

# NEAR International Forum 2014

One Northeast Asia Region, One Community

- Challenges & Opportunities


Presentation Book

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August 27-29, 2014 | Khabarovsk Krai, Russia

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Host |  The Association of Northeast Asia  
Regional Governments

 The Government of  
Khabarovsk Krai of Russia

Sponsor |  외교부  
Ministry of Foreign Affairs



 Russian Academy of Sciences  
Far Eastern Branch  
Economic Research Institute



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PROGRAM

August 28, Thursday / International Conference Hall, Khabarovsk Krai, Russia

TIME	PROGRAM	
09:00 ~ 09:30	Registration	
09:30 ~ 10:25	Opening Session	
	Opening Remarks	<b>Kim Jae-hyo</b> Secretary General of the NEAR
	Welcoming Remarks	<b>Vyacheslav Ivanovich Shport</b> Governor of the Khabarovsk Krai, Russia
	Congratulatory Remarks	<b>Lee In-seon</b> Vice Governor for Political Affairs of the Province of Gyeongsangbuk-do, Korea
	Keynote Speech	<b>Chung Tae-ik</b> Chairman of the Korean Council on Foreign Relations (KCFR)
	Special Speech	<b>Michele Sabban</b> President of R20 Regions of Climate Action
10:25~10:30	Promotional Video	
10:30~10:40	Photo Time	
10:40~10:50	Coffe Break	
10:50~ 11:00	MOU Agreement (NEAR - R20)	
11:00~12:30	Session I : Unity between Eurasia and Northeast Asia Region	
	Moderator	<b>Levintal Alexander Borisovich</b> First Deputy Chairman of the Khabarovsk Krai Government for Economy, Russia
	Speaker	<b>Sung Weon-yong</b> Professor of Northeast Asian Economics & Commerce College, Incheon National University, Korea
		<b>Dorj Shurkhuu</b> Director of Institute of International Studies, Mongolian Academy of Sciences, Mongolia
	Panelist	<b>Li Demin</b> Representative of Dongning Huaxin Industry and Trade LTD of Heilongjian Province, China
		<b>IMAMURA Hiroko</b> Director of Center for Far Eastern Studies of University of Toyama, Japan
		<b>Alexander Goryunov</b> Deputy Director for Science of the Economic Research Institute, Far Eastern Branch of the Russian Academy of Sciences, Russia

