IDENTIFYING OPPORTUNITIES IN ROMANIAN-JAPANESE ECONOMIC RELATIONS

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Abstract
Japanese business management practices and philosophies are famous for the way they have influenced global business strategies, determining over time the creation of a series of unique concepts, such as "kaizen", "just-in-time", "lean manufacturing", TQM, the Ringi system, the practice of "genchi genbutsu", and "Hoshin Kanri". These practices stimulate the efficiency and quality of business management, contributing to the overall success of Japanese companies on a global scale, as a result of international commercial and financial investments.
In this sense, it is necessary to study and, respectively, research the economic opportunities that Japanese companies can identify in the global market, to make decisions regarding possible economic expansions. Thus, at the regional level, starting in 2019, the EU-Japan Economic Partnership Agreement (EPA) entered into force, an agreement that created significant opportunities in the developed economic relations, facilitating a substantial increase in trade by eliminating tariffs and trade barriers. Subsidiarily, at the national level, the Strategic Partnership between Japan and Romania was signed in 2023, which presents numerous opportunities, especially in areas such as political-security dialogue, economic and development aspects, as well as culture, science and technology, research and development, innovation, and human contacts.
As in any real economic market, international financial and commercial investments are made under conditions of competition, but are also influenced by the geopolitical competition between developed states. Thus, regionally, both China and Japan are in both economic and geopolitical competition, intending to make investments in other countries (especially in Asia and Africa, and more recently in Europe. The competition between the two states shapes the global economic models, both countries offering distinct models of economic engagement and consequently, an analysis of the respective competitive environment can further clarify the identification of the best opportunities in the economic relations developed at the national level with the Japanese state.

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1. Japanese economy and the trade competition with China

According to the I.M.F. estimates for 2023, the Japanese economy ranked third in the world economy ranking, recording a G.I.B. level of 4,410 billion USD, i.e., 4.19% of the estimated global total, amounting to approximately 105 trillion USD. On the other hand, the forecasts regarding the growth of G.I.B. at the global level

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(I.M.F. World Economic Outlook, 2023, 2024), considering the resilience of the major economies, indicate a calm of the inflations registered and a reduction of the negative effects coming from the previous years, materialized in a global growth of G.I.B. by 3.1%, in the case of Japan this estimate being of 0.9%, respectively 4.6% in the case of China.

According to the German Institute for Japanese Studies, the Japanese economy records a form of collective capitalism, originating from the very revival recorded after the First World War and which was successful until 1990. The term collective capitalism was advanced by G. C. Means following the publication of the work, Collective Capitalism and Economic Theory'' (sechistorical.org) and involves the rejection of the principles enunciated by Adam Smith, expressing a capitalist socialization of production, in a distorted manner. In the case of Japan, this form of capitalism is based on cooperation, ignoring private ownership of the means of production, this being also the essential difference from the typology of the socialist economy.

Japanese collective capitalism emphasizes long-term cooperative relations, resulting in the relationship of markets, the interconnection of the shareholders of private companies and the growth of the common interest for increased economic performance. Thus, the formation (after the Second World War) and operation within the Japanese economy of groups of industrial companies, known as *Kigyo Shudan* (KIKKAWA, 2006), with partial common ownership, is noteworthy, which brought a sense of security, allowing managers to exercise some common control over the companies and encouraging companies to plan for long-term increases in production rather than focusing on short-term profits. Another example is the formation of *keretsu* groups, defined (GRABOWIECKI, 2006) as groups of independently managed companies that maintain close and stable ties, but have a common governance mechanism (clubs, cross-ownership, direct interconnections).

Another characteristic of this collective capitalist system is the involvement of employees in the work performed, determining a level of additional benefits in exchange for an additional level of work performed, but considered as a help resulting from devotion and determination.
This capitalist system has allowed the creation and implementation in the economy of new management concepts, such as: kaizen (continuous improvement), just-in-time (production), *genchi genbutsu* (directly observation – faster solving) or *hoshin kanri* (internal goals communication – action), concepts that have also been taken up globally.

Currently, the new government administration has adopted the "new form of capitalism" agenda (I.M.F., 2024), through which investments in priority areas continue to be promoted (including science and technology, startups and innovation, and green and digital transformation). At the same time, policies are implemented to combat the low birth rate and increase support for families.

