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ІСТОРИЧНІ ПЕРЕДУМОВИ ТА БАР'ЄРИ ДЛЯ ЕКОНОМІЧНОЇ КООПЕРАЦІЇ НА ПРИКЛАДІ ЯПОНІЇ ТА ПІВДЕННОЇ КОРЕЇ

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Анотація. Ця стаття має на меті вивчити значення історичних подій у розвитку сучасних міжнародних відносин та економічних відносин між двома країнами. Країни, які використовуються в статті, - Японія та Південна Корея. Ці країни представляють складний приклад минулих історичних труднощів. Дані як до, так і після Другої світової війни використовуються, щоб показати довгу історію цих країн. Під час аналізу встановлюється точний ступінь пошкодження відносин між цими двома країнами. Далі стаття демонструє позитивні зрушення, започатковані двома країнами. На основі поточної інформації та історичних статистичних даних зроблено висновок, що дві країни продовжують політичну економічну і навіть військову співпрацю, незважаючи на труднощі, з якими вони зіткнулися в минулому. Японія та Південна Корея також беруть активну участь в інвестуванні в економіку одна одної, що ще більше свідчить про ступінь співпраці в економічному аспекті. Регресійна модель, побудована в статті, лише додатково підтверджує твердження, що дві країни змогли подолати проблеми минулого та перейти до продуктивних і ефективних відносин у сьогоденні. Наукова та практична цінність цієї роботи є у тому, що багато інших країн можуть отримати цінну інформацію, щодо кооперації та відновлення. Для України особливо ця робота може мати цінність у двох моментах. Досвід цих країн у післявоєнному відновленні та розвитку, а також їхня кооперація не дивлячись на історичні проблеми. Для України після закінчення військових дій відкривається вікно можливостей схоже на те, що було у Японії та Південної Кореї на початку їхнього шляху. За достатньої матеріальної та технологічної допомоги від США та країн Європи, Україна може спробувати повторити досвід Японії чи Південної Кореї. Але при цьому країна має бути обережною, щоб не допускати помилок, здійснених у минулому. Враховуючи характерні особливості економіки, обставин, історичного досвіду, можна навіть перевершити результати, які досягли Японія з Південною Кореєю. Другий момент це тісна кооперація із західними сусідами. Для України майбутнього дуже важливо зберігати ці дружні стосунки і надалі їх розвивати. Як показує досвід, кооперація завжди приносить позитивні результати для обох сторін, наближаючи їх до головної мети – економічного зростання та добробуту. У ході написання статті були використані такі методи дослідження: аналіз літератури та статистичних даних з теми дослідження, індукція і дедукція, моделювання, узагальнення і синтезування здобутої інформації.

Ключові слова: економічне співробітництво, бар'єри, історична довідка, ефективність.

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HISTORICAL BACKGROUND AND BARRIERS FOR ECONOMIC COOPERATION ON THE EXAMPLE OF JAPAN AND SOUTH KOREA

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Abstract This article aims to study the significance that historical events play in the development of current international relations and economic relations between two countries. The countries used in the article are Japan and South Korea. Those countries represent a difficult case of past historical hardships. Data from both before and after the World War 2 is used to show the long history these countries share. During the analysis, the exact degree of damage to the relations between these two countries is determined. The article proceeds to show the positive advances which two countries initiate. Based on the current information and historical statistical data, it is concluded that two countries continue their political economic and even military cooperation despite the hardships they faced in the past. Japan and South Korea also take active part in investing in each other's economies which further shows the degree of cooperation in economic aspect. The regression model constructed in the article only further supports the claim that two countries were able to overcome the issues of the past and move on to have a productive and efficient relations in the present. The scientific and practical value of this work is that many other countries can get valuable information about cooperation and recovery. For Ukraine, this work can be valuable in two ways. The experience of these countries in post-war reconstruction and development, as well as their cooperation despite historical problems. For Ukraine in particular, after the end of hostilities, a window of opportunity opens, similar to what happened to Japan and South Korea at the beginning of their journey. With sufficient material and technological assistance from the USA and European countries, Ukraine can try to repeat the experience of Japan or South Korea. But at the same time, the country must be careful not to make mistakes made in the past. Given the characteristic features of the economy, circumstances, and historical experience, it is even possible to surpass the results achieved by Japan and South Korea. The second point is close cooperation with Western neighbors. For the Ukraine of the future, it is very important to preserve these friendly relations and further develop them. As experience shows, cooperation always brings positive results for both parties, bringing them closer to the main goal - economic growth and well-being. In the course of writing the article, the following research methods were used: analysis of literature and statistical data on the research topic, induction and deduction, modeling, generalization and synthesis of the obtained information.

