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CHINESE COMMERCE MINISTER CONCERNED ABOUT CHINA-JAPAN TRADE

TOKYO

Trade between China and Japan is still growing but there has been a slowdown in growth, China's commerce minister has told Japanese media in a recent interview on the sidelines of an energy forum in Tokyo.

The Sino-Japanese relationship has not moved to a situation where it is "politically cold and economically cool" from the undertone of "politically cold yet economically hot," Commerce Minister Bo Xilai said.

Japan's investment in China remains at a fairly high level and bilateral trade keeps growing, but some developments are worrying, Bo said.

He said Japan took a convincing lead in terms of both China-bound investment and trade in the 1980s and 1990s, but the European Union and the United States overtook Japan in 2004 as China's top trading partners.

Bilateral trade grew only by 9.9 percent in 2005, much slower than China-EU and China-U.S. trade. China-Japan trade accounted for 20 percent of China's total overseas trade in 1994, but the figure dropped to 13 percent last year. In 2004, Japan also lost to South Korea in terms of investment in China.

There are winners and losers in battlefields, but in the business world, more often than not, no one would emerge as the winner if there is a trade war between the two sides, Bo noted.

There is no doubt that bilateral political strains dampens bilateral trade, he said, citing a Chinese saying which goes to the effect that there is good business without good partners.

Bo also noted that market demand in China has never been so robust: demand for means of production and consumer goods in domestic market is expected to exceed 4 trillion U.S. dollars by 2010 and imports alone would be valued at 1 trillion dollars; China needs 300 billion dollars in investment for energy-saving and environmental protection program alone in the next five years.

But the minister warned the strained political relations are exerting a subtle influence on the minds of many business people despite the convenience that the two countries are geographically close to each other.