12:30~14:00	<b>Luncheon</b>												
14:00~15:30	<b>SESSION II : Seeking for New Growth Engine in the Region; Sub-region of Pan-East Sea / Sea of Japan</b> <table> <tr> <td>Moderator</td><td> <b>Pavel A. MINAKIR</b>  Director of the Economic Research Institute, Far Eastern Branch of the Russian Academy of Sciences, Russia </td></tr> <tr> <td>Speaker</td><td> <b>Wu Hao</b>  Vice Director of the Northeast Asian Studies Academy, Jilin University, China </td></tr> <tr> <td></td><td> <b>MIMURA Mitsuhiro</b>  Director and Senior Research Fellow of Research Division at Economic Research Institute for Northeast Asia (ERINA), Japan </td></tr> <tr> <td>Panelist</td><td> <b>Won Dong-wook</b>  Professor of College of International Studies, Dong-A University, Korea </td></tr> <tr> <td></td><td> <b>BATTUR Jamiyan</b>  Professor of Department of International Relations, National University of Mongolia (NUM), Mongolia </td></tr> <tr> <td></td><td> <b>Victor D. Kalashnikov</b>  Depity Chairman of the Khabarovsk Krai Government, Russia </td></tr> </table>	Moderator	<b>Pavel A. MINAKIR</b> Director of the Economic Research Institute, Far Eastern Branch of the Russian Academy of Sciences, Russia	Speaker	<b>Wu Hao</b> Vice Director of the Northeast Asian Studies Academy, Jilin University, China		<b>MIMURA Mitsuhiro</b> Director and Senior Research Fellow of Research Division at Economic Research Institute for Northeast Asia (ERINA), Japan	Panelist	<b>Won Dong-wook</b> Professor of College of International Studies, Dong-A University, Korea		<b>BATTUR Jamiyan</b> Professor of Department of International Relations, National University of Mongolia (NUM), Mongolia		<b>Victor D. Kalashnikov</b> Depity Chairman of the Khabarovsk Krai Government, Russia
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15:30~15:50	<b>coffee break</b>												
15:50~16:00	<b>Promotional Video</b>												
16:00~17:30	<b>SESSION III : Action for Climate Change and Enviromental Issues in Northeast Asia Region</b> <table> <tr> <td>Moderator</td><td> <b>Cho Yong-sung</b>  Professor of Department of Food and Resource Economaics, Korea University, Korea </td></tr> <tr> <td>Speaker</td><td> <b>Park Hwan-il</b>  Research Fellow at Samsung Economic Research Institute (SERI), Korea </td></tr> <tr> <td></td><td> <b>Bernhard J. Seliger</b>  Representative of the Hanns Seidel Foundation in Korea </td></tr> <tr> <td>Panelist</td><td> <b>Chen Yingzi</b>  Prefessor of the Northeast Asian Studies Academy, Jilin University, China </td></tr> <tr> <td></td><td> <b>OKIMURA Tadashi</b>  Professor of the Faculty of Policy Studies, University of Shimane, Japan </td></tr> <tr> <td></td><td> <b>Tulokhonov A.K.</b>  Member of the Federation Council of the Russian Federation, Russia </td></tr> </table>	Moderator	<b>Cho Yong-sung</b> Professor of Department of Food and Resource Economaics, Korea University, Korea	Speaker	<b>Park Hwan-il</b> Research Fellow at Samsung Economic Research Institute (SERI), Korea		<b>Bernhard J. Seliger</b> Representative of the Hanns Seidel Foundation in Korea	Panelist	<b>Chen Yingzi</b> Prefessor of the Northeast Asian Studies Academy, Jilin University, China		<b>OKIMURA Tadashi</b> Professor of the Faculty of Policy Studies, University of Shimane, Japan		<b>Tulokhonov A.K.</b> Member of the Federation Council of the Russian Federation, Russia
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17:30~17:35	<b>Closing Session</b>												

The Forum will be held with simultaneous interpretation. (Korean, Japanese, Chinese, Russian, and English)

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# OPENING SESSION

## OPENING REMARKS

**Kim Jae-hyo**  
Secretary General of the NEAR

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## WELCOMING REMARKS

**Vyacheslav Ivanovich Shport**  
Governor of the Khabarovsk Krai, Russia

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## CONGRATULATORY REMARKS

**Lee In-seon**  
Vice Governor for Political Affairs of the Province of Gyeongsangbuk-do, Korea

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## KEYNOTE SPEECH

**Chung Tae-ik**  
Chairman of the Korean Council on Foreign Relations (KCFR)

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## SPECIAL SPEECH

**Michèle Sabban**  
President of R20 Regions of Climate Action

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# Opening Remarks

**Kim Jae-hyo**

Secretary General of the NEAR Secretariat

Your Excellency, Mr. Vyacheslav Shport, Governor of the Khabarovsk Krai, Russia,  
Your Excellency, Ms. Lee In-seon, Vice Governor for Political Affairs of the Province of Gyeongsangbuk-do,  
Your Excellency, Mr. Chung Tae-ik, Chairman of the Korean Council on Foreign Relations (KCFR),  
Your Excellency, Madam Michele Sabban, President of R-20,  
Distinguished guests, Ladies and Gentlemen,

It is my great honor and pleasure to welcome all of you to the International Forum for NEAR Cooperation.

I would like to express my sincere gratitude to the officials of the Government of the Khabarovsk Krai, as well as to the research institutes. Without your steadfast and dedicated support, the Forum would not have been successful.

The Forum is our signature event that has brought together distinguished experts and representatives, and all the esteemed speakers not only from the six NEAR member regions, but also from other key international organizations.  
This year marks the 6th anniversary of the International Forum, organized with a variety of themes for growth and prosperity in the Northeast Asian regions since 2007.

Many experts have predicted that ‘the 21st century is the age of Asia,’ and, admittedly, Northeast Asia is at the forefront of this transition as it is one of the world's three major economic pillars. It is very meaningful to organize a forum under the main theme of 'One Northeast Asia Region, One Community' towards our vision. The themes include three sub-agendas, namely "Unity between Eurasia and Northeast Asia Region,” "Seeking a new growth engine in the region (Sub-region of the Pan-East Sea/Sea of Japan),” and "Action for climate change and environmental issues of the Northeast Asia region." In this transition, the Forum is arranged as a platform to discuss the ‘challenges and opportunities’ we face.

