especially on trans-national level) gives the process impetus (visible in economic data). Therefore, the primary force of the NE Asian regional integration is business people and consumers and we can for sure call it market driven integration. It is clearly visible in case of East Asia (including SE and NE Asia), where manufacturing networks are crucial factors of economic cooperation. I would also stress other factors, including especially the role of an academic community, as well as people-to-people exchanges (migrations, education, religious connections, etc.).6

Worth recalling is also the concept of L. Cantori and S. Spiegel, who accurately defined a regional subsystem (we may think of East Asia or Northeast Asia), as a group of nearby and cooperating states, connected to each other by ethnical, lingual, culture, social and historical links, whose sense of identity may be additionally strengthen by activities of subjects external to this system.⁷ Having in mind the latter definition, Northeast Asia seems integration-prone, hence we may predict such a development in the future, despite current obstacles.

3. Model for regional integration in Northeast Asia

In the model of regional cooperation between the Peoples' Republic of China, Japan and the Republic of Korea three levels of analysis should be analysed. The basic level is the level of international (inter-state) collaboration between China,

⁵ See J. Nye, *Peace in Parts: Integration and Conflict in Regional Organization*, Little, Brown, Boston 1971, cited after: J. Dougherty, R. Pfaltzgraff, *Contending Theories of International Relations: A Comprehensive Survey*, Harper & Row Publishers, New York 1990, pp. 444, 445.

⁶ While dealing with problems of regional integration, it is useful to quote J. Nye's definition of a region, where region is defined as a group of states connected both by geographical links, and a certain degree of mutual interdependence, J. Nye, *International Regionalism*, Little, Brown, Boston 1968, p. vii.

⁷ See L. Cantori, S. Spiegel, *The international Politics of Regions: A Comparative Approach*, Prentice-Hall, Englewood Cliffs, NJ, 1970, pp. 7–20, 607.

Japan and South Korea. It is important, however, to have in mind collaboration on two levels, namely transnational (here people-to-people interactions as well as economic interactions are depicted) and international (understood mainly as intergovernmental relations), where polarity of the system theory is an important factor⁸. Apart from three basic actors (China, Japan and South Korea), there are two "troublemakers", namely Taiwan (Republic of China) and North Korea (Democratic Peoples' Republic of Korea), playing an important role in regional cooperation in the context of collaboration and competition between regional players, due to the need of strong external actor's engagement, namely the United States.⁹

4. International level in Northeast Asia

At the international level, classical theory of polarity should be applied. For this sake, tripolar system may be analysed as a model of multipolar one, although due to its specifics and role in Northeast Asia, will be used for the analysis of the regional system in East Asia and South Korea or unified Korea's role in it.¹⁰ Formally there was no tripolar international system in history, although Sino-Soviet-U.S. relations since 1960s may be perceived as such.¹¹ Such concept is deeply rooted in theory and practice of international relations in the Asia-Pacific sub-system. Such a model is present in Chinese strategic thinking, hedging between Russia and the United States or between the U.S. and the EU.¹² Other conceivable triangles are China, Japan and the U.S.¹³, China, India and the U.S.¹⁴ or even Russia, China and India to

⁸ Sub-unit factors, like groups, companies, consumers, eminent persons can and do influence behaviour of states' authorities, but this part of the analysis will not be presented here.

⁹ This issue is broadly analysed in many works, including: M. Grabowski, Korean unifications prospects and the United States' policy, *Ad Americam* 2013, vol. 14; *U.S. Policy toward the Korean Peninsula*, S. Snyder (project director), Independent Task Force Report no. 64, Council on Foreign Relations, New York 2010; N. Silver, *The United States, Japan, and China: Setting the Course*, Council on Foreign Relations, New York 2000; S. Snyder, Prospects for Sino-American policy coordination toward North Korea, *International Journal of Korean Unification Studies* 2012, vol. 21, no. 1; T. Christensen, China, the U.S.-Japan alliance and the security dilemma in East Asia, [in:] J. Ikenberry, M. Mastanduno (eds.), *International Relations Theory and the Asia-Pacific*, Columbia University Press, New York 2003.

¹⁰ More about trilateral international system: O. Rourke, *International Politics on the World Stage*, McGraw Hill, Guilford, CT, 1997, p. 66.

¹¹ More about tripolarity in: R. Ross (ed.), *China, the United States, and the Soviet Union: Tripolarity and the Policy Making in the Cold War*, M.E. Sharpe, Armonk 1993, *passim.*

¹² D. Shambaugh, The new strategic triangle: U.S. and European reactions to China's rise, *The Washington Quarterly* 2005, vol. 28, no. 3.

