



Analysis of the Trilateral Cooperation Path of China, Japan and South Korea under the RCEP Framework

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DOI: 10.32629/memf.v4i1.1190

Abstract: RCEP will reconstruct the regional industrial chain from various aspects, and further industrial cooperation between China, Japan and South Korea will also face many opportunities and challenges. This paper draws on the theory of international cooperation and puts forward a research framework of “power-institution-collective identity” on the basis of realist power cooperation theory, liberal institutional cooperation theory and constructivist identity cooperation theory. And through research, a new path for cooperation is proposed: ① Interest-oriented: Increasing the degree of trilateral interdependence. ② Institutional Guarantee: Promote the Institutionalization of Cooperation. ③ Conflict Resolution: Building Regional Collective Identity.

Keywords: RCEP, China-Japan-Korea, international cooperation theory, trilateral cooperation

1. Introduction

The Regional Comprehensive Economic Partnership Agreement (RCEP) was initiated by ASEAN in 2012. The agreement involves nearly 1/2 of the world’s population and 1/3 of the world’s trade volume. China, Japan and South Korea are the three most important countries in East Asia. The global import and export trade is growing rapidly, but the trade volume of the three RCEP countries is not high, and there is a lot of room for growth. At the same time, there are certain risks in the tripartite market, and factors such as the United States (Indo-Pacific Economic Framework) and geopolitics have also brought greater uncertainty.

This research focuses on economic and trade exchanges between China, Japan and Korea. The scope of the study is limited to the RCEP and IPEF agreement. By analyzing the general situation and influencing variables of the economic and trade development of the three countries, we will explore a mutually beneficial and win-win trilateral economic and trade cooperation path in the new era.

2. Theoretical Framework and Literature Review

2.1 Theoretical Framework

This paper draws on the theory of international cooperation and puts forward a research framework of “power-institution-collective identity” on the basis of realist power cooperation theory, liberal institutional cooperation theory and constructivist identity cooperation theory. Realism believes that national interests are the basis for driving all actors to formulate foreign policies and conduct foreign behaviors. The neoliberal institutionalist emphasizes that institution has binding force on the behavior of the state, and provides a theoretical basis for the construction of the three-country economic and trade system. From the perspective of constructivism, although China, Japan and South Korea face many challenges such as IPEF, they should promote the formation of a collective identity as “friends” and follow the principles of non-violence and mutual assistance to gain mutual trust and recognition.

2.2 Literature Review

Wang Xiaofeng reviewed the development of the theory of international cooperation from the perspective of interdependence and globalization, and thought about international cooperation in the era of globalization. Pang Zhongpeng pointed out that the focus of China-Japan-Korea cooperation mechanism is economic and trade issues, environmental issues and renewable energy issues.

Paul Andre of Japan’s Waseda University think that the trilateral relationship between China, Japan and South Korea is characterized by the coexistence of centripetal and centrifugal. Therefore, the three countries can only achieve cooperation by signing an agreement. Kim Nam-kook, a professor at Korea University, proposed two principles for promoting trust building in Northeast Asia: (1) Balance of interests and identity; (2) Building Citizen Asia.

Most of the relevant literature is a listing of data integration and cooperation factors in the historical development process, lacking the perspective of international relations. RCEP is a comparative analysis with other regional agreements, but compared to the latest US-led IPEF, the influencing variables of trilateral relations can be found in conflicts. This research mainly carries out theoretical innovation from the perspective of international relations, constructs the framework of “power-institution-identity” for international cooperation, and analyzes the influencing factors and paths of China-Japan-Korea trade cooperation through case analysis.

3. Current status of China-Japan-Korea cooperation under the RCEP Agreement

As the three most dynamic economies in Asia, the economic aggregate of China, Japan and South Korea has surpassed that of the EU, accounting for more than 80% of the total number of RCEP 15 countries and about 20% of global GDP.

RCEP is not only the first free trade agreement between China and Japan and South Korea, but also lays an important foundation for the construction of the China-Japan-Korea Free Trade Zone in terms of preferential tariffs, market access, and adjustment of regional supply chains. According to the forecast of the Peterson Institute for International Economics - an American think tank - by 2030, RCEP will increase the national income of member countries by US\$186 billion per year and help the member countries increase by an average of 0.2% per year.⁸ This undoubtedly provides a good opportunity for promoting economic and trade exchanges and regional in-depth cooperation. After the RCEP comes into effect, it will significantly increase the closeness of the three countries' economic relations centered on trade and investment, and is expected to promote the three countries to negotiate a more liberalized economic partnership agreement.