As we may well know, Northeast Asia has emerged as a center in the world, but at the same time, it contains a wide range of controversial issues which are old and emerging within the region. In order to

overcome geopolitical risks within the region, exchange and cooperation not only among nations, but also among regional governments which are in a subsidiarity-based relation with national governments, are called for more than ever.

The fact that the Association of Southeast Asian Nations (ASEAN) was founded in 1967 in the Southeast Asia region, soon to be reborn as a full-scale regional community from 2015, having overcome many internal difficulties, has great implications for the Northeast Asia region.

I firmly believe that nothing is more important than the restoration of trust to resolve conflicts. For example, since World War II, Europe tried to restore trust among nations, which had become worse than ever. In particular, France and Germany, where the confrontation and conflicts were most severe, set a goal to sign a total of 1,000 bilateral sisterhood/ friendship agreements among regional governments of both sides and achieved it. This led to strong results in the restoration of trust.

Resolving Northeast Asian issues is the same as the European case. That is why the extension of exchange and cooperation among regional governments prior to cooperation among national governments is required. Fortunately, by now the total number of bilateral sisterhood and friendship agreements having been carried out between Korea, China, and Japan, tallies to 1,059 by large and extensive cooperation has been carried out.

The Northeast Asia region is homogenous in history and culture, but, at the same time, there are differences in terms of institutional aspects such as customs, ways of thinking, politics, and economies. If regional community value and identity are established, Northeast Asia will gain privilege in growth and prosperity even more than other regions. The East Sea/Sea of Japan, which is characterized as the ‘Mediterranean of Northeast Asia’, lies in the center of Northeast Asia, and the Korean peninsula which also lies geographically in the middle of it could play a variety of roles in much the same way as Italy in the Mediterranean region of Europe did.

To conclude, I wish all of you the best of luck, extending my very best wishes for a fruitful and constructive meeting to recognize and cope with the necessity of exchange and cooperation, and hoping that today's forum will provide an opportunity for distinguished participants to exchange various visions, policies, and experiences, and generate creative ideas for Northeast Asia, which is linked with a high-level of economic interdependence.

Thank you.

# Welcoming Remarks

**Vyacheslav Ivanovich Shport**  
Governor of the Khabarovsk Krai, Russia

Distinguished Guests, Ladies and Gentlemen,

I would like to express my sincere greetings to all of the delegations participating in the NEAR International Forum held in Khabarovsk Krai, the capital of the Russian Far East.

For the records, the NEAR's 3rd meeting was held in Khabarovsk Krai in September 1995. At the time, the item of discussions included the establishment of the Association of Regional Governments, which is the official negotiation entity amongst regional governments in Northeast Asia and the installment of the NEAR Secretariat.

Since then, we held the 4th General Assembly in 2002 at Khabarovsk Krai, and established the NEAR Sub-Committee on Cross-border Cooperation, suggested by Khabarovsk Krai in 2004.

And again today, we are grateful to meet our guests participating in the NEAR International Forum hosted in our region.

With close cooperation provided by Mr. Kim Jae-hyo, the Secretary General of NEAR and the alliance of the Secretariat, we have worked hard to come up with a fruitful program.

I am certain that the outcomes of this forum will enable us to develop a mutual solution to draw up practical resolutions through uniting the efforts of regional governments to respond to new challenges in Northeast Asia.

I sincerely hope that the hopes and goals of all participants who are gathered here, for the purpose of prosperity amongst Northeast Asian countries will be accomplished.



# Congratulatory Remarks

**Lee In-seon**

Vice Governor for Political Affairs of the Province of Gyeongsangbuk-do, Korea

First of all, let me announce that I am taking the place of Governor Kim Kwan-yong of the Province of Gyeongsangbuk-do due to his unexpected schedule. Thank you for your understanding.