¹³ M. Zhang, The emerging Asia-Pacific triangle, *Australian Journal of International Affairs* 1998, vol. 52, no. 1; E. Vogel, Yuan Ming, Akihiko Tanaka (eds.), *The Age of Uncertainty: The U.S.-Chi-na-Japan Triangle from Tiananmen (1989) to 9/11 (2001)*, Harvard University Asia Center, Cambridge, MA, 2004.

¹⁴ J. Garver, The China-India-U.S. triangle: Strategic relations in the post-cold war era, *NBR Analysis* 2002, vol. 13, no. 5, http://www.nbr.org/publications/nbranalysis/pdf/vol13no5.pdf.

balance American presence in the region.¹⁵ Definitely it is the U.S. being perceived as a leader of international relations in the region (being formally an external player), especially if regional environment is properly shaped.

Beijing, Tokyo, Washington triangle is definitely a crucial factor of peace and stability in the region and Korean factor, being a strategic pivot of the regional system may support the system, but unfortunately, very likely help in regional system's destruction. All three powers have broad interests in the region and maintenance of the balance of power among them is definitely a challenge. Japan is perceived as an American "unsinkable aircraft carrier" in Asia and traditional competitor (or even enemy) of China.¹⁶ Improvement of relations between the U.S. and China is perceived as a threat to Japan and simultaneously, improvement of relations between the U.S. and Japan is a danger for China.¹⁷

Sino-Japanese cooperation is of vital importance for regional integration in East Asia and it should aim at integration dialogue, similar to post-war Europe, where France and Germany became the core of European Community. Such model, based on Sino-Japanese cooperation, including their relations with unified Korea (and common policy towards both Koreas at the moment and unified Korea in the future), seems to be the best for the regional system.¹⁸ The U.S. can also benefit from such cooperation, even if in the short run their influence in the region would be limited.¹⁹

¹⁸ There is a set of conflicting issues between China and Japan to be analysed at this level, connected mostly with historical memory issues (including Yasukuni Shrine visits of Japanese prime ministers, like the last visit of Shinzo Abe), textbooks problem, or territorial disputes (Diaoyou tai/Senkaku Gunto islands). See Y. Ryu, The Yasukuni controversy: Divergent perspectives from the Japanese political elite, *Asian Survey* 2007, vol. 47, no. 5; A. Bukh, Japan's history textbook debates: National identity in narratives of victimhood and victimization, *Asian Survey* 2007, vol. 47, no. 5; E. Streckner-Downs, P. Saunders, Legitimacy and the limits of nationalism: China and the Diaoyou Islands, *International Security* 1998/99, vol. 23, no. 3; L. Hagström, Quiet power: Japan's China policy in regard to the Pinnacle Islands, *The Pacific Review* 2005, vol. 18, no. 2. Similar problems exist between Japan and South Korea, including historical issues (like "comfort women" issue), or territorial dispute (Dok-do/ Takeshima islands). See e.g. D. Hundt, R. Bleiker, Reconciling colonial memories in Korea and Japan, *Asian Perspective* 2007, vol. 31, no. 1.

¹⁹ See Statement of Ms. Mindy Kotler, Director, Asia Policy Point: *Japan's Relationship with Its Neighbors: Back to the Future?*, Hearing before the Committee on International Relations, House of Representatives, One Hundred Ninth Congress, September 14, 2006, 24.11.2014: http://commdocs. house.gov/committees/intlrel/hfa29883.000/hfa29883_0f.htm; Lim Hua Sing, Japan and China in East

¹⁵ H. Pant, Feasibility of the Russia-China-India strategic triangle: Assessment of theoretical and empirical issues, *International Studies* 2006, vol. 43, no. 1.

¹⁶ See Z. Brzezinski, *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives*, Basic Books, New York 1997, p. 19.

¹⁷ See T. Carpenter, Rolling Asia: U.S. coziness with China upsets the neighbors, *Foreign Affairs* 1998, vol. 77, no. 6; T. Christensen, *op.cit.*, pp. 25–46; N. Silver, *op.cit.* According to C. Soerensen skillful U.S. policy may lead to constructive relations between China and Japan and improper one (quite common after the cold war) may lead to destabilization of the regional system. See C. Soerensen, Strategic "triangularity" in Northeast Asia: The Sino-Japanese security relationship and U.S. policy, *Asian Perspective* 2006, vol. 30, no. 3.

5. Transnational level in Northeast Asia

Transnational level seems to bring the highest number of building blocks for the successful conclusions of trilateral negotiations, especially due to economic factors. Two areas – economic cooperation (trade and investment relations) and people-to-people exchange (P2P) will be taken into considerations, based on data provided by the Trilateral Cooperation Secretariat.

