

JAPAN'S ASIAN COMPETITORS IN VISEGRÁD COUNTRIES

Ohara Bonji

<https://doi.org/10.47706/KKIFPR.2021.1.98-110>

Abstract: In this paper, I would like to review the economic activities of China and Korea based on their respective strategies and discuss the future economic activities of Japan, China and Korea in Visegrád countries.. China is expected to increase its investment to strengthen its economic ties with Visegrád countries. In view of the Japanese government's cooperative posture with the U.S., some Japanese private companies have begun to restructure their supply chains, and Visegrád countries are likely to be attractive to them as important nodes in new supply chains. This is a time when Japan's economic activities in Visegrád countries may expand. This will lead to a situation where Japan, China, and the ROK are all planning to develop their economic activities in the Visegrád countries.

Keywords: Visegrád countries, Japan, China, Korea

Japan's Competitors in Central Europe

It can be said that China is the leading economic competitor of Japan in the Central European region. China has been strategically expanding its investments in countries from Southeast Asia westward based on a Belt and Road initiative (BRI) which was proposed in 2013. China insisted that the geographic goal of BRI was the west coast of Europe which faces the Atlantic Ocean. China sees BRI as linking the Asia-Pacific economic zone in the east with the European economic zone in the west¹ and has acquired operational rights to the Greek port of Piraeus

with Greek Prime Minister Tsipras describing Greece as the gateway to Europe on the “21st Century Maritime Silk Road”². Central and Eastern Europe can be considered the gateway to Europe via the land-based “Silk Road Economic Belt”. For China, the Visegrád countries form an important region that can serve as the basis for expanding China’s economic activities in Europe.

The Republic of Korea (ROK) is also actively trying to build economic ties with Visegrád countries. The Korea Chamber of Commerce and Industry and the Ministry of Trade, Industry and Energy held their second economic and trade forum with the Visegrád Four on February 25, 2021 to discuss mutual cooperation in the fields of renewable energy and carbon neutrality³. The first forum took place four months ago.

Looking at the economic activities of the ROK, we can understand that the ROK is leading Japan in building a government-led economic framework. The ROK’s economic activities in foreign countries are different from those of Japan, leaving such activities to the discretion of individual private companies. Despite the differences in approach, the ROK will undoubtedly be a strong competitor to Japan in Central Europe.

In this paper, I would like to review the economic activities of China and Korea based on their respective strategies and discuss the future economic activities of Japan, China and Korea in Visegrád countries.

China’s goal and economic development

As far as the words and deeds of the Chinese Ministry of Foreign Affairs and others are concerned, the overriding national goal of the People’s Republic of China is the continuation of the rule of China by the Chinese Communist Party (CCP), and any action taken to achieve the goal is justified. For example, even if Western countries criticize China for suppressing the pro-democracy camp in Hong Kong and oppressing ethnic minorities in Xinjiang as human rights issues, China treats the events from a different perspective – that of security issues related to maintaining domestic unity. For this reason, the debate between Western countries and China does not mesh.

CCP rule cannot continue unconditionally. To continue its stable rule, the CCP needs not only strict control of society but also the support of the people. Therefore, the CCP must demonstrate that its policies are always correct and maintain its authority. The Xi Jinping administration, with its “Chinese dream of a great rejuvenation of the Chinese nation⁴,” must show the people that China has become richer and stronger.

China has been trying to strengthen its domestic manufacturing industry based on ‘Made in China 2025’ which was released in 2015 by the State Council of China. ‘Made in China 2025’ is not just an economic stimulus package, but a strategy for China to become one of the world’s great powers. This can be seen in the introduction of ‘Made in China 2025’, which states: “The history of the rise and fall of the world’s great powers and the struggles of the Chinese nation since industrial civilization began in the middle of the 18th century proves that a state and a nation cannot be strong and prosperous without a strong manufacturing industry. Establishing an internationally competitive manufacturing industry is an essential way to enhance our country’s comprehensive national strength, guarantee our national security, and build a world Great Power⁵.”