Honorable Mr. Vyacheslav Shport, Governor of the Khabarovsk Krai,  
Honorable Ms. Michele Sabban, President of R-20,  
Distinguished Representatives of Regional Governments,  
Distinguished Guests, Ladies and Gentlemen,

I would like to extend my congratulations on the opening of the 2014 NEAR International Forum in Khabarovsk Krai, a center of the Russian Far East.

The 6th NEAR International Forum is a platform to see the region and, further, the world through Northeast Asia. Therefore, it is a venue for the beginning of an age of peace and prosperity in Northeast Asia. I am proud to participate in this forum , and I hope it provides a platform for challenges and opportunities for working toward One Northeast Asia, One Community.

The Association of Northeast Asia Regional Governments (NEAR) already marks its 18th anniversary in 2014. NEAR was established in 1996 with 29 founding members from four countries in Gyeongju City, and has grown, now having 72 members from six countries, becoming an international organization representing Northeast Asia. To date, thanks to your dedicated support and cooperation in discussing and resolving issues for our mutual interests, the association has achieved fruitful results.

Proud Representatives of Member Regions!  
The Northeast Asia region is expanding its role in world history with a responsibility for the prosperity of humankind, and as leading nations on the world state. The Northeast Asia region has become one of the world's major economic pillars, along with the United States and Europe, and there is unparalleled potential in Northeast Asia, the most dynamic region in terms of its infinite potential and development possibility as compared to any other region in the world.

It is possible to open a New Era of Northeast Asia when the unique characteristics and diversity in each country and region of Northeast Asia become harmonious. A spirit of co-existence and cooperation is necessary for Northeast Asia to become a platform for promoting a more dynamic world. Unrelenting commitment and efforts by local authorities must always come before achieving this.

Compared to central governments, regional governments, relatively free from high stakes, are more easily expanded and developed in terms of personal and material resources exchanges, and in establishing a foundation for integration down the road. The past 18 years of the association was a journey towards the co-prosperity of Northeast Asia. With no institutionalized framework of cooperation between the countries of the region, as days go by, I firmly believe in the value of our association in Northeast Asia.

Distinguished Representatives of Member Regions!  
The transformation of Northeast Asia has already begun, regardless of our choice. One of the new opportunity factors includes a geographic area encompassing Eurasia, the Pacific rim, and the Northern Sea Route. Paradoxically, in line with climate change, a common issue in the world, the development of the Northern Sea Route suggests a logistics revolution for Northeast Asia.

The Province of Gyeongsangbuk-do plans to expand its relationships with northern regions in trade, agriculture and fisheries, ports, energy, and tourism using the Pan-East Sea, according to international circumstances, and to develop Yeongilman Port in Pohang in preparation of an era of Eurasia, and unification on the Korean peninsula. Ferries are to operate between Pohang City in the Province of Gyeongsangbuk-do where the NEAR Secretariat is located, and Primorsky Krai of Russia! And a logistics route is to be established between Pohang’s Yeongilman Port and Vladivostok Port! In particular, even though it is still a dream for now, building a continental railway connecting Korea, Japan, Russia, and China for the co-prosperity of Northeast Asia is our future.

Delegation Leading the New Era!  
The simple path is traveled alone, but history is made going together. I believe that everything is accomplished through contact and relationships. Therefore, I am proud to meet with all of you here today, and cherish this precious bond between all of us. Once again, I wish the Governor of Khabarovsk Krai and all of you the best of luck with your future endeavors.

Thank you.

# Keynote Speech

**Chung Tae-ik**

Chairman of the Korean Council on Foreign Relations  
(KCFR)

I am honored and pleased to deliver the keynote address at the International Forum organized by the Association of Northeast Asia Regional Governments entitled, "One Northeast Asia Region, One Community". The year 2014 is a particularly significant one in that it marks the 150th anniversary of the onset of Koreans' immigration to Russia. It is also the 130th anniversary of the Russia-Korean Treaty of 1884 on Friendship and Trade. As such, it is hoped that this international forum held during this meaningful year with special historical implications will meet the expectations of the large number of people who yearn for peace and prosperity in Northeast Asia by fostering hope and constructive results.

