

The Sino-Japanese relations, with special regard to the economic ties

(abstract)

In the last two decades we could witness a growing interdependence between two Asian economic giants, Japan and China. While they are rivalling for the leadership in Asia, their economic ties are getting tighter. The rising trade and FDI flows have deepened the economic relations between China and Japan. Due to the robust growth of bilateral trade China became the number one trade partner of Japan in 2007, surpassing the US and Japan was the second largest trade partner of China after the US. The Japanese multinational companies have also played a great role in building bilateral economic relations. They have cumulatively invested 58 billion US dollars in China, making Japan one of the leading FDI sources for China. Through its ODA program Japan has contributed largely to the infrastructure development of China, which has generated several positive impacts on Sino-Japanese trade and FDI flows. Growing cooperation between China and Japan we can see in the field of energy too. Japan provides China with advanced environmental and energy technologies. But in the Sino-Japanese relations we can experience little competition for energy resources too.

Beside the strong economic relations China and Japan is conducting rivalry for the leadership in East Asia. Both have been struggling for growing its economic presence in the ASEAN countries. In the process of the East Asian regionalism Japan has facilitated the financial and monetary cooperation, and China has worked as a catalyst in proliferation of FTAs. But their political rivalry is putting back the creation of a formal economic institute overall East Asia.