In addition to developing its manufacturing industry, China is also trying to make international business standards, norms, and rules more advantageous to itself. In January 2018, it was reported that China’s National Committee for Standardization Administration (NSCA), together with major think tanks such as the Chinese Academy of Engineering, conducted a study on standardization strategies and formulated ‘China Standard 2035’, a code of conduct to promote standardization strategies⁶. ‘China Standard 2035’ is also recognized as China’s global strategy to succeed ‘Made in China 2025’. It is thought that China is trying to gain an advantage in its own economic activities and information gathering by seizing various standards, norms, and rules of the international community.

In implementing international standards and rules, it is important to increase influence in UN specialized agencies that have jurisdiction over those standards and rules. Currently, four of the 15 UN specialized agencies are led by Chinese nationals. Looking at these UN specialized

agencies, we can understand the areas where China wants to implement its standards. They are the Food and Agriculture Organization of the United Nations (FAO), the United Nations Industrial Development Organization (UNIDO), the International Civil Aviation Organization (ICAO), and the International Telecommunication Union (ITU). In March 2020, an election was held to elect the Director General of the World Intellectual Property Organization (WIPO), and although China fielded a candidate, he lost to a Singapore-based candidate promoted by Japan, the U.S. and Europe⁷. Japan, the United States, and Europe feared that if China took the lead in the field of intellectual property protection in the international community, the international rules for intellectual property protection might be relaxed. The ITU has also been working to create a favorable situation for China in other areas since its Chinese director general took office in 2015, the ITU has promoted cooperation with the China-led BRI and has increasingly spoken out in favor of Huawei.

China's Attempt to Seize the Digital Economy

Although China has become economically and militarily powerful as a nation, there is a disparity between the rich and the poor within its borders and is under pressure to continue its economic development. China is now actively promoting the control of information and communication networks and the information that flows through these networks. This is because it is believed that the seizure of these networks will lead to the acquisition of a dominant position in future economic activities and military operations.

China recognizes that the current information and communication network infrastructure and the information on it are in the hands of the United States, and is actively building its own network infrastructure to avoid using the existing network infrastructure.

China has launched more than 130 rockets during the 13th Five-Year Plan (2016–2020), with 34 rockets launched in 2019 and 2020, respectively⁸. The number of rockets launched in the past two years is the largest in the world, accounting for about one-third of all rockets launched in the world.

China has launched a number of satellites using these rockets, including Beidou, a rival version of GPS, various remote sensing satellites, and communication satellites. On June 23, 2020, China launched the 55th Beidou satellite overall, completing the Beidou-3 system⁹, a positioning satellite system that China has been building since the 1990s at an estimated cost of US\$¹⁰ 10 billion. The Beidou-3 system is a network of 35 satellites that can provide centimeter-level positioning and navigation aid services on a global scale. By 2035, China plans to turn the Beidou-3 system into a comprehensive space-time system with enhanced ubiquity and integration with AI¹¹. In addition, remote sensing satellites are already being used in combination with the Beidou system for undersea resource exploration.

China has also launched a number of communication satellites, but it also understands that satellite-based communication is limited in terms of data volume, and is accelerating the development of high-speed broadband communication satellites with an investment of approximately 10 billion RMB. The “Shixian 20” large platform satellite (weighing about 8 tons), a platform for communication satellites and high orbit remote sensing and can also be applied to space exploration, was launched on December 27, 2019, and is now in operation¹². The “Changzheng 5” rocket that launched the “Shixian 20” is capable of carrying a 14-ton satellite into geostationary orbit.

One of the reasons why China has begun to actively build satellite networks is because of its military buildup, the Network-Centric Warfare doctrine utilized by the U.S. in the 1991 Gulf War shocked the Chinese People’s Liberation Army (PLA) and, since then, China has been rushing to build the capability to respond to similar combat scenarios. The basis of this capability is a space-based satellite network that is essential for commanding and sharing target information among widely deployed forces and platforms such as naval vessels and aircraft. China has launched a large number of maritime surveillance satellites to detect, identify, track, target, and place foreign naval vessels, mainly U.S. Navy aircraft carrier strike groups under surveillance in a wide range of ocean areas¹³. By combining these maritime surveillance satellites

with intelligence/communications satellites and positioning satellite systems, China will be able to share the precise position of a target within its own widely deployed forces and conduct integrated attacks upon it.