Furthermore, the year 2014 marks the 100th anniversary of the onset of World War I. World War I emerged as a result of the ever-growing tensions between the second mover Germany, whose national power was expanding rapidly, and the existing superpower England. In the aftermath of World War I, the international community set out to decrease the causes of war by establishing the League of Nations, implementing international disarmament, and establishing new independent nations in Eastern Europe and the Middle East based on the principle of national self-determination. However, despite these efforts to instill peace, human society remains unable to fully evade the perils of war 100 years after the end of this epochal war. The Ukraine crisis occasioned by Russia's annexation of Crimea, the conflicts between the Shia and Sunni in the Middle East, and the recent armed exchanges between Israel and the Palestinians clearly show that potential sources of large-scale international conflicts still prevail in the 21st century order.

## Challenges in the Northeast Asian region

A look at the current situation faced by the countries in East Asia reveals potentially significant sources of instability. China has been able to overcome the global strategy of the existing power the United States by using its rapid economic growth to expand its military power projection capabilities. Here attention needs to be paid to the question of whether China can avoid the Thucydides trap in which the insecurity caused by an emerging power triggers a war. In response to China's actions, Japan has begun to make preparations to develop a naval force that is based on the U.S. Marine Corps, a move that heretofore been regarded as taboo. It has also crossed the proverbial Rubicon by officially recognizing its right to collective self-defense. In addition, the strained ties between a North Korea that has continued to develop weapons of mass destruction (WMD) such as nuclear weapons and missiles and a South Korea that has required that the North abandon its nuclear ambitions have introduced a steady source of potential conflict in East Asia.

Territorial disputes between countries, unresolved historical issues, the emergence of nationalism and expansion of

armaments have resulted in international politics in the Northeast Asian region, which has emerged as one of the three major global economic axes, being governed by greater instability than at any other time in the past. Furthermore, the countries within the region have faced additional common security tasks stemming from factors such as low growth, aging societies, and serious environmental problems.

At the same time, it is prospected that the competition to ensure not only oil and gas but also other sources of energy such as shale gas and rare earth elements will be further intensified. The problems associated with the climate change caused by global warming have the potential to lead to local disputes associated with water shortages in some regions, and to the emergence of natural disasters such as large-sized typhoons in others. In this regard, it is necessary to establish thorough countermeasures and preventive measures to ward off such potential dangers.

The Cold War between East and West that endured for a century ended along with the collapse of the Soviet Union in 1990. This was followed by the post-Cold War and globalization eras. Discourses on the creation of a new Asia based on cooperation rather than ensnared in past history and ideology have been actively carried out in individual countries around the world. However, the peace-oriented East Asia order launched in the early 21st century has recently faced crises and disputes reminiscent of those of the 19th century. This situation can be attributed to the overlapping nature of the 21st century simultaneously characterized by the post-Cold War, globalization, and the risk of a power transition.

The international political situation in today's East Asia, which has reflected the Janus-like nature of the 21st century, is one that is complexly tangled as the United States, China and Japan teeter between competition and cooperation. East Asia now stands at the crossroads between moving forward with co-prosperity based on the post-Cold War and globalization eras and going back to the 'New Cold-War' era by falling victim to the pitfalls of a power transition. Under the East Asian order which is standing at the crossroads, it will be a desirable direction for the participant countries of this forum to choose the way of exchanges and cooperation for peace and prosperity, rather than the confrontation composition from the power transition.

Despite this lack of cooperative factors, the Northeast Asian region has exhibited a tendency to move towards increased economic interdependence, a situation that can be attributed to the various countries common identity as trading states.

President Park Geun-hye likened the order in the Northeast Asian region, in which the conflicts in the field of politics, diplomacy, and security have worsened while the interdependence between the countries in the economic sphere has been heightened, to a paradox. In this regard, President Park introduced the concept of a Northeast Asian Peace and Cooperation Initiative as a means to overcome these conflicts.

It remains unclear as to whether the Northeast Asian Peace and Cooperation Initiative will be successful. While the uncertainty of the political situation poses a challenge, the economic interdependence conversely provides an opportunity.

The actualization of the Northeast Asian community is predicated on the heightening of theoretical precision and the implementation of realistic measures. In addition, compliance with the three Northeast Asian principles, namely the "acceptance of territorial and political sovereignty", "peaceful resolution of disputes", and "respect of international laws", will consolidate the foundation of the Northeast Asian community.

