

COMPLETION REPORT

Sungkyunkwan University, Department of East Asian Studies

Muhui Zhang

Subject of Research Project: **The Illusion of Sino-Japanese “Third-party Market”**

Cooperation: Strategic Asymmetries and Policy Gaps

In the wake of the intensifying Sino-Japanese rivalry in Asia, a new third-party market cooperation (TPMC) framework emerged in late 2018. The new mechanism was inaugurated around the time of former Japanese Prime Minister Shinzo Abe’s visit to Beijing, displaying new attempts at Sino-Japanese economic diplomacy. Nonetheless, this article highlights the absence of major cooperative outcomes and suggests a pessimistic vision of TPMC’s future, as three pairs of politico-economic gaps have led to asymmetries in the approaches adopted by China and Japan. First, a government-to-government policy asymmetry occurred between China’s initiatives and Japan’s responsiveness, as the latter merely utilized the TPMC as a temporary diplomatic tool to restore bilateral relations in late 2018 and appeared to have lost its policy momentum in the following years. Second, asymmetries in business modes and investment management between the two countries’ enterprises have led to technical barriers in materializing the two governments’ agreements into specific TPMC business collaboration. This study illustrated a project of Sino-Japanese collaboration in building a high-speed railway in Thailand, and saw this failed case as a warning for existing gaps of commercial modes. Third, both countries are now confronted with domestic underdeveloped public-private partnerships between state and private sectors.

Methodology and Contribution

This research contributes to the existing literature on this topic in two aspects. First, this study brings an analytical framework where the performance of the TPMC is theoretically examined. This paper sees the TPMC as a multifaceted process of economic diplomacy, and hypothesizes that TPMC projects had demanded the proactive involvement of both government and private sectors, as well as the functioning of public-private partnerships (PPPs) between the two. This paper argues that the two countries’ state and non-state actors now remain in asymmetric positions regarding their capacity, intention, and approaches towards the Sino-Japanese TPMC. Second, existing studies on Sino-Japanese economic diplomacy overemphasize the geopolitical aspects and national strategies regarding the TPMC, and fail to consider the roles of private sectors. To this end, this study contributes to existing literature by looking at the motives and concerns of the private sectors, and investigates a case study of the high-speed railway project in Thailand.

This study doubts whether the current shape of TPMC can help bring convincing breakthroughs for Sino-Japanese relations in the future. The Sino-Japanese TPMC was initiated as a side event to Abe’s visit to China in October 2018 and has been portrayed as the major outcome for the visit. However, the consensus of political will appears to be fleeting. The shift of political leadership in Japan and the escalation of US-China tension have led to the silence of the Sino-Japanese TPMC in the following years. Notwithstanding the convening of several seminars and conferences among the two countries’ business enterprises, the Sino-Japanese TPMC merely exists on paper and mostly stagnates as a non-committed talk show. It remains unclear whether these ambiguous cooperative proposals can materialize into action plans with specific working agendas.

Publication of the Results of Research Project:

<p>Verbal Presentation (Date, Venue, Name of Conference, Title of Presentation, Presenter, etc.)</p> <ol style="list-style-type: none">1. (Feb.10, 2023, Tokyo) “How to promote the trilateral cooperation,” Trilateral Youth Exchange network inauguration ceremony, hosted by China-Japan-Korea Trilateral Cooperation Secretariat (TCS), presented by Prof. Zhang Muhui2. (May 20, 2023, Busan) “Revisit Critical Juncture and international Cooperation in Northeast Asia,” Korean Association for Chinese Studies 2023 annual conference, Pukyong National University, presented by Prof. Zhang Muhui3. (June 30, 2023, Busan) “The future of China-Japan-Korea regional community: A cultural Perspective”, 12th Busan International Literature Festival, presented by Prof. Zhang Muhui
<p>Thesis (Name of Journal and its Date, Title and Author of Thesis, etc.)</p> <p>Zhang, Muhui. 2023. “Sino-Japanese Third-party Market Cooperation: Asymmetries of Economic Diplomacy and Politico-economic Gaps.” <i>Japanese Journal of Political Science</i>, pp 1-20. (SSCI, DOI: https://doi.org/10.1017/S1468109923000269)</p>
<p>Book (Publisher and Date of the Book, Title and Author of the Book, etc.)</p> <p>N/A</p>