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**REGIONAL ECONOMIC COOPERATION
IN NORTH-EAST ASIA: PROSPECTS
FOR THE EXPANSION OF THE
PARTICIPATION OF THE NORTHEAST
CHINA**

It is shown that foreign trade remains the main form of foreign economic cooperation in North-East Asia, but integration agreements between the countries of the subregion create new opportunities for coordinated regional economic development. Prospective directions of expanding the foreign economic interaction of the northeastern provinces of China with the countries of North-East Asia are identified.

China, Northeast China, North-East Asia, regional economic cooperation, foreign trade

**РЕГИОНАЛЬНОЕ ЭКОНОМИЧЕСКОЕ
СОТРУДНИЧЕСТВО В СЕВЕРО-ВОСТОЧНОЙ
АЗИИ: ПЕРСПЕКТИВЫ РАСШИРЕНИЯ
УЧАСТИЯ СЕВЕРО-ВОСТОКА КИТАЯ**

Показано, что основной формой внешнеэкономического сотрудничества в Северо-Восточной Азии остаётся внешняя торговля, но интеграционные соглашения между странами субрегиона создают новые возможности скоординированного регионального экономического развития. Определены перспективные направления расширения внешнеэкономического взаимодействия северо-восточных провинций Китая со странами Северо-Восточной Азии.

Китай, Северо-Восток Китая, Северо-Восточная Азия, региональное экономическое сотрудничество, внешняя торговля

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1. Introduction

The six countries in North-East Asia have a total population of nearly 1.7 billion, and their GDP accounts for more than 20 percent of the global total. Any change in the situation in North-East Asia will affect the whole Asia-Pacific region and the whole world. Moreover, the process of regional economic integration in North-East Asia has been further promoted, and new economy, new formats and new models have flourished. Subregion countries are fully capable and qualified to give full play to their respective advantages and carry out cooperation in a wider field and at a higher level. North-East Asian countries have outstanding geographical advantages, obvious complementary resources, good political mutual trust, harmonious development concepts, a good foundation for cooperation and exchanges, extensive common interests, and great potential for regional economic cooperation. In the context of normalization of COVID-19 pandemic situation, global economic development has always been obviously unstable and uncertain. Therefore, jointly building a mutually beneficial, mutual trust, stable and united development environment in North-East Asia is not only an urgent need for the development of North-East Asian countries, but also an important factor to ensure global governance.

2. Current Situation of Regional Economic Cooperation Between Northeast China and the Countries of North-East Asia

Economic and trade cooperation in North-East Asia has recovered rapidly. China has been the largest trading partner of five North-East Asian countries for many years. In 2020, the trade volume between China and five North-East Asian countries totaled about USD 717.7 billion, accounting for nearly 16.7 percent of China's total foreign trade. From January to June 2021, the trade volume between China and five countries in North-East Asia was about USD 417.9 billion, up 26 percent year-on-year. The trade volume between China, Russia, China and South Korea is expected to reach a new record high this year.

By the end of June this year, the accumulated two-way investment between China and North-East Asian countries exceeded USD 250 billion, and the level of investment cooperation between China and North-East Asian countries in infrastructure, energy manufacturing and agriculture has been continuously improved with fruitful results.

The trade volume with North-East Asian countries needs to be improved. With the deepening of economic and trade cooperation between China and North-East Asian countries, the scale of bilateral trade has been expanding. However, compared with the trade volume of other countries, there is still room for improvement. Taking the United States as an example, the bilateral trade volume between China and the United States in 2020 was USD 586.72 billion, while the bilateral trade volume between China and Japan in 2020 was USD 317.537 billion, the bilateral trade volume between China and South Korea was USD 285.264 billion, and the bilateral trade volume between China and Russia was only USD 107.765 billion. Obviously, China and Russia are of small trade scale. Compared with the political foundation of both sides, Sino-Russian economic ties are far from enough. Although the scale of Sino-Russian trade has increased from USD 95.285 billion in 2014 to USD 107.765 billion in 2020, it has not increased significantly in China's total foreign trade, accounting for 2.28 percent in 2014 and only 2.32 percent in 2020.