## Opportunity to move the community forward

Northeast Asia has already established a functional cooperative order in fields such as politics, the economy, culture, and

society. While the Helsinki Process in Europe contributed to stabilizing the region as far as political issues are concerned, cooperation in Northeast Asia needs to be fostered by an agreement to resolve the political problems within a bigger framework based on functional cooperation.

As far as functional cooperation in sectors such as railways, the environment, energy and culture is concerned, a constant and steady spillover effect can be expected as long as such cooperation is preceded by agreements on political issues. In other words, the three principles of the acceptance of territorial and political sovereignty, peaceful resolution of disputes, and respect of international laws must be the top priority when it comes to creating a security community in Northeast Asia. The formation of a regional community becomes possible when common interests are established between countries and a clear mutual understanding of such common interests is brought about. Moreover, a regional security community will only become possible when a higher degree of economic, cultural, and political integration is actually brought about. This assertion is clearly supported by the case of Europe.

Now more than ever, cooperative exchanges between central and local governments are required to bring about the heightening of the level of integration.

The time has come to become actively involved in the formation of a regional community combining the commonness and diversity of the Northeast Asian region. It is hoped that during this international seminar held amid changes in the political situation, in-depth discussions will be held regarding the prevailing ‘challenges and opportunities’ in the Northeast Asian region, and that effective measures to achieve mutual prosperity and peace in the region can be derived. Encouraging signs have recently begun to surface in the Northeast Asian region.

The Park Geun-hye government of South Korea has recently presented the ‘Eurasia Initiative’ aimed at accomplishing economic integration by connecting Asia and Europe and mitigating the tension on the Korean peninsula located at the center of Northeast Asia by naturally inducing the participation of the DPRK.

For his part, President Putin of Russia announced the New East Politic, which initiated to implement the establishment of a Eurasia Economic Union (EEU) and promote cooperation between Russia and the Far East region. The central and local governments of the countries in Northeast Asia must now play their assigned roles in helping to find the common ground between these two policies.

I would now like to provide my opinions as pertains to the roles that should be played by Korea and Russia in terms of the establishment of wider regional cooperation.

Korea is very cognizant of the fact that Northeast Asian cooperation represents a key element of peace and prosperity on the Korean peninsula. Under such circumstances, when Russia heightens its roles in Northeast Asia, Korea will be well situated to provide a new dynamism with which to develop multilateral security cooperation. Russia has many attributes that allow it to make a serious contribution to the stabilization of peace in the region. These include diplomatic influence that spans the globe, a strategic cooperative relationship with China, and a cooperative relationship with North Korea. The strengthening of security competition in the region may lead to nefarious outcomes for Russia’s strategy to heighten its economic activities in the Far East region. As such, the establishment of a security order under which such security competition can be controlled is essential.

There are many objective reasons for Korea and Russia to come together in bringing about multilateral security cooperation in Northeast Asia. However, before this can be attained, a consensus regarding the prospects for Northeast Asian cooperation

must be established between the two countries. The top priority should be increasing trust between the two countries by seeking out areas where cooperation is possible through dialogues regarding the peace structure in Northeast Asia.

A breakthrough must be achieved based on an increase in Korea-Russian cooperation in the realm of practical policy. Such cooperation should also encompass the development of the East-Sea Rim Economic Zone. The establishment of an East-Sea Rim Economic Zone will in turn require increased transportation and energy cooperation between Russia and the Korean peninsula and the implementation of new forms of cooperation.

Korea and Russia can successfully heighten the level of Korea-Russian cooperation and achieve a new breakthrough for peace in Northeast Asia if both countries take advantage of the expansion of the spheres of cooperation created by such proposals as the ‘Eurasia Initiative’ and ‘Far East Development Plan’.

In addition, I would like to highlight some efforts that have been carried to foster cooperation between the countries in the Northeast Asian region.

First, despite its territorial disputes with Russia regarding the northern islands, Japan has increased its interest in Siberian development projects. Discussions have been actively carried out within Japan on developing common economic cooperation and development strategies involving the three northeastern provinces of China and the Russian Far East region.

Despite obvious geopolitical risks, the DPRK has gradually implemented China-Russia-DPRK tripartite cooperation centering on Rajin Port. It also has exhibited an interest in Korea-Russia-DPRK tripartite cooperation in the sectors of logistics and energy.