Keywords: economic cooperation, barriers, historical background, effectiveness.

Introduction. People in today's world live in a system shaped by great events of the past. World War II and its aftermath created a stable system in which most countries could coexist in peace. But that does not mean that the woes of the past have been forgotten. Problems caused by actions in the past still affect the relationship of countries in the present. But despite this, countries which were enemies once, have become trade partners and even allies over the years. One particular aspect which this article is going to cover is the relationship between former colonies and metropolises. There are many examples of such countries, United Kingdom and countries of Africa and India, France and North Africa. But in this article the main focus will be on two Asian countries – Japan and South Korea. Korea as a whole country was occupied for more than three decades. A brutal oppression of people and culture was present. However, after the second World War, countries learned how to put these

difficulties aside in order to economically cooperate. The experience of those two countries will show, how countries which had a difficult past can cooperate in the present. Which steps had to be taken in order for such cooperation to happen. And which barriers are still left for those two countries. Even in modern world, there are still conflicts. States argue, fight and negotiate every day. They will always have a need for cooperation with each other. This article could be useful as an example of countries working out an effective cooperation mechanism. Such experience could be used for a quicker cooperation establishment in context of a different pair or a group of countries.

Problem statement. International Economic Relations in modern world are often based on the historical, geographical and cultural aspects. These aspects must not be neglected if one wishes to see the full picture of a country's development. Analyzing a country's history allows not only a deeper understanding of this particular country's economic system and its uniqueness, but it also serves as a valuable information which could be applied to different cases to maximize efficiency of development. The purpose of research is the analysis of historical and economic data with further process of extracting a valuable experience regarding a cooperation between countries. Countries are subjects of international economic relations. By studying the specifics of each country's development, it is possible to gain valuable experience. This experience could be useful in coordinating a development of another state and avoid mistakes and miscalculations made by countries of the example.

Results. This problem is the object of study by a wide range of foreign researchers, including: Jungmin Seo, Taku Tamaki, Kim Gyu-Pan, Frank Aum, Sang-ok Park, Ambassador Joseph Yun. However, the compilation of the result of the research combined with a new data and perspective could help to understand the problem on a deeper level.

At the beginning, it is essential to state the main problem which Japan and South Korea face nowadays. Giving an explanation to historical events would show the actual gravity of the situation which these countries have to work through. It is also important to note that in this analysis only South Korea will be presented since the lack of proper data of the northern part of the peninsula nullifies the possibility of quality analysis. With a help of researchers and relevant data it is possible to describe the problem which two countries face. As of year 1910, following the Russo-Japanese war, the state of Korea was annexed by Japanese Empire. Imperial Japan during the years of Korean occupation was a completely different country. Military reigned supreme, extremist, racist and exploitive ideas were common in the government. In general sense, Korean populace was seen as inferior and something of tool to benefit the empire. Imperial Japanese government was making attempts of slowly erasing and later assimilating Koreans into Japanese state. Some cases of slavery were also present. Movements of resistance were appearing, and Koreans never fully lost their sense of identity. All those things have to be listed in order to show the severity of the damage which two countries had in their relations. Following the Japanese defeat in World War II, Korea gains independence once again. Unfortunately, the new state could not begin its path to economic development, as the tensions in political sphere of the country resulted in civil war. The result of this war is two countries which exist to this day – North Korea and South Korea. This split greatly limits the potential economic growth in the country. Both countries managed to rebuild themselves after the war, but only one was able to thrive – South Korea. Gradually we move on to South Korean first attempts at establishing relations with Japan again. [1]