There are new opportunities for coordinated development with North-East Asian countries. Building the "Belt and Road Initiative" and connecting with the Eurasian Economic Union is becoming a new engine for regional economic development and cooperation. Since President of the People's Republic of China Xi Jinping and President of Russia Vladimir Putin signed the *Joint Statement on*

*Cooperation of Connection Between the Silk Road Economic Belt and Eurasian Economic Union*¹ in 2015, the docking cooperation between “Belt and Road Initiative” and Eurasian Economic Union has been deepening, and Sino-Russian cooperation in key areas such as economy, trade, energy, agriculture, transportation, communication, digital economy and finance has achieved fruitful results, laying a solid foundation for establishing a high-level economic partnership in Eurasia. In October 2019, the *Trade and Economic Cooperation Agreement Between the People’s Republic of China and the Eurasian Economic Union*² came into effect, which provided an important institutional guarantee for mutually beneficial cooperation and constructive dialogue between the two sides in the economic and trade field. Docking with alliance provides greater strategic opportunities for the comprehensive and coordinated development of China and Russia.

With the formal signing of the Regional Comprehensive Economic Partnership (RCEP) Agreement, the level of trade and investment liberalization and facilitation in the subregion has been further improved, the construction of the “China – Mongolia – Russia Economic Corridor” has been accelerated, and the cooperation of the “Greater Tumen Initiative” has become increasingly pragmatic, further deepening the close relationship between China, Japan and South Korea in the Asia-Pacific industrial chain supply chain. China, Japan and South Korea have achieved remarkable results in economic and technological exchanges and cooperation in the Yellow Sea. At present, all parties concerned are promoting the approval of RCEP, and all members of RCEP attach great importance to domestic preparations and make active efforts. Relevant countries have actively interacted under multilateral frameworks such as the G20 and the SCO, which has played an important role in promoting an open world economy.

Northeast China has obvious geographical advantages and complementary advantages with North-East Asian countries. With favorable geographical position, Northeast China, Russia’s Far East, South Korea, Japan and other countries and regions share obvious complementary advantages, that is, the complementarity of production factors. The existence of such complementarity promotes the transnational flow of resource endowments and production factors in the two regions and forms a synergistic effect [1]. The 3,300-kilometer border line between China and Russia is located in the North-East of China and the Far East of Russia, with obvious geographical advantages. Heilongjiang Province has always been an important window for China to open to Russia. Jilin Province is located in the middle of Northeast China. In recent years, border cities have gained continuous development, such as Hunchun Port’s strong foreign trade development momentum. Liaoning Province is the only coastal province among the three eastern provinces, which occupies a vital position in foreign trade in Northeast China. Because of its superior port resources, its port advantages complement the hinterland resources of the other two provinces and cities. The complementary advantages of resources are also very prominent. For example, the advantage of Northeast China lies in abundant agricultural products resources, and the processing of grain such as soybeans and corn and livestock products such as meat and dairy products has certain market competitiveness [2]. The resource endowment advantages of Russia’s Far East are abundant natural resources such as oil, metal minerals, natural gas, coal, iron ore and lignite, and the two sides boast complimentary resource endowments.

China and North-East Asian countries introduce relevant policies. Heilongjiang Province actively responded to a series of policy calls put forward by the central government, participated in

¹ Xi Jinping Holds Talks with President Vladimir Putin of Russia. Available at: https://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpcxelsjnwgzsl70znqdbfelshskstbels/t1263258.shtml (accessed September 2021).