In addition, exchanges and cooperation between local governments have been continuously and actively carried out even amid the continued conflict in terms of the national interests of the countries in Northeast Asia. Such exchanges can only have a positive influence on exchanges and cooperation at the central government level. Viewed from this standpoint, I anticipate that the current forum will highlight the numerous cases of successful exchanges and cooperation between local governments in Northeast Asia as well as detailed suggestions on measures to increase cooperation.

The grass-roots exchanges and cooperation between local governments has become a very important platform through which to complement the relationships between countries. I firmly believe that this 6th ‘NEAR International Forum 2014’ hosted by the Secretariat of the Association of Northeast Asia Regional Governments in Khabarovsk, a city which has served as the capital of Far East Russia, has the opportuneness and historical significance to facilitate exchanges and cooperation between not only central governments but also between local governments, in a Northeast Asian region that simultaneously finds itself confronted by crisis and opportunity.

Lastly, I am sure that this International Forum 2014 co-hosted by the Association of Northeast Asia Regional Governments and the Khabarovsk Krai will establish a milestone for the NEAR community as it moves forward towards the future. I would like to thank the specialists who will present during the forum and those involved in the preparation of this event.

Thank you.

# Special Speech

**Michèle Sabban**

President of R20 Regions of Climate Action

Ladies and Gentlemen,

Hello everyone,

I am pleased and honored to be participating in the international forum, organized by NEAR, as President of R20, and looking forward to discussing the local actions and objectives of the Road to Paris 2015 process. In particular The World Summit of Regions for Climate in October that I am organizing with R20.

France has decided to host the COP21, Climate Conference in Paris in 2015. We are all in agreement over the importance of this deadline. The soon to be ending Kyoto Protocol, the latest reports by the IPCC, and the repeated lack of success in climate negotiations are culminating factors that have prompted us to form an effective response, and no longer sit idly by.

Nation-states should no longer carry the burden of climate change alone. All actors must be committed.

Today, international bodies recognize a more important participatory role at the sub-national level, one that collectively upholds a “bottom-up” governance strategy. It is within this framework that regions and cities can bring about new and fresh approaches to the issue. I am sure that the local level can benefit the global, and vice-versa. It is incidentally the same motivation as the Durban Adaptation Charter for Local Government.

It is for this reason that the R20 wants to bring together nations, regions and cities together in refuting fatalism and responding to climate change by creating the foundation for a new green economy. With existing technologies we can reduce carbon emissions by 2050, while promoting affordable energy, creating jobs and generate the growth of the green economy.

This is why I am invested in R20’s effort, as President of the board, alongside former California Governor Arnold Schwarzenegger the founder and Patron of the R20 who is heavily involved in sustainable development.

R20 was launched in 2010 after the failure of the Copenhagen talks. The R20’s mission is to help sub-national governments in identifying and developing low-carbon and renewable energy projects.

R20 is working with the leaders of local communities, regions and provinces in order to facilitate the implementation of projects. R20 is a coalition of different actors that accompany regions in their transition to a green economy. Today, it is a consortium of more than 500 states, provinces and regions, which also includes 50 partners from the technology sector and affiliation with 105 investors across the Green Finance Network.

In developing and establishing the projects through the three key actors:

Regions/Enterprises/Public and Private Investors, R20 seeks to empower sub-national actors to contribute to their policies for sustainable development.

We are organizing, with the support of the Minister of Foreign Affairs and International Development, Laurent Fabius, the World Summit of Regions for Climate that will be held in Paris on the 10th and 11th of October, 2014, at the Palais d’Iena, in support of the Paris Climate conference in 2015 (COP21).

The goal of the World Summit of Regions on Climate Change is to propose a series of recommendations and promote best practices by all the following actors, within a “bottom-up” approach: nation states, regions, provinces, cities, companies from different sectors of the green economy, and we are also seeking the involvement of the research and training sectors, as well as civil society.

I would also like to take this opportunity to announce the launch of an international mobility program that includes vocational training for young people of 18 to 30 years of age. The program focuses on the jobs of the future, and more specifically, on those requiring skills for green projects (green skills). This program will be launched this year at the World Summit of Regions for Climate.

Green jobs are real prospects for the future of our youth, and I am convinced that this area will not only provide employment opportunities but also ensure sustainable solutions for our planet.