Table 1. Japan GDP evolution (including estimation), 2021-2029 (IMF report, May 2024)

	2021	2022	2023	2024	2025	2026	2027	2028	2029
Nominal GDP (US Dollar basis)	5,034.6	4,256.4	4,212.9	4,110.5	*4,310.4*	*4,499.5*	*4,649.1*	*4,836.3*	*4,944.7*

The global positioning of the Japanese economy among the top 10 countries in the world, depending on the GDP level, demonstrates a constant concern at the national level for maintaining a high competitiveness of the economy, as can be seen in the following table:

Table 2. World economy 2023 global GDP, IMF projections (IMF Datamapper, World Economic Outlook, 2023)

Rank	Country	GDP (USD)	% of Total
1	U.S.	$26,855B	25.54%
2	China	$19,374B	18.43%
3	**Japan**	**$4,410B**	**4.19%**
4	Germany	$4,309B	4.10%
5	India	$3,737B	3.55%
6	UK	$3,159B	3.00%
7	France	$2,923B	2.78%
8	Italy	$2,170B	2.06%
9	Canada	$2,090B	1.99%
10	Brazil	$2,081B	1.98%

From the analysis of the world's top states, classified by GDP level, estimated by the IMF at the level of 2023, it is noteworthy that the Japanese economy is positioned in the platoon of countries following the two economies that dominate the global economy from some distance: the U.S. and China. Japan's position in third place confirms, on the one hand, its direct competitiveness with the Chinese economy and, on the other hand, its leadership of the group of following countries.

Having different political and economic systems, China and Japan have recorded opposite economic developments in recent decades, and currently, both states are faced with managing economies with limited dynamism, with a growing level of debt and inflation, and with demographic changes that determine the decrease in the labor force.

The GDP structure in the case of Japan in the last two years (2023 and 2022, according to data reported by the World Bank) shows a majority contribution of industrial production to the creation of GDP, as can be seen from the following table:

Table 3. 2023 and 2022 Japan GDP components (World Bank, tradingeconomics.com, 2024)

Components	2023		2022	
GDP from Agriculture	5,370	2%	5,312	2%
GDP from Construction	28,722	12%	28,160	12%
GDP from Manufacturing	**121,800**	**49%**	**120,607**	**50%**
GDP from Mining	278	0%	296	0%
GDP from Public Administration	27,058	11%	27,568	11%
GDP from Services	19,914	8%	19,906	8%
GDP from Transport	25,797	10%	23,681	10%
GDP from Utilities	17,822	7%	17,070	7%
Total GDP	246,761		242,599	
Unit	Reference			
JPY Billion	Dec-23			

The analysis of the other major areas of the GDP component, namely: agriculture (12%), public administration (11%) and transport (10%) - all three areas recording almost identical shares in the two consecutive years analyzed, confirms the characteristic of the Japanese economy, as a collective capitalist system, in which state institutions have an important role, both in managing the economy and in investment policy.

2. 2019 EU-Japan Economic Partnership Agreement (EPA)

On 1 February 2025, it will be six years since the EU-Japan Economic Partnership Agreement (hereinafter 'EPA') entered into force, and its effective implementation remains a political priority for both parties.
Japan is the second largest trading partner in Asia, after China, and the seventh largest partner for exports and imports of goods. In these conditions, total bilateral trade in goods and services increased by 9% between 2019 (when the EPA entered into force) and 2023, from €173 billion to €188.6 billion, concentrated around the industrial sector, which represented 93% of total trade in goods in 2023 (while agricultural products had a share of 6.2%).

Table 4. European Union, Trade with Japan (policy.trade.ec.europa.eu, 2024)

		Imports	Exports	Total trade
2023 - Mio euros, from which:		70,467	63,988	134,455
Machinery and transport equipment		*44,428*	*22,509*	

		Imports	Exports	Total trade
Chemicals and related products		*9,362*	*16,474*	
Manufactured articles		*8,727*	*10,120*	
Agricultural products		*1,059*	*8,579*	
Rank as an EU partner		8	6	7
Share in EU trade	%	2.8	2.5	2.6
Annual growth rate	%	0.6	-10.3	
Annual average growth rate	%	2.8	0.5	

The analysis of the EU-Japan trade balance recorded in 2023 shows a negative EU balance of approximately 6.4 billion euros (exports being outpaced by imports), with Japan occupying 7th place in the ranking of EU trading partners, with a share of only 2.6% of the total. It is also worth noting the majority proportion, approximately 89% in total imports, of industrial products, which confirms the contribution of industry to the creation of Japan's GDP (the structure presented in the previous chapter). On the other hand, EU exports recorded a positive balance in relation to imports from Japan, in the case of chemical products, various manufactured articles and agricultural products respectively.

