

Study on Regional Economic Cooperation Strategy and Mode Selection

Fanli Kong, Wu ri han

School of economics and management, Inner Mongolia University for the Nationalities, Tongliao
028000, China

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Abstract: as the pace of global economic integration accelerates, economic environments of various countries and regions in the world have become more open and gradually developed to international direction in recent years. Besides, economic environments evolve, integrate globally, develop and develop mutually. Thus, global economic integration becomes a trend of world economic development. This paper expounds important significance of China fusing regional economic cooperation, analyzes classic mode of global regional economic cooperation and discusses the strategy and mode of China's participation in regional economic cooperation.

Due to great influence of the nonalignment policy, till 1990s, China started to apply APEC platform to fuse in the tide of global regional economic cooperation. In 2001, China officially joined WTO and really drew the curtain of active participation in global regional economic cooperation. In view of great development of China's foreign trade industry, negative effects caused by all kinds of economic and trade frictions and conflicts start to appear. So, how to promote win-win economic cooperation strategy from the perspective of regional economic cooperation has become a strategy and mode problem of regional economic cooperation that Chinese economic and trade circle must carefully study.

1. Important significance of China's fusion in regional economic cooperation

Firstly, it can promote acquisition of scale economy and competition welfare effect. Through implementation of regional economic cooperation, regional economic cooperation between China and other countries deepens, which provides new methods for breaking through this problem. Leading role of each country can transform global market to regional market so as to effectively reduce resource allocation cost in the world as well as decrease transaction cost and default risk. Thus, there are new possibilities for expanded reproduction of modern industry and scale economy. Meanwhile, regional economic cooperation itself can improve welfare. In other words, it can make all countries participating in regional economic cooperation gain profits in larger range through international division of labor and trade. China's active fusion in regional economic cooperation is not only beneficial to achieving complementary advantages among each member state in the region so as to effectively promote development of scale economy, but also contributes to Chinese enterprises to own stronger market competitiveness than ever before.

Secondly, it can well cut down trade frictions between China and other countries. EU, America and Japan are the most important trade partners of China. In a short term, the three countries or regions will not be replaced by other countries or regions. In a future period, they will still dominate most shares in China's foreign trade market. However, since China excessively depends on three major markets (Japan, America and Europe), these countries often put forward harsh requirements for China on the pretext of asymmetric economic and trade relations. Meanwhile, due to politicized economic relationship, China is also affected politically. In such case, China's active participation in regional economic cooperation and especially enhancement of economic cooperation with surrounding countries and regions can not merely gain stable trade export market, but also contribute to reducing and decreasing trade frictions between China and other countries or regions.

Thirdly, it can make the bilateral relation between China and surrounding countries closer. Because China seriously depends on energy of developing countries, Chinese government should give priority to develop friendly relationship with America, but also keep good neighborhood so as to implement mutual trust and cooperation with other countries in Asia, relieve tense situation and

achieve peace in Asian region. China should actively fuse in regional economic cooperation and especially enhance economic cooperation in East Asian region so as to form a more stable regional girdle under the precondition of joint development. After this girdle forms, it is not just beneficial to sustainable development of China's economy, but also makes the relationship between China and surrounding countries closer. For example, the formation of Sino-ASEAN Free Trade Area provides new path for both parties to look for new opportunities and make mutually beneficial relationship closer.

2. Analysis of typical mode of current global regional economic cooperation

(I) Highly-integrated EU mode

This mode is system-oriented and belongs to highly integrated mode. European countries have similar historical and cultural background, with approximate economic structure and development level. Besides, trade policy is basically consistent. Relatively speaking, economic cooperation and integration objective can easily form consistence. In addition, interest objective and mode they purchase are also similar. Thus, they can release sovereignty and enhance economic fusion through signing common legal contracts. EU develops on the basis of Treaty of European Coal and Steel Community, Treaty of Rome and Maastricht Treaty. High integration of EU regional cooperation is also provided in the above treaties.

(II) North America mode in which economy and trade are correlated closely in adjacent regions

Under vigorous advocacy of America, North American Free Trade Area was set up in 1994. In this mode, America and Canada own 4000-mile boundary. This decides both parties will certainly have very close correlation in economy and trade. So, both parties regard the other party as the primary trading object country. Mexico is adjacent to America, so it has strong attraction to America, too. After Mexico is brought into the free trade zone, it can form great complementarity with America and Canada economically. America, Canada and Mexico are adjacent to each other, and they have their own advantages in economic development. So, the setup of North American Free Trade Area can better give play to their respective advantages. Every North American Free Trade Area natural resources and favorable supporting infrastructures of Canada, cheap labor power and potential consumption market of Mexico and American technology and economy advantages can be utilized to further enhance division of labor and make resources allocated more rationally. In this way, economy development of each country can speed up.

(III) Asia-Pacific mode of loose negotiation

Since Asia-Pacific Economic Cooperation was established in 1989, it has been a loose-type economic forum and organization for consultation. Compared with other regional economic cooperation organizations, the largest difference lies in flexibility. Since the structure of each member stage in the organization is quite complex, coordination mechanism is needed to confirm joint development objective of economic cooperation. This organization has no legal constraint or super-state country. Each super state is very flexible. The possibility of direct conflict of interest is relatively small. So, institutionalization requirement of the organization is not high enough. The organization seems to be loose and flexible.