Trade volumes of three countries in 2001–2011 are shown in Tables 1–3. Data illustrates Chinese trade with Japan and Korea, Japanese trade with China and Korea and Korean trade with China and Japan (one should take into account the influence of global economic crisis initiated in 2009 for the changes in international trade), showing growing role of Japanese exports to China (Japan exports more than 20% of its total export to China, Korea exports to China almost 24% of its total export). Those data show not only interdependence among those three countries, but also their growing dependence on exports to the PRC.

China						
Year	Jaj	Japan ROK		ROK Total		otal
Ical	exports	imports	exports	imports	exports	imports
2001	45.078 (16.9)	42.810 (17.6)	12.544 (4.7)	23.396 (9.6)	266.723 (100.0)	243.567 (100.0)
2002	48.483 (14.9)	52.489 (18.1)	15.508 (4.8)	28.581 (9.7)	325.783	295.440
2003	59.423 (13.6)	74.151 (18.0)	20.096 (4.6)	43.135 (10.4)	438.486	412.837
2004	73.536 (12.4)	94.192 (16.8)	27.810 (4.7)	62.166 (11.1)	593.77	560.811
2005	84.097 (11.0)	100.468 (15.2)	35.117 (4.6)	76.874 (11.6)	762.648	660.224
2006	91.773 (9.5)	115.811 (14.6)	44.558 (4.6)	89.819 (11.3)	969.698	791.795
2007	102.116 (8.4)	133.903 (14.0)	55.129 (4.6)	104.045 (10.9)	1.218.700	956.264
2008	116.176 (8.1)	150.808 (13.3)	73.905 (5.2)	112.175 (9.9)	1.429.340	1.131.920
2009	98.045 (8.1)	130.928 (13.0)	56.639 (4.7)	102.501 (10.2)	1.203.420	1.003.910
2010	120.262 (7.6)	176.304 (12.6)	68.811 (4.4)	138.024 (9.9)	1.580.400	1.393.920
2011	147.290 (7.8)	194.410 (11.2)	82.925 (4.4)	161.673 (9.3)	1.899.278	1.741.429

Table 1. Chinese trade with Japan and Korea (million USD, % total)

Source: *Trilateral Trade Statistics*, Trilateral Cooperation Secretariat, Seoul 2012, http://tcs-asia.org (retrieved: 25.02.2014), p. 79.

Asian Integration, Institute of Southeast Asian Studies, Singapore 2008, pp. 256–359; H. Yoshimatsu, *Japan and East Asia in Transition: Trade Policy, Crisis and Evolution, and Regionalism*, Palgrave Macmillan, New York 2003, pp. 136–156; C. Dent, Japan, China and East Asian regionalism: Implications for the European Union, *Asia-Europe Journal* 2009, vol. 7; J. You, East Asian community: A new platform for Sino-Japanese cooperation and contention, *Japanese Studies* 2006, vol. 26, no. 1.

Japan						
Year	China		ROK		Total	
Teal	exports	imports	exports	imports	exports	imports
2001	30.948 (7.7)	57.780 (16.6)	25.292 (6.3)	17.221 (4.9)	403.652 (100.0)	349.106 (100.0)
2002	39.958 (9.6)	61.792 (18.3)	28.612 (6.9)	15.498 (4.6)	416.969	337.195
2003	57.480 (12.2)	75.559 (19.7)	34.823 (7.4)	17.931 (4.7)	472.063	382.973
2004	73.917 (13.1)	94.335 (20.7)	44.247 (7.8)	22.063 (4.9)	566.137	454.857
2005	80.005 (13.4)	108.439 (21.0)	46.678 (7.8)	24.398 (4.7)	595.138	515.223
2006	92.789 (14.3)	118.444 (20.5)	50.209 (7.8)	27.398 (4.7)	647.182	578.223
2007	109.297 (15.3)	127.760 (22.1)	54.269 (7.6)	27.300 (4.7)	714.883	578.724
2008	124.969 (16.0)	143.678 (23.1)	59.426 (7.6)	29.505 (4.7)	782.859	621.887
2009	109.632 (18.9)	122.536 (16.1)	47.237 (8.1)	21.986 (2.9)	581.579	762.453
2010	149.626 (19.4)	153.369 (27.8)	62.270 (8.1)	28.649 (5.2)	771.720	551.928
2011	161.845 (19.6)	183.830 (21.5)	66.000 (8.0)	39.770 (4.7)	824.525	853.961

Table 2. Japanese trade with China and Korea (million USD, % total)

Source: Trilateral Trade..., p. 81.