Japan's economic relations with Korea after the war were re-established with the "diplomatic normalization" of the two states in 1965. This agreement also oversaw the payment of a significant sum in a form of reparations. A total amount of reparations equaled \$300 million dollars of grants. The additional funds of \$200 million were to be provided in a form of loans. At that time, Korea was quite behind Japan in when it came to economic

development. Its GDP per capita was around 100 dollars, which was approximately 1/10th of Japan's at the time. [3],[4]

Experts in the sphere of economic relations between South Korea and Japan note that at least at the beginning, countries established an economic relation which mirrored their relation during the colonial time. Korea imported many technological products from Japan which would help fuel their own economic growth. However, this is only natural for a capital and technology rich country to sell the abundance to the country that requires it. Basic principles of international trade could be clearly observed in the relations of these two countries. Some experts also agree that Japan played a big role by providing capital and technology which triggered Korean economic miracle. [3]

In modern time, Korea and Japan continue their economic cooperation this can be seen by looking at their trade statistics (figure 3). There are many factors at play when the analysis of the trade is conducted. Specific attributes of countries are of extreme importance. Thus, when looking at the chart below, it is important to note such characteristics of Japan. Japan is known for having an advanced economy, this type of economy defines the products it needs to import. Imports mostly consist of either raw materials or electronic parts. Imports of Japan are Crude Petroleum, Petroleum Gas, Integrated Circuits, Broadcasting Equipment, and Computers. While the top import partner is China, due to the cheapness of electronic components and natural resources, South Korea also is an important trade partner. South Korean main export to Japan is Refined petroleum.

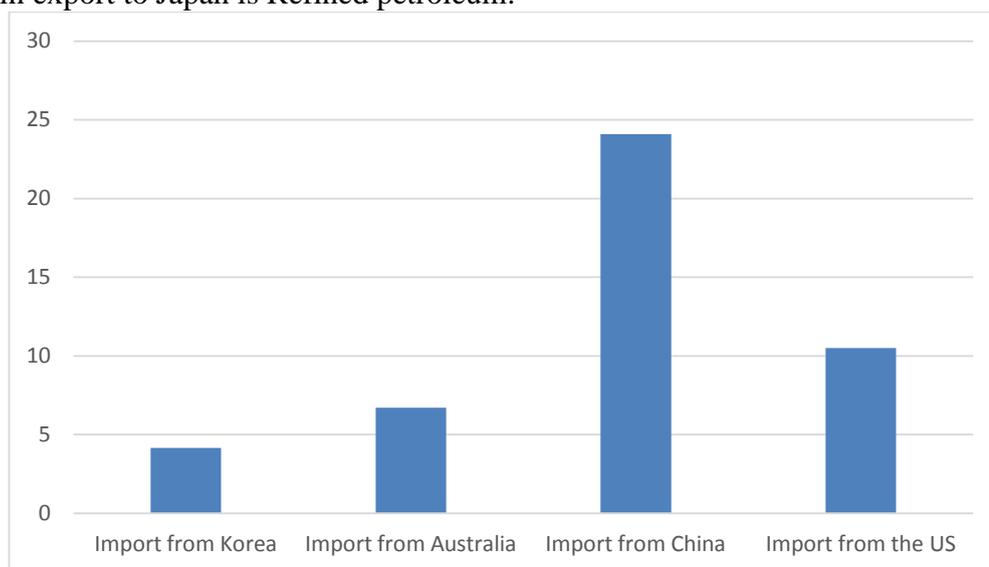


Fig. 1. Import partners of Japan 2021 (In %) [5]

Chart 2 shows the export partners of Japan. As it can be seen, the main export partners are again China and the United States. The obvious question raises itself "why these countries dominate both imports and exports of Japan". This question needs to be addressed in order to proceed with the analysis. These countries both possess a huge internal market and produce a large amount of goods. This makes them very appealing in terms of a potential trading partner. Korea does not have such a market, but due to geographic proximity and relatively high purchasing power, the country makes it to the 4th place of Japanese top trading partners. The top exports of Japan are Cars, Integrated Circuits, Motor vehicles; parts and accessories, Machinery Having Individual Functions, and Photo Lab Equipment. The last article in specific is a main export to South Korea.