4. Factors affecting China-Japan-Korea trade relations under the RCEP framework

China-Japan-Korea trade is affected by the world economic and trade environment. China joined the WTO in 2001, and the trade volume between China, Japan and South Korea showed clear signs of growth the following year; Japan and South Korea have long been members of the WTO General Agreement on Tariffs and Trade.⁹

Trade relations are also influenced by bilateral political relations. In most cases, trade between countries with good political relations will also be better, and vice versa. Issues between China, Japan and Korea mainly involve historical and territorial issues. These issues are the main reason for the recent tensions between China, Japan and South Korea.

Specifically, the factors affecting the trilateral cooperation mainly include the following aspects. First, the three countries have different goals and policy pursuits in regional cooperation. Due to the need to maximize the interests of rational actors and protect their own industrial development, there are big differences in the formulation of economic cooperation rules. At the same time, due to the lack of political mutual trust, China and South Korea have shown insecurity towards Japan's policies, leading the three countries to fall into a battle for dominance. Historical factors have become the biggest obstacle to China-Japan-Korea cooperation. In particular, Japan's attitude towards history has hindered the smooth progress of the trilateral cooperation. At the same time, the rise of a new round of nationalism after the Cold War has also become one of the variables restricting cooperation in Northeast Asia.

5. The path of trilateral economic and trade cooperation under RCEP and IPEF

5.1 Interest-oriented: Increasing the degree of trilateral interdependence

In the economic field, China, Japan and South Korea should seek solutions in terms of agricultural opening up and trade rule-making. Due to differences in agricultural product trade policies and industrial trade structures among the three countries, it is difficult to reach an agreement in the negotiation of the free trade agreement. Therefore, the three countries should further strengthen exchanges in the field of agriculture, and analyze their respective advantages and disadvantages according to their respective agricultural production and trade structures. As the main front of China-Japan-Korea cooperation, in terms of business cooperation, the three-country cooperation should follow the principle of “first easy and then difficult”.

5.2 Institutional Guarantee: Promote the Institutionalization of Cooperation

The degree of regional institutionalized cooperation reflects the degree of regional integration and the degree of economic, social and political cooperation between countries. However, the current China-Japan-Korea cooperation is at a low level driven by non-institutional economic linkage mechanisms (trade, investment). Therefore, it is very necessary to promote the institutionalization of China-Japan-Korea cooperation. In May 2022, after the introduction of US President Biden's new Indo-Pacific strategy IPEF, China held high-level discussions in Hainan on the world's largest trade agreement. IPEF aim to unite important countries in the Asia-Pacific region except China, and disintegrate the economic alliance circle of China's industrial chain. China, Japan and Korea should also speed up the process of institutionalization, enhance the

awareness of a community with a shared future, and form a regional awareness, thereby weakening the influence of the US factor on the tripartite cooperation.

5.3 Conflict Resolution: Building Regional Collective Identity

Political mutual trust is the foundation and guarantee for deepening China-Japan-Korea cooperation, and the institutionalization process also needs the support of common ideas. Promoting the building of the collective identity of China, Japan and Korea is conducive to the formation of a stable cooperative relationship.¹⁰ China, Japan and South Korea should actively promote the building of regional institutions and participate in various cooperation mechanisms such as the China-Japan-Korea Cooperation Secretariat, China-Japan-Korea cooperation with ASEAN, and the Regional Comprehensive Economic Partnership Agreement. Jointly emphasize the cooperation model of “China, Japan and South Korea+”.

6. Conclusion

The implementation of RCEP will enhance the level of trade liberalization between China, Japan and Korea, and further deepen the relationship in the Asia-Pacific industrial supply chain. Based on the theory of international relations and cooperation, this paper first analyzes the current situation of the economic and trade relations between the three countries and the development process of the two sides, and then extracts the key factors that affect the trilateral economic and trade cooperation. Cooperation paths based on interests, institutions and identities are also proposed.

China needs to form a high-level pattern of opening and provide benefits for the construction of the China-Japan-Korea Free Trade Zone. The first is to focus on trade in services, and expand the market space for China-Japan-Korea trade cooperation. The second is to promote institutional opening and provide important conditions for trade cooperation. Pay more attention to institutional arrangements such as competition, supervision, and intellectual property protection.

Korean companies should note that they can make full use of the RCEP framework. RCEP includes not only general merchandise trade, but also a wide range of services, investment and economic cooperation. China and South Korea signed the FTA in 2015, but the negotiation in the service area has not yet been completed, and RCEP can be actively used. Also, Korean companies can enrich their supply network in China.

Japan should seek breakthroughs in cooperation in new areas. At present, the proportion of Japan's zero-tariff exports to China has risen from less than 8% to 86%. Japan can make full use of the preferential tariffs on auto parts and steel related to the electric vehicle industry in the RCEP agreement to cooperate under a unified standard.

7. Limitations

The direction of the IPEF policy will bring uncertainty to the industrial cooperation under RCEP framework. Also, historical issues, diplomatic disputes and political factors left over from the economic and trade negotiations will disrupt the RCEP process, which will affect the development of industrial cooperation in the RCEP region.

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