China's willingness to build a satellite network was also due to the perception that submarine cables were in the hands of the US. Submarine cable landing stations are vulnerable and susceptible to attack. Also, the submarine cable itself can be hacked, and the U.S. and Britain are said to be monitoring the information on the submarine cable¹⁴. More than 95% of the data on the Internet, including voice data, is transmitted by using submarine cables and unless you take control of the submarine cables, you have not taken control of the network. As China has gained economic power, it has begun to aggressively lay submarine cables on its own. The main player in China's submarine cable installation was Huawei Marine, a subsidiary of Huawei, which the U.S. is increasingly wary of for espionage and other reasons. Huawei sold its stake in Huawei Marine in 2019.

It is not only for military purposes that China is trying to seize the network. On May 14, 2017, at the BRI Summit, President Xi Jinping said "We will cooperate in the areas of digital economy, AI, nanotechnology, quantum computing, etc., and promote big data, cloud computing, and smart city construction. And then we will connect those to build the 21st century Digital Silk Road¹⁵." The future of business is expected to be dominated by network-centric technologies such as automated driving and telemedicine. Those who control the network and the information flowing over the network will achieve superiority in future business. As countries become more and more dependent on the services provided by China's information and communication networks, such as Beidou, China's military and economic influence on those countries will increase.

Korea's National Strategy and Economic Activities

China is particularly keen on the construction of information and communication networks in space and underwater, and the implementation of various international standards, norms and rules - including internet protocols - as the basis for gaining an edge in future business. If these efforts are combined with investment in

the transportation infrastructure of foreign countries, China will be able to exert a dominant influence in the IoT business in those countries, including autonomous driving and telemedicine etc., which is expected to become the core of business in the future. While each country is trying to create an environment in which its own business can develop favorably, China's economic activities in particular are characterized by strategic investment under the strong leadership of the CCP, and the inability to separate economic influence from the expansion of diplomatic and military influence.

中国の戦略に比べれば、韓国の国家戦略はシンプルであると言える。朝鮮半島内の問題はともかく、グローバルなレベルでは、韓国の優先的な目標は経済的利益を上げることであるように見受けられる。その目標を達成するための戦略が、米中のどちらにも与せず、米国に対する軍事的依存と中国に対する経済的依存とのバランスを取ることである。韓国の中国への輸出量は、米国、日本、欧州連合（EU）への輸出量の合計よりも多いため、韓国が米国と一体となって中国に対抗する姿勢を示せば、韓国経済は危機に陥るだろう。

Compared to China, South Korea's national strategy is simple. Aside from issues within the Korean Peninsula at the global level, the ROK's overriding goal appears to be to make economic gains. Its strategy for achieving this goal is to balance its military dependence on the US with its economic dependence on China without taking sides with either the US or China¹⁶. Since the ROK's exports to China are larger than the sum of its exports to the US, Japan, and the European Union, the ROK economy would be in jeopardy if South Korea were to join the US in taking a stand against China.

The ROK wants to keep itself outside the great power game being played out between the U.S. and China and is behaving as such. As a result, the ROK's economic activities in foreign countries do not show consideration for either the US or China. While showing no diplomatic intentions, the ROK tends to show its significance as a counter to China's expanding economic influence, and it is possible that it sees the situation where countries alarmed by China's economic expansion

can be presented as an opportunity for the ROK. Such moves by the ROK could be seen not only in Central Europe but also in the Southeast Asian region in the past.