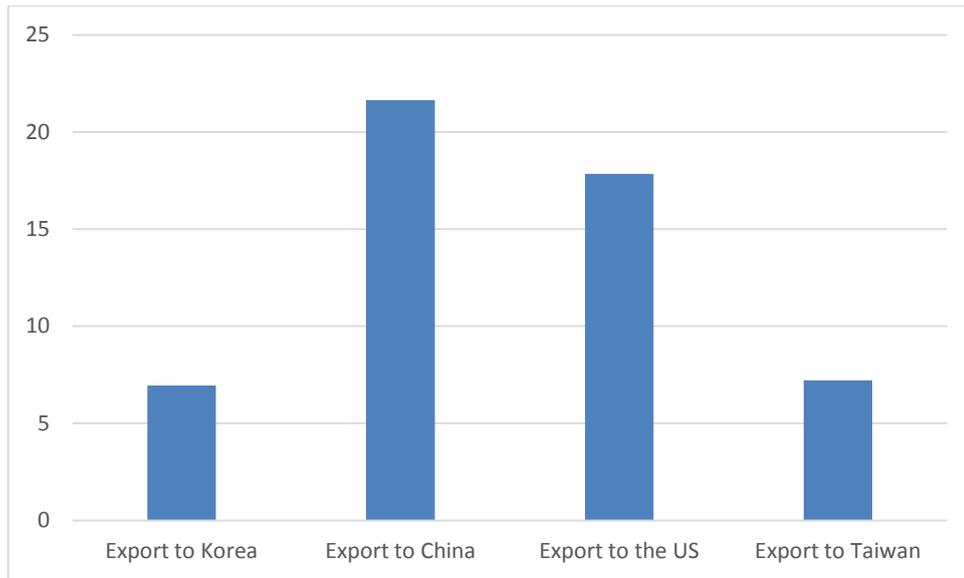


Fig. 2. Export partners of Japan 2021 (In %) [5]

The next graph shows the FDI flows between Japan and South Korea. The unexpected result of this statistical information is that South Korea invests more in Japan than vice versa. This important detail clearly shows how over the course of time, South Korea was not only able to develop itself but also change the FDI flows. So now it invests in Japan. The main categories of FDI which South Korea invests in Japan are communications, finance and insurance. The main categories of FDI which Japan invests in South Korea are electric machinery, communications, finance and insurance. The situation of ranking stays approximately the same as it is in trade statistics, South Korea is 4th or 5th, USA still remains the largest investor and investment destination both for Japan and South Korea. This could also serve as another example of deepening relations between two countries.