3. China's strategy and mode during participation in regional economic cooperation

In the face of unusually austere domestic and foreign market environments, China needs to form a set of regional economic cooperation strategy and mode beneficial to China's long-term development demand. This has very important significance for improving China's market environment. This requires China properly handling relations with each related party in regional economic cooperation and should be never anxious for success. In view of this, the strategy and mode during participation in regional economic cooperation should be based on mutual benefits and jointly facilitated with relevant countries. China should enhance regional economic cooperation according to the following principles: from the near to the distant, from the easy to the difficult and

in proper sequence.

(I) Form Chinese free trade zone based on Chinese mainland, Hong Kong, Macao and Taiwan

China is a large country in both politics and economy. From both national strategy and regional economic development strategy, regional economic cooperation strategy should be established with China as the center. Hong Kong and Macao are the bridges and windows for Chinese mainland to lead to the world and also serve as vital trade partners and foreign capital sources in Chinese mainland. In long-term co-prosperity, the relationship among the above three has achieved mutual dependence. Taiwan is an inalienable part of Chinese territory and should be listed in the strategy system of China's economic cooperation. Therefore, as the important foundation of China's participation in regional economic cooperation, China should first form Chinese free trade zone including Chinese mainland, Hong Kong, Macao and Taiwan. As economic and trade relationship among Chinese mainland, Hong Kong, Macao and Taiwan has become increasingly close in recent years, this lays a solid foundation for building Chinese free trade zone.

(II) Fully boost and participate in Asian economic and trade integration process with Asian region as the core

As the most vigorous continental plate in the 21st century, Asia owns the largest geographic advantage for China's participation in foreign trade. China is the biggest developing country in Asia. So, China must actively seek regional economic and trade cooperation with Asia as the emphasis.

Firstly, it is required to enhance economic and trade cooperation with ASEAN. Nowadays, in China's foreign trade cooperation, the cooperation with ASEAN develops in the most mature and perfect manner. Especially in recent years, a whole set of effective operation form has generated. It places particular emphasis on actively expanding economic cooperation in numerous fields such as economy, trade and finance on the basis of promoting dialogues and cooperation with East Asian countries. Although both parties will inevitably suffer numerous difficulties in cooperation, as the one of regions with the largest practical effects during implementing economic and trade cooperation, China still needs to create favorable conditions to promote cooperation.

Secondly, it is required to go on strengthening economic and trade cooperation with Northeast Asia and Central Asia. Besides, China should be devoted to driving construction of Sino-Korea Free Trade Area, and continuously accelerate negotiation progress of Sino-Korea Free Trade Area. China and Korea have good political and trade relationship. So, Korea should be a key cooperation object for China to implement economic and trade cooperation in Asia. China should facilitate bilateral free trade negotiation and strive for competing Sino-Korea Free Trade Area as early as possible on this basis. Meanwhile, the positive role of Shanghai Cooperation Organization should be better exerted to boost construction of Sino-Central Asian Free Trade Zone. Natural resource reserve is very rich in Central Asia. In the aspect of energy supply, it has very vital strategic importance for China. In recent years, China has carried out cooperation with mutual benefit in multiple fields with each country in Central Asia within the formwork of Shanghai Cooperation Organization, including energy, aerospace, chemical engineering and machinery. China proposes conception on building free trade area. At present, both parties have implemented cooperation in multiple aspects such as legal system, investment environment and transportation conditions so that economic and trade cooperation between China and various countries in Central Asia is further enhanced. Moreover, economic cooperation among China, South Asia and West Asia should be fully boosted. It can be said that China's economic cooperation with South Asia and West Asia has very strong complementarity. Both parties have very large potential to carry out economic cooperation in information, ability, energy and traffic fields. Especially, China's cooperation with India in computer field and cooperation with West Asia in petroleum field have very large space.

Thirdly, it is required to energetically drive the course of regional integration development of Asian economics and trade. As early as 2003, Japan put forward "East Asia Economic Community" including 10 countries of ASEAN, China, Japan, Korea as well as China's Taiwan and Hong Kong. India proposed to set up Asian Economic Community. China also generated keen interest. Thus,

China should give better play to huge influence in Asia and strive to develop Asian regional cooperation course.

(III) To carry out sub-regional economic and trade cooperation with Asian-Pacific region and other regions as the key points

In the process of formulating regional economic cooperation planning, China should make efforts to develop regional economic cooperation with surrounding countries and regions. Meanwhile, with the help of various international organizations, non-governmental organization and existing regional organizations, China should comprehensively participate in sub-regional economic and trade cooperation in Asian-Pacific region and other regions so as to form network of economic cooperation. In a long run, China should take America, EU and Japan as the key cooperation objects during forming regional economic cooperation network. Therefore, it is necessary to enhance sub-regional economic and trade cooperation, and strive to cut down trade frictions against the above countries so as to stabilize China's key export markets and create better international market environment for sustainable development of Chinese economy.

4. Conclusions

In conclusion, under the general background where China comprehensively participates in global sustainable development, China should fully pay attention to two points: 1) reduce excessive economic dependence on America. Due to huge impacts of global financial crisis, American economic development momentum slows down to a large extent. Besides, this will be a long-term process. At the same time, some forces in America discriminate China. This also deserves our vigilance. Hence, China should lay particular emphasis on balancing the entire situation on the basis of reinforcing the relationship with American economy and trade. 2) Quote relevant rules and regulations of WTO and better utilize rights and interests in WTO so as to achieve benefits. This requires properly formulating policies which are beneficial to China's participation in global economic cooperation and regional economic integration, and effective prevention possible economic risks caused by globalization. By use of the new opportunity of regional economic cooperation, it is required to actively drive transformation, upgrading and transformation and upgrading of China's entire economic structure so as to make China's economy more vigorous.

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