Table 5. EU total good trades and balance, 2013-2023
(Eurostat, ec.europa.eu, 2024)

	Balance	Total trade	***Mio EUR***
2013	261	97,418	
2014	-706	96,865	
2015	-383	101,809	
2016	-2,356	106,950	
2017	-3,067	111,190	
2018	-1,886	117,483	
2019	-414	125,658	
2020	283	110,194	
2021	13	124,581	
2022	1,300	141,346	
2023	-6,479	134,455	

Between 2019 and 2022, EU exports of goods to Japan increased by 13.8% (from €62.6 billion to €71.3 billion), while EU imports increased by 11% (from €63 billion to €70 billion).

However, in 2023, EU exports decreased by 10.3% (€63 billion) compared to 2022, mainly due to the reduction in the surplus in chemicals and which was the result of the decrease in the level of exports of pharmaceuticals, in particular, Covid-19 vaccines, as well as other financial factors. On the other hand, a surplus of €11.8 billion was recorded in total EU-Japan trade relations, following the increase in the services chapter (up 14.3%).

Table 6. Japan world trade, top trading partners, 2023 (IMF, ec.europa.eu, 2024)

	Partner	Value Mio EUR	% World
	World	1,389,828	100
1	China	277,439	20
2	USA	211,222	15.2
3	EU27	142,721	10.3
4	Australia	76,033	5.5
5	Taiwan	72,563	5.2
6	South Korea	72,059	5.2

From the analysis of Japan's trading partners in 2023, the EU ranks third in their ranking, after China, with a share of 10.3% of Japan's total global trade transactions, which demonstrates the importance of the EPA agreement for both parties.

Table 7. Effects of the adoption of the EPA
(personal adaptation, policy.trade.ec.europa.eu, 2024)

EU	Japan
EU firms export to Japan: 58 billion euro of goods 28 billion euro of services	Japan: the EU's second biggest trading partner in Asia after China 10% of Japan's trade is with the EU
Every €1 billion of EU exports: (+) 14,000 jobs in Europe (+) 600,000 EU jobs linked to exports to Japan	Japanese companies employ + 500.000 people and form an integral part of the EU's economy
EU exports to Japan could increase with 30%	Japan imposes high tariffs on imports of European food and drink products: 30-40% on cheese 38.5% on beef 15% on wine Up to 24% on pasta Up to 30% on chocolate
Obstacles: 10-30% more expensive to export to	
EU wants: improvements in over 70 areas Japan to recognize 205 European Geographical Indications	
Easier to export to Japan is expected to benefit EU electrical machinery pharmaceuticals medical devices motor vehicles transport equipment textiles and clothing footwear and leather products forestry products agri-food products	Japanese car makers in the EU : 14 production plants 16 research and development centers employ 34,000 people and a further 127,000 indirectly

The trade agreement with Japan:
- removes tariffs and other trade barriers and creates a platform to cooperate to prevent obstacles to trade; and
- helps us shape global trade rules in line with our high standards and shared values, and
- sends a powerful signal that two of the world's biggest economies reject protectionism.

3. 2023 Strategic Partnership between Japan and Romania

By signing on March 7, 2023, the Joint Declaration on the Establishment of the Strategic Partnership between Romania and Japan, by the representatives of the two states, raised the interstate relations to the level of a bilateral strategic partnership. The partnership is based on previous bilateral documents: the "Declaration of Friendship, Cooperation and Partnership between Romania and Japan", from 2002 and the "Declaration on the Renewed Partnership between Romania and Japan", from 2013 and provides political support and the necessary foundations for sustaining ties between the two states in three main areas:

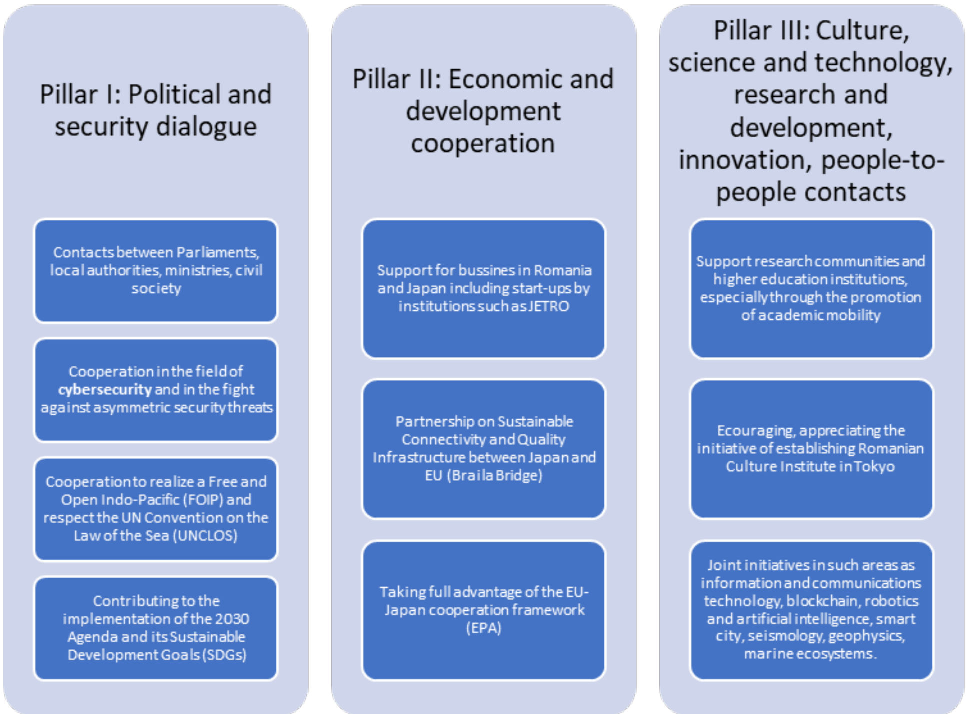


Figure 1. The three pillars of the partnership between Romania and Japan (personal adaptation, M.A.E., 2024)

The Strategic Partnership between Romania and Japan is based on cooperation built through a common diplomatic history of over 100 years (Nicolae Xenopol being the first Romanian ambassador to Japan, accredited on November 19, 1917) (Radu SERBAN, 2023), being founded on a series of common values: democracy, respect for human rights and also on the convergence of regional and global interests (M.A.E., 2023).

The joint declaration on the partnership concluded between the two countries took into account the lasting friendship and tradition of cooperation, as well as political motivations regarding the strengthening of the international order based on the rule of law, the inseparability of the security of Europe and that of the Indo-Pacific area, adherence to the purposes and principles of the United Nations Charter, as well as ensuring an open and constructive dialogue towards the complex global challenges facing humanity.

The partnership was focused on three main pillars (as previously presented in Figure 1), as follows:
Pillar I: Political and Security Dialogue, with the following objectives:
- Intensifying political cooperation at the global level;
- Opposition to any unilateral attempts to change the political status quo through force or coercion;
- Condemning Russia's war of aggression against Ukraine and North Korea's development of nuclear weapons;
- Recognizing the importance of peace, stability and territorial integrity of the Republic of Moldova;
- Sharing a common interest in a free, democratic, secure, stable and prosperous Black Sea region;
- Continuing Japan-EU dialogue and engagement ;
- Strengthening Japan-NATO cooperation;
- Intensifying cooperation in the field of cybersecurity.

Pillar II: Economic and development cooperation, with the following objectives:
- expanding and diversifying bilateral economic and trade relations, taking advantage of the Economic Partnership between the European Union and Japan, as well as the European Commission's communications and the EU's strategies on cooperation with the Indo-Pacific area;
- harnessing the technological potential based on data management;
- developing major infrastructure projects and strengthening bilateral cooperation in energy, transport and digital connectivity;
- establishing institutions such as JETRO;
- cooperating to support Romania's accession process to the OECD;
- Implementing development assistance projects in third countries (e.g. the Republic of Moldova).

Pillar III: Culture, science and technology, research and development, innovation, people-to-people contacts, with the following objectives:

- supporting synergies between research communities and promoting academic mobility, following the Agreement between Japan and the EU on cooperation in Science and Technology;
- cooperation in the fields of: digitalization, ICT, telemedicine.

From the analysis of the pillars that support the partnership concluded between the two states, it is noteworthy the subsequence of the objectives proposed within the partnership compared to the framework established by the EPA in 2019, supplemented with new proposals for political cooperation - as a result of the emergence of new political risks at the global level, as well as the support of principles and collaborations in specific economic and social fields, depending on common interests at the national or global level.