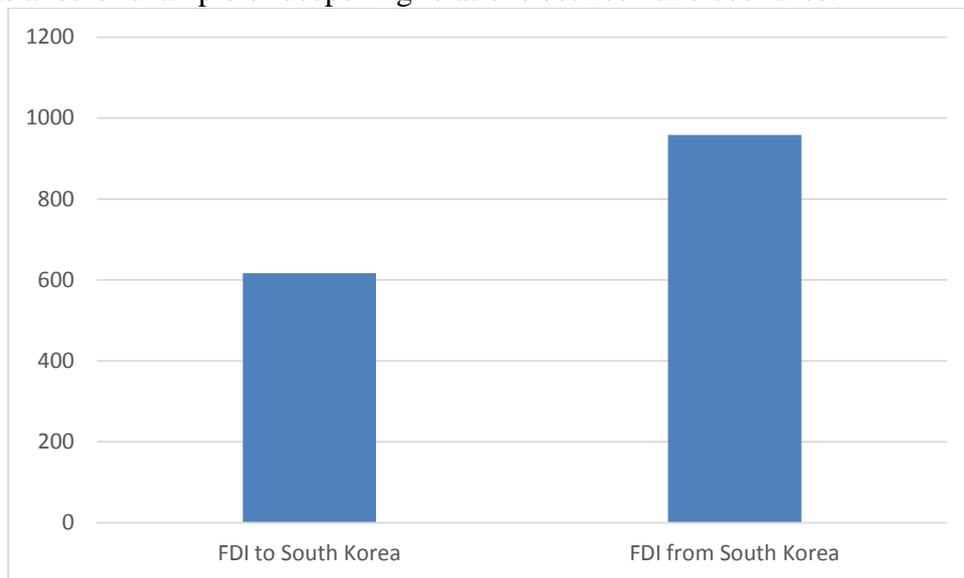


Fig. 3. FDI flows between Japan and South Korea (in millions of dollars) [6]

Regression model of macroeconomic factors of South Korea and Japan

A regression model was built to study the impact on the economic development of South Korea and Japan. A number of indicators that could affect the GDP of these countries were selected. Such as budget deficit, interest rate, public debt, and the most importantly FDI

indexes of countries. The FDI index in specific could potentially show both the degree of integration into the world's economy and the degree of influence of countries' FDI on each other's economies.

The regression model used annual data from 1995 to 2021.

The following models with probable dependence were obtained:

$$GDP = \alpha + \beta_1 * Debt + \beta_2 * FDI + \beta_3 * Def - \beta_4 * InR$$

(1)
Table 1

The influence of indicators on the GDP of the countries

Index	Japan	South Korea
FDI	0.433	0.399
	(0.001) ***	(0.000) ***
Interest	0.272	-0.250
	(0.108)	(0.006) ***
Budget deficit	-0.587	—
	(0.001) ***	
Debt	—	0.399
		(0.002) ***
R2	0.956	0.485
F	7.216	167.421
N of obs	26	26

***, **, * represent significance levels of 1, 5, and 10%, respectively. The p values are given in parentheses

Source: compiled by the author.

Based on the completed regression models, we can conclude that there are a number of factors which affect the economic development of each country. Not all among them are the same for each country. For example, the amount of debt seems to have no affect on Japanese economy, as well as interest rate. On the other hand, South Korean GDP seems to be affected by both interest rate and the amount of debt but not by budget deficit as in Japan's case. However, there are indexes which affect both countries' GDP. This index is FDI. In case of Japan if the GDP increases by 1 standard deviation the FDI also increases by 0.433. The same thing could be observed in case of South Korea. if the GDP increases by 1 standard deviation the FDI also increases by 0.399. This data allows to show that countries do depend on international investment when they develop their economies. Which of course means that they also depend on each other's investments. The data from the model also allows to conclude that countries are deeply integrated in the world economy which allows them to depend on foreign capital for further economic development.

Conclusions. Of course, the statistics do not mean that countries no longer have problems. Quite on the contrary, there are still many political disputes over the past events. For South Korea the issue of slavery is still a very relevant one. On the other hand, Japan makes tremendous effort to try and “forget” about the issue and pursue “future oriented relationship”. Recently South Korea demanded additional compensation to some of its citizens which greatly soured the relationship. A quote of prime minister at the time Shinzo Abe

“while difficulties remain, ‘it is in our mutual interest to manage the bilateral relationship’”. Both sides of the conflict have their truths; it is also important to note that both sides try to balance between their democratic and nationalistic supporters inside the country which complicates the issue even further. These problems will forever be a part of the difficult relations of Japan and South Korea. However, despite the issues countries find a way for cooperation in economic sphere. They trade, they invest and cooperate with each other. The regression clearly shows how the capital flows of countries affect their economies. Many other cooperations exist. There are many cultural and scientific cooperations between the two countries. Japanese and Korean military conduct exercises together. China’s aggressive foreign policy also serves as a uniting factor of the sort, forcing two countries to seek further cooperation despite the many problems they faced in the past.

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ДИНАМІКА ЗАБОРГОВАНОСТІ КРАЇН ЄС В УМОВАХ ГЛОБАЛЬНОЇ ПАНДЕМІЇ COVID-19

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Анотація. У статті досліджується боргова ситуація в європейських країнах, особливо в Італії та Іспанії, оскільки ці країни є лідерами серед європейських країн за борговим