Table 3. Korean trade with China and Japan (million USD, % total)

ROK								
Year	China		Jaj	pan	Total			
Teal	exports	imports	exports	imports	exports	imports		
2001	18.190 (12.0)	13.303 (9.4)	16.506 (10.9)	26.633 (18.9)	151.039 (100.0)	141.099 (100.0)		
2002	23.754 (14.6)	17.400 (11.4)	15.143 (9.3)	29.856 (19.6)	163.143	152.127		
2003	35.110 (18.0)	21.909 (12.3)	17.276 (8.9)	36.313 (20.3)	194.695	178.826		
2004	49.763 (19.6)	29.585 (13.2)	21.701 (8.5)	46.145 (20.6)	254.363	224.462		
2005	61.915 (24.0)	38.648 (14.8)	24.027 (9.3)	48.403 (18.5)	258.484	261.238		
2006	69.459 (21.3)	48.557 (15.7)	26.534 (8.1)	51.926 (16.8)	326.329	309.382		
2007	81.985 (21.9)	63.028 (17.7)	26.370 (7.1)	56.250 (15.8)	373.737	356.847		
2008	91.389 (21.4)	76.930 (17.7)	28.253 (6.6)	60.956 (14.0)	426.763	435.275		
2009	86.703 (23.2)	54.246 (16.8)	21.771 (5.8)	49.428 (15.3)	373.207	323.124		
2010	125.476 (28.4)	75.692 (18.2)	26.044 (5.9)	68.497 (16.5)	442.236	415.138		
2011	134.205 (23.8)	86.426 (16.5)	39.713 (7.0)	68.302 (13.0)	563.571	524.436		

Source: Trilateral Trade..., p. 83.

Table 4 illustrates the aforementioned thesis of the Chinese importance to Japanese and Korean exports, it is worth mentioning, however, that Chinese export

is to a large extent directed to Hong Kong, hence re-exported, partially also to NE Asian countries.²⁰

	Unit: Million US \$ (%)							
Rank	Ch	Jaj	oan	RC	ROK			
1	USA	324.300 (17.1)	China	161.467 (19.7)	China	134.185 (24.2)		
2	Hong Kong	267.516 (14.1)	USA	125.673 (15.3)	USA	56.208 (10.1)		
3	Japan	147.290 (7.8)	ROK	65.863 (8.0)	Japan	39.680 (7.1)		
4	ROK	82.925 (4.4)	Taiwan	50.692 (6.2)	Hong Kong	30.968 (5.6)		
5	Germany	76.433 (4.0)	Hong Kong	42.828 (5.2)	Singapore	20.839 (3.8)		
6	Netherlands	59.482 (3.1)	Thailand	37.399 (4.6)	Taiwan	18.206 (3.3)		
7	India	50.489 (2.7)	Singapore	27.163 (3.3)	Indonesia	13.564 (2.4)		
8	UK	44.113 (2.3)	Germany	23.435 (2.9)	Viet Nam	13.465 (2.4)		
9	Russia	38.886 (2.1)	Malaysia	18.714 (2.3)	India	12.654 (2.3)		
10	Singapore	35.297 (1.9)	Netherlands	17.872 (2.2)	Brazil	11.821 (2.1)		

Table 4. Top 10 export markets in 2011

Source: Trilateral Trade..., p. 85.

Tables 5 and 6 illustrates foreign direct investment inflows and stock, showing the primacy of China as a basic recipient of FDI in NE Asia, but simultaneously share of Japanese and Korean FDIs is relatively low (it is even better visible in Table 6, showing stock of inward FDI). On the other hand, worth mentioning is relatively big share of Japanese investment in Korea, as well as slowly growing mutual investment engagement (especially Japanese and Korean investment engagement in China).

²⁰ Data from 2012 shows most of Hong Kong's exports go to China (57.7%), then to the U.S. (8.9%) and Japan (4.2%). Quoted from *The CIA World Factbook*, 25.02.2014, https://www.cia.gov/library/publications/the-world-factbook/geos/hk.html (retrieved: 25.02.2014).

	by Partner Country								
Year	China (Reporting Country)			Japan (R	eporting C	Country)	ROK (Reporting Country)		
real	World	Japan	ROK	World	China	ROK	World	China	Japan
2001	44.241	1.483	-272	17.927	3.3	25	3.859	47	524
2002	49.308	1.718	_	17.455	2.4	25	3.059	81	377
2003	47.077	3.065	1.305	18.252	2.6	33	3.888	184	186
2004	54.937	4.539	2.291	37.232	8.3	228	7.726	696	1.735
2005	117.2	6.596	_	2.778	11.8	29	6.066	2	1.469
2006	124.100	6.164	3.075	-6.503	12	108	4.964	29	1.431
2007	160.100	6.203	4.913	22.548	14.4	216	1.45	47	633
2008	175.100	6.480	4.035	24.418	36.8	283	7.603	242	2.084
2009	114.200	6.938	3.545	11.939	-144.3	259	6.586	67	1.592
2010	185.000	7.16	5.313	-1.252	314.5	267	8.117	104	2.517