² China and Eurasian Economic Union Officially Sign Trade and Economic Cooperation Agreement. Available at: <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201805/20180502746079.shtml> (accessed September 2021).

the “Belt and Road Initiative” and the construction of the “China – Mongolia – Russia Economic Corridor”, and formulated a number of encouraging and preferential policies and measures, which provided a favorable policy environment for the trade development with Russia, Japan, South Korea and Mongolia. The comprehensive political and diplomatic cooperation between China and Russia has promoted the rapid development of bilateral economic and trade between the two sides. Under the guidance of the “Belt and Road Initiative” strategy, the Russian side has also issued relevant policies, cooperated closely with China, and achieved certain results in the construction of Sino-Russian economic and trade cooperation channels. At the same time, the development strategy docking between China and South Korea’s “New South” and “New North” policies, Mongolia’s “Prairie Road” initiative and other North-East Asian countries continued to deepen, the third-party market cooperation between China and Japan achieved fruitful results, the interconnection and cooperation within the region progressed steadily, the friendly and cooperative relations between China and the DPRK continued to advance to a new level, and the economic and trade cooperation between countries continued to expand.

3. Countermeasures and Suggestions on Expanding Economic Cooperation Between Northeast China and North-East Asian Countries

Facilitate trade activities. First, efforts should be made to implement cooperation in the whole industry chain. Strengthen intra-industry trade, coordinate industrial policies and investment policies, and eliminate trade barriers. Design the whole industrial chain cooperation scheme from the aspects of resources, technology, capital, manpower and benefit distribution, and encourage investment in the advantageous links of the other party’s industrial chain, industries with strong market demand and high-tech industries, so as to give full play to the strengths of all parties, learn from each other’s strengths and promote the extension and expansion of the industrial chain in the region. It is also necessary to enhance scientific and technological cooperation, improve the level of industrial technology, especially in the fields of high-tech and green technology, promote the adjustment and upgrading of industrial structure in Northeast China and North-East Asian countries, and enhance the international competitiveness of products.

Second, measures should be taken to expand the construction of border crossings. In order to solve the weaknesses of border ports, it is necessary to optimize the layout according to the actual characteristics of each port and give full play to the role of ports as key nodes for the interconnection of logistics channels, to promote the construction of port infrastructure, efforts should be made to speed up the construction of important open doors and cross-border passages, pay attention to the combination of port infrastructure, resource allocation and innovation of port management mode, match with port specification positioning, service function and customs clearance inspection mode, improve the comprehensive efficiency of ports, and meet the actual needs of port development. Actively explore the development mode of port franchise and enhance the pulling effect of border ports on local economy. Strengthen the construction of port operation mechanism, improve the cooperation mechanism of customs, enhance the cooperation between management departments and regional law enforcement cooperation, and establish the customs multimodal transport supervision system.

Third, the cross-border e-commerce platforms should be continuously improved. Cultivate and strengthen the business entities in cross-border e-commerce, encourage the transformation and upgrading of traditional foreign trade enterprises, encourage e-commerce service enterprises to

build a cross-border e-commerce platform, and provide various related services for e-commerce application enterprises and traditional enterprises. Follow the principle of convenience, establish and improve the information sharing database of enterprises that have filed for the record, unify information standards, information filing certification and information management services, break down information barriers, establish customs, inspection and quarantine, taxation, foreign exchange management, cooperation and sharing mechanisms, realize information interconnection among various departments, and provide data technical support for the further development of cross-border e-commerce. Pool multi-party credit data, improve cross-border transaction credit evaluation, form an e-commerce credit evaluation system featuring perfect credit records, sound system and convenient service, and improve cross-border e-commerce credit database, credit supervision and negative list system.

Establish a win-win cooperation mechanism. First, the risk early warning mechanism should be set up. The linkage development between Northeast China and the countries of North-East Asia requires not only the government to build a platform, but also the active participation of market-oriented economic organizations and individuals. At the micro level, various economic subjects (enterprises and individuals) carry out various economic activities from their own interests and participate and promote the linkage development of Northeast China with the countries of North-East Asia. However, their activities involve economic, cultural, legal, technical, management, organizational and other aspects, and there are uncertainties and risks in all aspects. Therefore, countries should establish risk early warning mechanism, identify early warning signals of risks, establish a system of issuing warnings in advance, provide warnings in time, realize advanced feedback of information, control and prevent risks in time, and effectively reduce losses caused by risks.

