

## Research Summary

In this report, we analyzed the trade relationships between China, Japan, and other pan-Pacific countries. Also, we simulated the impact of possible APFTA (Asia Pacific Free Trade Area) .

According to the analysis here, we draw the following findings:

Firstly, considering the situation without APFTA, China and Japan trade relationship is apparently closer than those between China, Japan and other countries . In this way, China—Japan economic cooperation has a sound base. Also, according to the intermediate product trade statistics, China and Japan's relationship in Global Production Network enclosed also.

Secondly, considering the condition of competitiveness and complementarity, China and Japan used to be complementary though there're some changes in recent years. In the last 13 years, the OBC index between China and Japan turn into weak negative from weak positive. This is caused mainly by the increase of comparative advantage of Japan's products. From this aspect, further cooperation between China and Japan will encounter some obstacle undoubtedly. However because this is only the beginning Period of the change, it's strongly possible that this situation will alleviate after further adjustment in both countries.

Thirdly, considering the establishment of APFTA, it will intensify the cooperation between pan-Pacific countries. Under APFTA, though the impact on GDP growth is very limited, trade between China and Japan will increase fast. In the same time, China and Japan will become more important for other Asia Pacific countries as exporting destination. It should be noted that Japan's import from New Zealand and U.S. will decrease under APFTA.

Fourthly, considering the business cycle and other factor, China and Japan have more reasons to cooperate than those mentioned above.

Publication of the Results of Research Project:

Verbal Presentation (Date, Venue, Name of Conference, Title of Presentation, Presenter, etc.)

Thesis (Name of Journal and its Date, Title and Author of Thesis, etc.)

Book (Publisher and Date of the Book, Title and Author of the Book, etc.)

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Prospect for Sino-Japanese Economic Cooperation under the Asia-Pacific Free Trade Agreement

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