Table 5. Foreign direct investment inflows

Source: Trilateral Trade..., p. 91.

by Partner Country										
Veen	China (R	eporting C	Country)	Japan (R	Japan (Reporting Country)			ROK (Reporting Country)		
Year	World	Japan	ROK	World	China	ROK	World	China	Japan	
2001	-	10.018	4.386	50.320	72	190	41.282	138	6.614	
2002	-	1.236	_	78.143	80	209	44.341	219	6.991	
2003	-	15.277	6.441	89.729	90	244	48.229	404	7.177	
2004	368.970	20.142	8.852	96.978	89	535	55.955	1.100	8.912	
2005	471.549	24.553	_	100.901	102	311	62.020	1.102	10.381	
2006	612.508	30.309	14.533	107.636	100	423	70.951	1.131	11.766	
2007	703.667	37.505	23.728	132.854	124	689	67.842	1.178	12.419	
2008	915.524	48.747	31.823	203.369	224	1.229	75.446	1.326	13.533	
2009	1.314.800	55.090	31.388	200.153	197	1.445	117.732	1.056	27.091	
2010	1.476.400	66.531	57.278	214.890	399	1.935	134.234	1.078	32.403	

Table 6. Foreign direct investment inward stock (million USD)

Source: Trilateral Trade..., p. 93.

Data presented in Tables 1–6 confirm growing importance of mutual economic relations, however, visible especially in trade. In this context, the role of China, being crucial export partner for both Japan and the Republic of Korea, should be considered. On the other hand, investment cooperation is still relatively low, being the highest between Japan and South Korea.

In terms of people-to-people (P2P) contacts data from 2007–2011 is not so clear. Table 7 presents number of travellers among three countries, showing especially growth of travellers from China to Korea (ROK), from Japan to ROK, stable number of travellers from China to Japan and decreasing from ROK.

	Total number of travelers							
Year	Destination	From China	From Japan	From ROK				
	To China		3.977.489	4.777.100				
2007	To Japan	942.439		2.600.694				
	To ROK	1.068.925	2.235.936					
	To China		3.446.117	3.960.400				
2008	To Japan	1.000.416		2.382.397				
	To ROK	1.167.891	2.378.102					
	To China		3.317.459	3.197.500				
2009	To Japan	1.006.085		1.586.772				
	To ROK	1.342.317	3.053.311					
	To China		3.371.200	4.076.400				
2010	To Japan	1.412.875		2.439.816				
	To ROK	1.875.157	3.023.009					
	To China		3.658.200	4.185.400				
2011	To Japan	1.043.245		1.658.067				
	To ROK	2.220.196	3.289.051					

Table 7	Travellers	among	three	countries
Table 7.	Traveners	among	unce	countries

Source: Trilateral Trade..., p. 160.

Table 8. Number of foreign residents in other two countries

Number of resident foreign nationals							
	China		Jaj	oan	ROK		
Year	Japan	ROK	China	ROK	China	Japan	
2007	_	_	606.889	593.489	503.427	41.053	
2008	-	-	655.377	589.239	555.517	51.763	
2009	-	-	680.518	578.495	555.082	47.718	
2010	66.159	120.750	687.156	565.989	608.881	48.905	
2011	_	_	674.879	545.401	677.954	58.169	

Source: Trilateral Trade..., p. 162.

Table 8 presents number of foreign residents in other two countries. Unfortunately, comparative data from China was unavailable, but crucial trend is visible in South Korea, where number of both Chinese and Japanese residents is growing.

Finally Table 9 shows number and a share of foreign students in other two countries. If we look at the share of Chinese students in Japan and Korea (63.4 and 68.9, respectively), we may expect reinforcing social networks for the future. Unfortunately it is still not mutual and there is lack of institutionalized support for such a development (like Asian Erasmus program).