One of the reasons behind the ROK's active development of external economic activities is that the domestic market in the ROK is not necessarily large. This differs from conditions in Japan, the U.S., and China which have certain domestic markets. China, which has been active in foreign investment, has also been advocating a 'Dual Circulation' economy centered on the domestic market in order to cope with changes in the international supply chain stemming from the confrontation between the U.S. and China¹⁷.

Prospects for Economic Activity among Japan, China and ROK in Visegrád Countries

In light of China's aforementioned strategy, China is expected to increase its investment in order to strengthen its economic ties with Visegrád countries. The investment is expected to begin with transportation infrastructure and energy-related facilities, and then expand to facilities related to information and communication networks. China has already said that the Export-Import Bank of China will finance about 85% of the construction funds of a railroad connecting Budapest, Hungary and Belgrade, Serbia. China will keep trying to develop new trade routes within Europe and complete the BRI to reach the west coast of Europe.

Although China has adopted an economic policy of 'Dual Circulation' and has also tightened the screening process for foreign investment, it is unlikely that China will stop its efforts to expand its influence. In addition, there is still a possibility that China's investments will be made for diplomatic or military reasons, even if private companies are not considered to have sufficient economic benefits. Based on its 'holistic national security architecture'¹⁸, China will not distinguish between economic, diplomatic, military, etc., and will use all means to expand its influence which may elevate a sense of vigilance by the Visegrád countries.

The ROK, on the other hand, will take advantage of the Visegrád countries' growing wariness of China and will continue to try to develop its economic activities within the region. Whether the ROK's economy can remain strong will depend on its ability to strike a balance between the US and China. Balancing the U.S. and China is becoming increasingly difficult as the U.S. pursues 'political warfare' and China pursues a 'holistic national security mechanism', using all means at its disposal to achieve their goals.

The situation in the ROK applies to Japan as well. Japan is not inclined to use its economic relations with other countries as diplomatic means to pressure other countries, too. This tendency is stronger than in the ROK. For example, usually, the Japanese government does not show its leadership in promoting economic projects, subsequently leaving Japan's economic activities to the independent activities of private companies which shows that Japan's economic activities tend not to be subject to the will of the government.

Japan tends to place more emphasis on cooperation with the U.S., and the joint statement issued during the Japan-U.S. summit held on April 16, 2021, makes clear that Japan is willing to cooperate with the U.S. in responding to China's attempt to change the status quo by force, unfair economic activities, and other issues¹⁹. Even if there is no diplomatic intent on the part of the Japanese private sector, China may perceive Japan's economic activities as a way to suppress China's expansion of influence in cooperation with the US.

In view of the Japanese government's cooperative posture with the U.S., some Japanese private companies have begun to restructure their supply chains, and Visegrád countries are likely to be attractive to them as important nodes in new supply chains. This is a time when Japan's economic activities in Visegrád countries may expand. This will lead to a situation where Japan, China, and the ROK are all planning to develop their economic activities in the Visegrád countries. Japan and China may compete in the area of investment, as has been seen in the Southeast Asian region.