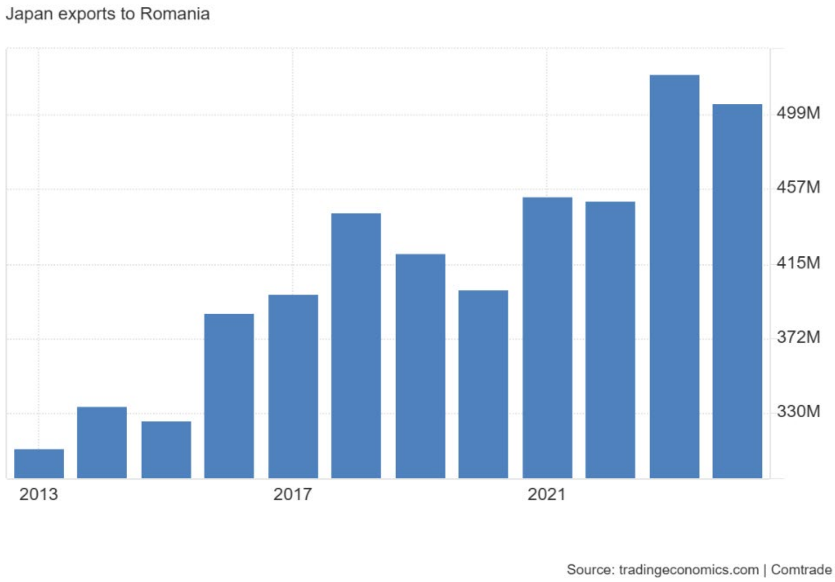
Considering the proposed topic, namely the identification of opportunities for economic cooperation between Romania and Japan, it is necessary to analyze the structure of exports and imports between the two states.

Table 8. Japan's exports to Romania in 2024 (tradingeconomics.com, 2025)

Japan Exports to Romania	Value
Vehicles other than railway, tramway	$296.11M
Machinery, nuclear reactors, boilers	$60.71M
Electrical, electronic equipment	$41.46M
Rubbers	$21.91M
Copper	$18.76M
Optical, photo, technical, medical apparatus	$15.44M
Commodities not specified according to kind	$10.30M

Japan Exports to Romania were US$505.9 Million during 2024, down from the volume of exports recorded in the previous year, when exports recorded a volume of US$522 Million.

The evolution of exports in the last decade is represented in the following graph:



Graph 1. Japan's exports to Romania, 2013-2024 (tradingeconomics.com, 2025)

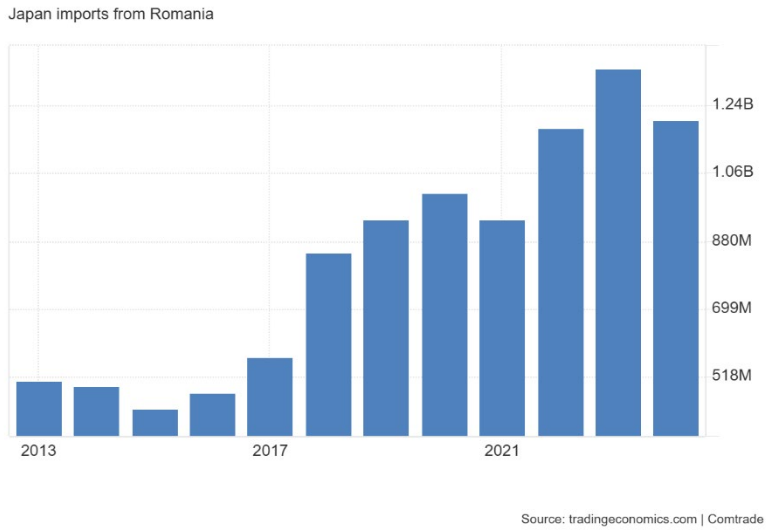
Table 8. Japan's imports to Romania in 2024 (tradingeconomics.com, 2025)

Japan Imports from Romania	Value
Tobacco and manufactures tobacco substitutes	$609.24M
Articles of apparel, not knit or crocheted	$125.74M
Electrical, electronic equipment	$124.33M
Wood and articles of wood, wood charcoal	$115.80M
Optical, photo, technical, medical apparatus	$68.07M
Articles of leather, animal gut, harness, travel goods	$26.56M
Articles of apparel, knit or crocheted	$26.45M
Machinery, nuclear reactors, boilers	$26.35M
Vehicles other than railway, tramway	$14.58M
Rubbers	$13.93M
Footwear, gaiters and the like,	$10.31M

Japan's Imports from Romania were US$1.2 billion during 2024, also down from the previous year's level, when the volume of imports reached US$1.34 billion.