Number of foreign students								
Year In Ch		ina	In Japan ¹		In R	.OK		
real	Japanese	Korean	Chinese	Korean	Chinese	Japanese		
2007	18.640	64.481	71.277	17.274	33.650	3.854		
2008	16.733	66.806	72.766	18.862	44.746	3.324		
2009	-	-	79.082	19.605	53.461	3.931		
2010	16.808	64.957	86.173	20.202	57.783	3.876		
2011	17.961	62.442	87.533	17.640	-	-		
	¹ As of May 1							
			Unit %					
		% C	of total foreign s	tudents				
Year	In Ch	ina	In Ja	ipan	In R	OK		
real	Japanese	Korean	Chinese	Korean	Chinese	Japanese		
2007	9.5	33.0	60.2	14.6	68.3	7.8		
2008	7.5	29.9	58.8	15.2	70.0	5.2		
2009	_	-	59.6	14.8	70.5	5.2		
2010	6.3	23.7	60.8	14.2	68.9	4.6		
2011	6.1	21.3	63.4	12.8	_	_		

Source: Trilateral Trade..., p. 164.

Summing up, we may observe, at transnational level, or generally integration in North East Asia is market-driven process, but with slowly growing (in some areas stagnating) social component. Institutional structure (possibly supranational in the future) should be built on these foundations.

6. Northeast Asia community development

On the sideline of ASEAN + 3 meeting, leaders of China, Japan and South Korea began their annual meetings in 1999. These meetings were transformed into official trilateral summits in 2008, when heads of states and governments (Taro Aso, Wen Jiabao, Lee Myung-bak) met in Fukuoka. There were five summits up to date, the last one held in 2012 in Beijing. Since 2007 Foreign Ministers' Meetings have been taking place, and since 2009 heads' of government agencies responsible for disaster management have been meeting. Environment ministers meet annually since 1999 and earthquake disaster mitigation meetings have taken place since 2004 (biannually). Similarly, since 2004 trade and economic ministers meet, as well as ministers responsible for transport and logistics (since 2006), representatives of patent offices' (since 2001), customs heads (since 2007), central banks' governors (since 2009), finance ministers (2002), health ministers (2007), culture ministers (2007), tourism ministers (2006), agriculture ministers (2012), water resources' ministers (2012).²¹

Scope of those meetings indicates a wide variety of issues, generally connected with broadly understood cooperation, showing the will for integration among countries of Northeast Asia. The basic achievement in order to institutionalize the trilateral cooperation was establishment of Trilateral Cooperation Secretariat in Seoul in 2011.²²

The crucial initiative at the moment is the one aiming at the creation of the Trilateral China–Japan–Korea Free Trade Area. Those negotiations were inaugurated in March 2013 in Seoul. Currently six rounds of negotiations took place (the last one in November 2014), however, there is little chance for a spectacular success, as all three countries try to protect fragile sectors of their markets.²³ It is also worth mentioning that such negotiations will not possibly bring those countries more benefits than other (broader) preferential economic agreements.²⁴ Possible benefits of China–Japan–Korea FTA are depicted in Table 10.

²¹ 2012–2013 Progress Report of the Trilateral Cooperation, TCS Secretariat, http://www.tcs-asia. org/dnb/board/list.php?board_name=3_5_2_documents_2, pp. 37, 38 (retrieved: 25.02.2014).

²² See: Website of the Secretariat: http://www.tcs-asia.org/dnb/main/index.php (retrieved: 25.02.2014).

²³ See Joint Press Release with the Ministry of Foreign Affairs: Sixth Round of Negotiations (DG/ DDG Meetings) on a Free Trade Agreement (FTA) among Japan, China and the ROK, http://www.meti. go.jp/english/policy/external_economy/trade/FTA_EPA/ (retrieved: 2.01.2015).

²⁴ There are important economic benefits of a free trade in a bigger region (economies of scale), hence integration within Asia-Pacific seems definitely more profitable. In the analysis presented by P. Drysdale and J. Drake-Brockman the impact of trade liberalization on Chinese GDP was shown. Assuming that in case of WTO liberalization GDP growth would be 100%, integration within APEC would be 61%, within ASEAN + 3 41%, within +3 (China, Japan, South Korea) 35%, in case of Greater China (China, Hong Kong, Taiwan) 28%, and China and ASEAN just 7%. See J. Drake-Brockman, P. Drysdale, *History of Regional Economic Integration in East Asia*, http://www.crawford.anu.edu.au/pdf/staff/peter_drysdale/mexico.pdf, pp. 2, 3 (retrieved: 15.06.2012).

Unit: %, million US \$							
	GDP growth rate	Economic welfare gain					
China	0.30		3,349				
Japan	0.37		16,76				
ROK	3.55		12,446				
Cross-s	sector industrial impacts of the CJ	KFTA					
	China	Japan	ROK				
Agriculture	+	-	_				
Fishery	+	/	_				
Textile	+	-	+				
Electronics	+	/	+				
General Machinery	_	+	_				
Steel	/	+	/				
Automobiles	_	+	/				
Chemical	_	+	+				

Table 10. Economic effects of China–Japan–Korea FTA (estimates of 2005)

+ means the output increases, – means the output decreses, and / means the impact is quite small.