References

- Beidou in Three Steps From the Beginning to the Global Network “数”说北斗 从起步到全球组网 北斗建设的“三步走.” (2020). Beidou. 北斗网 Retrieved from http://www.beidou.gov.cn/yw/xwzx/202006/t20200615_20649.html
- China Aerospace Science and Technology Group Co. “中国航天科技集团有限公司” Launch Record. “发射记录” Retrieved from <http://www.spacechina.com/n25/n142/n152/n657792/index.html>
- China Aerospace Science and Technology Group Co. “中国航天科技集团有限公司” (2019). The third flight of the Long March 5 rocket was a complete success. “长征5号火箭第3飞获得圆满成功” Retrieved from <http://www.spacechina.com/n25/n2014789/n2014804/c2812651/content.html>
- China launches Remote Sensing 21, reconnaissance satellite swarm to locate US aircraft carrier. “简氏：中国发射遥感21 侦察卫星群定位美航母.” (2014). 手机凤凰网. Retrieved from <http://imil.ifeng.com/42158521/news.shtml?&back>
- Friedhoff, K. (2021). South Korea Is Staying Out of the U.S.-China Rivalry. *World Politics Review*. Retrieved from <https://www.worldpoliticsreview.com/articles/29626/south-korea-is-staying-out-of-the-china-us-competition>
- Greek prime minister in Chinese. “希腊总理用中文”. (2015) Happy new year. Congratulations to the Chinese people. “新年好. 向中国人民祝贺春节(组图)”. *Xinhuanet*. “新华网” Retrieved from http://news.xinhuanet.com/overseas/2015-02/20/c_127509381.htm
- Jung, S. (2021). South Korea and Visegrád Four to Further Economic Cooperation. *Business Korea*. Retrieved from <http://www.businesskorea.co.kr/news/articleView.html?idxno=61271>
- Literature Research Office of the Central Committee of the Communist Party of China “中共中央文献研究室编” (2013) Excerpts from Xi Jinping’s Discourse on Achieving the Chinese Dream of Great Revival of the Chinese Nation. “习近平关于实现中华民族伟大复兴的中国梦论述摘编.”
- Ministry of Foreign Affairs of Japan. (2021). U.S.-Japan Joint Leaders’ Statement “U.S.-JAPAN GLOBAL PARTNERSHIP FOR A NEW ERA.” *Ministry of Foreign Affairs of Japan* Retrieved from <https://www.mofa.go.jp/files/100177718.pdf>

- National Standards Committee, "China Standard 2035" is being developed. "国家标准委：正制定中国标准2035" (2018). *Xinhuanet*. 新华网. Retrieved from http://www.xinhuanet.com/fortune/2018-01/10/c_129787658.htm
- Page, J. O'Keeffe, K. Taylor, R. (2019). America's Undersea Battle With China for Control of the Global Internet Grid. *The Wall Street Journal* Retrieved from <https://jp.wsj.com/articles/SB12498886470155574209504585177543844620112?mg=prod/com-wsj>
- State Council of the People's Republic of China. "中华人民共和国国务院" (2015). Notice of the State Council on the Issuance of "Made in China 2025". "国务院关于印发《中国制造2025》的通知"
- Tung, Ch. Alan, H. Y. (2020). How China Is Remaking the UN In Its Own Image. *The Diplomat*, Retrieved from <https://thediplomat.com/2020/04/how-china-is-remaking-the-un-in-its-own-image/>
- Wang, Sh. (ed.) (2014). Xi Jinping strategic vision: "One Belt One Road" opens up the space for building dreams. "习近平提战略构想. 一带一路"打开"筑梦空间". *Xinhuanet*. 新华网. Retrieved from http://www.xinhuanet.com//politics/2014-08/11/c_1112013039.htm
- Wang, Z. Song, Z. "王政淇 宋子节." (2020). The new development pattern is described in this way by Xi Jinping. "畅通国内国际双循环 习近平这样阐述"新发展格局". *People's People's*. Retrieved from <http://politics.people.com.cn/n1/2020/0722/c1001-31793969.html>
- Woo, R. Gao, L. (2020). China set to complete Beidou network rivalling GPS in global navigation. *Reuters*. Retrieved from <https://jp.reuters.com/article/us-space-exploration-china-satellite-idUKKBN23J019>
- Xi Focus Xi stresses building holistic national security architecture. (2020). *Xinhua*. Retrieved from http://www.xinhuanet.com/english/2020-12/12/c_139584669.htm
- Xi Jinping's speech at the opening ceremony of the "Belt and Road" International Cooperation Summit. "习近平在"一带一路"国际合作高峰论坛开幕式上的演讲." (2017). *Xinhuanet*. 新华网. Retrieved from http://www.xinhuanet.com/2017-05/14/c_1120969677.htm
- Zhou, Y. (ed.) (2020). The deployment of China's Beidou-3 global satellite navigation system constellation is fully completed half a year ahead of schedule. "我国北斗三号全球卫星导航系统星座部署前半年全面完成" *Beidou*. "北斗网" Retrieved from http://www.beidou.gov.cn/yw/xwzx/202006/t20200623_20685.html