From the analysis of the import-export transactions carried out by the two countries, it is first of all noted that the trade balance is favorable to Romania, recording a positive result of exports over imports of US$818 million during 2024. This result was possible due to the dominance of products exported to Japan, namely: tobacco, textiles, electrical and electronic products and wood, while Romania imported mainly vehicles and machinery. However, the rather high volume of the similar chapter, related to electrical and electronic equipment, is also noteworthy, within which both states carried out concurrent import-export transactions of $41.46M - Japan Exports to Romania and $124.33M - Japan Imports from Romania, respectively.

The evolution of Japan's imports from Romania over the last decade is represented in the following graph.



Graph 2. Japan's imports from Romania, 2013-2024 (tradingeconomics.com, 2025)

4. Conclusions

The methodology employed in this analysis is descriptive-analytical, relying on mixed-methods research that integrates: Quantitative Economic Data Analysis (which provided longitudinal data on GDP levels, sectoral compositions, trade volumes, and bilateral trade balances (2013–2024)), Documentary and Policy Review (analysis of policy documents such as EU–Japan EPA (2019), Strategic Partnership between Romania and Japan (2023)), Comparative Economic Structures and Trade Logic (to assess GDP composition, economic models, and export-import balances across Japan, China, and Romania, emphasizing structural complementarities and competitive challenges).

Japan and China are the top two economies in Asia, with a longstanding rivalry and interdependence. China’s model is state-driven and aggressive in expanding global supply chains; Japan operates a cooperative corporate capitalism emphasizing long-term growth and innovation. Both countries face shared structural issues: aging demographics, labor shortages and mounting public debt. Japan seeks regional diversification to counterbalance Chinese dominance and reduce dependency, hence deepening ties with EU countries like Romania.

Japan and Romania's GDP structures are different. In Japan's GDP structure recorded in 2022, 50% is represented by the contribution of production, public administration and transport (22% in total), In Romania (2023 data): trade, HoReCa and industry are represented almost in equal amounts and contributions by 20% each.

EPA (2019) represents a 7% increase in the level of bilateral trade (in 2023) and an economic advantage for the EU (Japan's financial investments, respectively the level of EU exports, being significantly higher). EPA meant for Japan an average 30% reduction in customs duties for food imports from the EU and the creation of over half a million jobs on both sides.
The Strategic Partnership concluded by Romania and Japan in 2023 constituted (until now) only a diplomatic and theoretical framework regarding the development of political, economic and cultural relations, in reality, the economic relations between the two countries substitute the EPA.

The trade balance between Romania and Japan is favorable to Romania, with a surplus in 2023 of approximately USD 300 million and US$818 million during 2024, based mainly on industrial products and raw materials, noting the lack of a significant level of services and implicitly cultural exchanges and social.
Romania, as part of the EU, benefits from the EPA framework that reduces trade barriers with Japan.

Japan views Romania as a gateway to Eastern Europe and Central Asia, especially within its Indo-Pacific Strategy and EU-linked partnerships. The current trade balance is favorable to Romania (2024: +$ 818 M), a rare case among Japan’s trade partners.

The opportunities identified for the development of economic relations between the two states are the following:

- Increasing Romania's exports for food products through the seasonal presentation of offers and the review of transport, customs clearance, storage, and marketing routes (including through the Romanian Commodities Exchange);
- Attracting financial investments from Japan in the financial, banking and insurance sectors as well as through the Bucharest Stock Exchange;
- Increasing the service sector within Romania's exports (IT, tourism);
- Intensification of cultural and social exchanges.

Japan’s engagement with Romania is part of a strategic diversification away from overdependence on China and a broader effort to deepen its influence in Eastern Europe through reliable democratic partners.

Romania, meanwhile, stands to enhance its export capacity, strengthen technological collaboration, and attract high-quality FDI by advancing its economic diplomacy, EPA trade facilitation, and strategic infrastructure development in collaboration with Japan.

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