Source: Trilateral Trade..., p. 128.

7. Conclusions

Summing up the theories presented in first part of this paper, as well as factors analysed in the second part, we may definitely say that integration in Northeast Asia is possible, as important factors, especially at transnational level, favour this process, however, there is still need for higher social cohesion among societies of those three countries. Therefore certain financial resources should be allocated to increase cooperation among societies, as level of migrations and educational exchange is insufficient in terms of possibilities for building a community. But, first and foremost, there must be a political will among elites, hence at the national state level, in those countries to overcome historical grievances and move forward, especially though, according to all presented theories, such move should not be extremely difficult.

Creation of Northeast Asian Community would definitely reinforce the region in the global system, as collaborating China and Japan could be an important global player, much stronger than collaborating Germany and France, if referring to European integration example. Such a development would probably further weaken the U.S. role, but could also stabilize the system, lowering costs of military presence for the U.S. If we look at three regional players, Korea should benefit most in economic terms (GDP growth). Japan should benefit most in terms of welfare gains (in case of further integration, including monetary one, extra benefits would appear – this issue was not discussed in the paper). China would nominally win least, but China is a crucial player in regional integration, hence bettering political climate towards China is a must in Northeast Asia anyhow. Therefore we may imagine, despite current difficulties, transnational factors will prevail over international and further integration (at least functional) will be observed in NE Asia, even though creation of Northeast Asian Community may be a distant goal.

References

- 2012–2013 Progress Report of the Trilateral Cooperation, TCS Secretariat, http://www.tcs-asia.org/ dnb/board/list.php?board_name=3_5_2_documents_2 (retrieved: 25.02.2014).
- Brzezinski Z., The Grand Chessboard: American Primacy and Its Geostrategic Imperatives, Basic Books, New York 1997.
- Bukh A., Japan's history textbook debates: National identity in narratives of victimhood and victimization, *Asian Survey* 2007, vol. 47, no. 5.
- Buzan B., Little R., International Systems in World History: Remaking the Study of International Relations, Oxford University Press, New York 2000.
- Cantori L., Spiegel S., *The international Politics of Regions: A Comparative Approach*, Prentice-Hall, Englewood Cliffs, NJ, 1970.
- Carpenter T., Rolling Asia: U.S. coziness with China upsets the neighbors, *Foreign Affairs* 1998, vol. 77, no. 6.
- Christensen T., China, the U.S.-Japan alliance and the security dilemma in East Asia, [in:] J. Ikenberry, M. Mastanduno (eds.), *International Relations Theory and the Asia-Pacific*, Columbia University Press, New York 2003.
- Dent C., Japan, China and East Asian regionalism: Implications for the European Union, *Asia-Europe Journal* 2009, vol. 7.
- Dougherty J., Pfaltzgraff R., Contending Theories of International Relations: A Comprehensive Survey, Harper & Row, New York 1990.
- Drake-Brockman J., Drysdale P., *History of Regional Economic Integration in East Asia*, http://www.crawford.anu.edu.au/pdf/staff/peter_drysdale/mexico.pdf (retrieved: 15.06.2012).
- Garver J., The China-India-U.S. triangle: Strategic relations in the post-cold war era, *NBR Analysis* 2002, vol. 13, no. 5, http://www.nbr.org/publications/nbranalysis/pdf/vol13no5.pdf.
- Grabowski M., Korean unifications prospects and the United States' policy, *Ad Americam* 2013, vol. 14.
- Hagström L., Quiet power: Japan's China policy in regard to the Pinnacle Islands, *The Pacific Review* 2005, vol. 18, no. 2.
- http://www.tcs-asia.org/dnb/main/index.php (retrieved: 25.02.2014).
- Hundt D., Bleiker R., Reconciling colonial memories in Korea and Japan, *Asian Perspective* 2007, vol. 31, no. 1.
- Joint Press Release with the Ministry of Foreign Affairs: Sixth Round of Negotiations (DG/DDG Meetings) on a Free Trade Agreement (FTA) among Japan, China and the ROK, http://www.meti. go.jp/english/policy/external economy/trade/FTA EPA/ (retrieved: 2.01.2015).
- Lim Hua Sing, Japan and China in East Asian Integration, Institute of Southeast Asian Studies, Singapore 2008.