Second, the policy communication mechanism should be set up. The policy communication mechanism should be guided by high-level visits, and intergovernmental communication should be enhanced to promote bilateral and multilateral cooperation, actively build a multi-level intergovernmental policy exchange mechanism and linkage mechanism, strengthen policy dialogue and consultation, deepen economic cooperation, enhance political mutual trust, and reach a new consensus on cooperation. Corresponding departments and institutions should actively set up cooperation committees in the fields of energy, information technology, pharmacy, medical equipment, chemical industry, wood processing, shipbuilding, transportation machinery manufacturing, non-ferrous metallurgy, agriculture, finance and investment. At the same time, the communication and coordination among local governments should be strengthened in Northeast China, so as to accelerate the formation of a new growth pole with unique advantages and competitiveness in Northeast China.

Third, a supervision and accountability mechanism should be set up. In the linkage development between Northeast China and the countries of North-East Asia, it is necessary to establish and improve the cooperation supervision mechanism, aiming at the overall strategic direction, and adjust the regional economic cooperation by monitoring the behavior of cooperative groups. In the market-led linkage development, measures should be taken to guarantee and enhance the executive power of enterprises and related participants. In the establishment and improvement of rules and regulations and quality management system, relevant departments of North-East Asian countries should conduct full communication and cooperation. On the premise of mutual trust and win-win, a supervision system and accountability system should be established and improved. Relevant supervision institutions should be built in the relevant fields of cooperation among the North-East Asian countries, so that countries can supervise the establishment, implementation, completion and follow-up of cooperation projects, and manage the execution, operation and management, production and decision-making of major issues.

Carry out cooperation in high-tech fields. At present, the economic and trade cooperation in North-East Asia has achieved rapid development, and the cooperation fields are becoming more and more extensive. Thus, it is necessary to focus on cooperation in high-tech fields. Compared with traditional industries, high-tech industries are more dedicated to the integration of knowledge and technology, and the types of products can be adjusted according to the needs of the market. The development of high-tech industries can make up for the shortcomings of traditional industries, expand the industrial chain and realize the effective division of labor in regional industries. In the theory of international trade, inter-industry trade belongs to the type of trade that is prone to trade turn, and the technical content and basic intensity of products are relatively low. Intermediate goods trade and intra-industry trade have multiplier effect of total trade volume. Northeast China has good conditions in the training of scientific and technological talents and the transformation of scientific and technological achievements. Among the traditional industries, the equipment manufacturing industry in Northeast China has comparative advantages, which can be upgraded and transformed by relying on traditional industries. Considering the actual situation, Northeast China cannot unilaterally pursue high-end scientific and technological products and ignore its own technological advantages.

4. Conclusion

Under the impact of the COVID-19 pandemic, the reconstruction of the international order is accelerating, and the world situation and regional situation will undergo profound changes. The global cooperation mechanism is facing great challenges, but regional cooperation will be further strengthened, which brings opportunities for cooperation between China, Russia, Japan and South Korea and other countries. North-East Asian countries should recognize the general trend of regional development, grasp the economic trend, clarify the future direction, unite the sense of community of destiny with firmer belief, jointly consolidate and safeguard the overall unity and friendship in North-East Asia, and realize lasting peace, prosperity, and development in the subregion.

Northeast China has the largest border area with Russia, and boasts convenient communication conditions with Japan, South Korea, and other countries. Its unique geographical advantages lay a solid foundation for the continuous development of border trade and economic cooperation in North-East Asia. In the economic cooperation between the three northeastern provinces of China and other countries in North-East Asia, efforts should be made to actively explore the reasonable path of coordinated development, build a new mechanism of regional coordinated development, speed up cooperation in infrastructure construction, improve logistics and transportation capacity, and carry out cooperation in high-tech fields.

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