Endnotes

- 1 “习近平提战略构想：“一带一路”打开“筑梦空间”《新华网》2014年 月11日，http://www.xinhuanet.com//politics/2014-08/11/c_1112013039.htm， Retrieved August 12, 2014
- 2 “希腊总理用中文“新年好”向中国人民祝贺春节(组图)”《新华网》2015年2月20日，http://news.xinhuanet.com/overseas/2015-02/20/c_127509381.htm， Retrieved February 24, 2015
- 3 “South Korea and Visegrád Four to Further Economic Cooperation” *Business Korea*, February 26, 2021, <http://www.businesskorea.co.kr/news/articleView.html?idxno=61271>, Retrieved March 3, 2021
- 4 《习近平关于实现中华民族伟大复兴的中国梦论述摘编》中共中央文献研究室编、2013年12月。
- 5 “国务院关于印发《中国制造2025》的通知”中华人民共和国国务院，2015年5月8日
- 6 “国家标准委：正制定《中国标准2035》”《新华网》2018年1月10日、
- 7 http://www.xinhuanet.com/fortune/2018-01/10/c_129787658.htm， Retrieved July 3, 2020
- 8 “How China Is Remaking the UN In Its Own Image” *The Diplomat*, April 09, 2020, <https://thediplomat.com/2020/04/how-china-is-remaking-the-un-in-its-own-image/>， Retrieved April 27, 2020
- 9 “发射记录”中国航天科技集团有限公司<http://www.spacechina.com/n25/n142/n152/n657792/index.html>
- 10 “China set to complete Beidou network rivalling GPS in global navigation” REUTERS, June 12, 2020,
- 11 ““数”说北斗 从起步到全球组网 北斗建设的“三步走””，《北斗网》，2020年6月15日，http://www.beidou.gov.cn/yw/xwzx/202006/t20200615_20649.html， Retrieved July 1, 2020
- 12 “长征5号火箭第3飞获得圆满成功”中国航天科技集团有限公司，2019年12月27日，<http://www.spacechina.com/n25/n2014789/n2014804/c2812651/content.html>， Retrieved July 1, 2020

- 13 “简氏：中国发射遥感21侦察卫星群定位美航母” 《手机凤凰网》，2014年10月9日，<http://imil.ifeng.com/42158521/news.shtml?&back>, Retrieved October 10, 2014
- 14 “America’s Undersea Battle With China for Control of the Global Internet Grid” *The Wall Street Journal*, March 14, 2019, <https://jp.wsj.com/articles/SB12498886470155574209504585177543844620112?mg=prod/com-wsj>, Retrieved May 10, 2019
- 15 “习近平在“一带一路”国际合作高峰论坛开幕式上的演讲” 《新华网》，2017年5月14日，http://www.xinhuanet.com/2017-05/14/c_1120969677.htm, Retrieved March 26, 2021
- 16 “South Korea Is Staying Out of the U.S.-China Rivalry” *World Policy Review*, May 5, 2021, <https://www.worldpoliticsreview.com/articles/29626/south-korea-is-staying-out-of-the-china-us-competition>, Retrieved May 10, 2021
- 17 “畅通国内国际双循环习近平这样阐述“新发展格局” 《人民网》2020年7月22日，<http://politics.people.com.cn/n1/2020/0722/c1001-31793969.html>, Retrieved August 26, 2020
- 18 “Xi Focus Xi stresses building holistic national security architecture” *Xinhua*, December 12, 2020, http://www.xinhuanet.com/english/2020-12/12/c_139584669.htm, Retrieved December 24, 2020
- 19 “U.S.-Japan Joint Leaders’ Statement” “U.S.-JAPAN GLOBAL PARTNERSHIP FOR A NEW ERA” , *Ministry of Foreign Affairs of Japan*, April 16, 2021, <https://www.mofa.go.jp/files/100177718.pdf>, Retrieved April 17, 2021