- Łoś-Nowak T., System międzynarodowy, [in:] eadem (ed.), Współczesne stosunki międzynarodowe, Wydawnictwo Uniwersytetu Wrocławskiego, Wrocław 2008.
- Nye J., International Regionalism, Little, Brown, Boston 1968.
- Nye J., Peace in Parts: Integration and Conflict in Regional Organization, Little, Brown, Boston 1971.
- Pant H., Feasibility of the Russia-China-India strategic triangle: Assessment of theoretical and empirical issues, *International Studies* 2006, vol. 43, no. 1.
- Ross R. (ed.), *China, the United States, and the Soviet Union: Tripolarity and the Policy Making in the Cold War*, M.E. Sharpe, Armonk 1993.
- Rourke O., International Politics on the World Stage, McGraw Hill, Guilford, CT, 1997.
- Ryu Y., The Yasukuni controversy: Divergent perspectives from the Japanese political elite, *Asian Survey* 2007, vol. 47, no. 5.
- Shambaugh D., The new strategic triangle: U.S. and European reactions to China's rise, *The Washington Quarterly* 2005, vol. 28, no. 3.
- Silver N., *The United States, Japan, and China: Setting the Course*, Council on Foreign Relations, New York 2000.
- Snyder S., Prospects for Sino-American policy coordination toward North Korea, *International Journal* of Korean Unification Studies 2012, vol. 21, no. 1.
- Soerensen C., Strategic "triangularity" in Northeast Asia: The Sino-Japanese security relationship and U.S. policy, Asian Perspective 2006, vol. 30, no. 3.
- Statement of Ms. Mindy Kotler, Director, Asia Policy Point: Japan's Relationship with Its Neighbors: Back to the Future?, Hearing before the Committee on International Relations, House of Representatives, One Hundred Ninth Congress, 2006, September 14, http://commdocs.house.gov/committees/intlrel/hfa29883.000/hfa29883 0f.htm (retrieved: 24.11. 2014).
- Streckner-Downs E., Saunders P., Legitimacy and the limits of nationalism: China and the Diaoyou islands, *International Security* 1998/99, vol. 23, no. 3.
- *The CIA World Factbook*, https://www.cia.gov/library/publications/the-world-factbook/geos/hk.html (retrieved: 25.02.2014).
- *Trilateral Trade Statistics*, Trilateral Cooperation Secretariat, Seoul 2012, http://tcs-asia.org (retrieved: 25.02.2014).
- U.S. Policy toward the Korean Peninsula, S. Snyder (project director), Independent Task Force Report no. 64, Council on Foreign Relations, New York 2010.
- Vogel E., Ming Yuan, Tanaka Akihiko (eds.), The Age of Uncertainty: The U.S.-China-Japan Triangle from Tiananmen (1989) to 9/11 (2001), Harvard University Asia Center, Cambridge, MA, 2004.
- Yoshimatsu H., Japan and East Asia in Transition: Trade Policy, Crisis and Evolution, and Regionalism, Palgrave Macmillan, New York 2003.
- You J., East Asian community: A new platform for Sino-Japanese cooperation and contention, *Japanese Studies* 2006, vol. 26, no. 1.
- Zhang M., The emerging Asia-Pacific triangle, *Australian Journal of International Affairs* 1998, vol. 52, no. 1.

ROLA INTEGRACJI REGIONALNEJ W AZJI W TWORZENIU WSPÓLNOTY AZJI PÓŁNOCNO-WSCHODNIEJ

Streszczenie: Azja Północno-Wschodnia jest bez wątpienia kluczowym obszarem nie tylko dla regionu Azji i Pacyfiku, lecz dla szeroko pojętego systemu międzynarodowego. Niestety spory polityczne i militarne czynią z niej również jeden z najistotniejszych obszarów niestabilności czy potencjalnie przyszłych intensywniejszych konfliktów militarnych. Z tego powodu inicjatywa Korei Południowej z 2008 r. mająca na celu stworzenie Szczytu Trójstronnego Chin, Japonii i Korei Południowej wydaje się szansą na stabilizację tego regionu. Analiza opiera się na teorii systemowej, przy czym tylko dwa poziomy systemu będą szerzej omawiane, tj. poziom transnarodowy oraz międzynarodowy (rozumiany jako międzypaństwowy). Poziom ponadnarodowy, został tylko wzmiankowany w tworzonym modelu. Przedstawiona hipoteza zakłada, że czynniki wspierające integrację trójstronną istnieją w wybranych obsza-rach poziomu transnarodowego, szczególnie w zakresie współpracy gospodarczej, podczas gdy czynniki tę współpracę utrudniające mieszczą się głównie na poziomie międzynarodowym (międzypaństwowym), szczególnie w sferze politycznej.

Słowa kluczowe: Chiny-Japonia-Korea, Wspólnota Azji Północno-Wschodniej, Azja Północno-Wschodnia, Szczyt Trójstronny, integracja regionalna w Azji.