This summit is part of the “positive agenda” of the Road to Paris 2015, in which a coalition of active and progressive organizations are to promote concrete solutions. The Road to Paris initiative will be filled with a number of events that will breathe new life into the COP21, and I hope it is within this context that all our initiatives will function.

Together, we must move forward towards COP21, and unite our efforts to meet this challenge collectively. That is why, during the Word Summit of Regions for Climate we would like to give the stage to the actors and networks involved. We will therefore work hand in hand with ORUFOGAR, The Mexico City Pact, FMDV (Global Fund for the Development of Cities), Metropolis, the Committee of Regions, ICLEI, AER and NEAR. We must demonstrate our collective will to make Paris the cornerstone of needed change in climate negotiations.

Let’s be done with the post-kyoto process. We should be talking about Paris. It is time to think positively about the environment.

The commitment of all stakeholders is a strong positive sign for all actors concerned with climate change. I would like to conclude by saying that it is no longer the time for reflection. It is time for action. Let us not be motionless alongside this changing world, but rather we should accompany it. I’ll see you on the 10th and 11th of October in Paris for the World Summit of Regions for Climate!

Thank you.

# Session I

## Unity between Eurasia and Northeast Asia Region

### Speakers

#### The Eurasia Initiative and the New Northern Policy (NNP)

**Sung Weon-yong** Professor of Northeast Asian Economics & Commerce College, Incheon National University, Korea

#### "Eurasia Initiative" Policy Proposal & Opportunities: Challenges and Future Prospects for Mongolia as a Connective Channel

**Dorj Shurkhuu** Director of Institute of International Studies, Mongolian Academy of Sciences, Mongolia

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### Panelists

#### The Eurasia Initiative and Deepening Agricultural Cooperative Development of the China-Russia Region

**Li Demin** Representative of Dongning Huaxin Industry and Trade LTD of Heilongjiang Province, China

#### Eurasia: Ideal or Not for Cooperation

**IMAMURA Hiroko** Director of Center for Far Eastern Studies of University of Toyama, Japan



Speakers 1

The Eurasia Initiative and the New Northern Policy (NNP)

Sung Weon-yong

Professor of Northeast Asian Economics& Commerce College,  
Incheon National University, Korea

On October 18, 2013, President Park Geun-hye of the Republic of Korea proposed the Eurasia Initiative at the Eurasian Era International Cooperation Conference. The core idea of this initiative is to construct collaborative prosperity through the establishment of peace between concerned countries by making the Eurasian region into a space of communication, openness, creation, and convergence. To make Eurasia into a ‘single’ continent, it must first be connected via the SRX (Silk Road Express), then develop the North Pole Routes, as well as establishing a Eurasian energy network to form the single largest economic market in the world.

Figure 1. President Park Geun-hye’ s “Eurasia Initiative” (2013/10/18)



Source: Dong-A Ilbo

This marks the beginning of considering Eurasia, a frontier of Korean foreign policy, as a central concept. The foundations for realizing this idea are already in place: three Korean companies, POSCO, Hyundai Merchant Marine, and KORAIL, have formed a consortium to participate in the ‘Najin-Hassan Project’, as an experimental project in connection to the TKR-TSR between North Korea and Russia. Two field surveys have been taken as of July 2014, and commercial feasibility studies as well as distribution projects are to be carried out. Thus, the stalemate between South and North Korean economic cooperation after the ‘5.24 Measure’, although indirectly invested, has gained an opportunity to be resolved, and this decision has also provided a stepping stone to finally realize the much debated triangular cooperative body between South Korea, North Korea, and Russia .

However, the Eurasia Initiative has yet only a declarative meaning. The success of the initiative depends on how realistic its contents are, how many and how actively the concerned parties participate, and embark actions according to the consensus. Therefore, it's not an actual 'concept', rather, just an 'initiative.' In Korea, a consensus and the identity of Eurasia is yet to be developed. Moreover, the debate on whether Eurasia, as a vector to the development and civilization of Korea, has yet to reach an end. Despite all of these limitations, however, the 'Eurasia Initiative' is meaningful in that Korea, for the first time in its foreign policy history, officially addresses Eurasia as a strategic cooperative space to input its resources. It is without question a significant event that a country, divided and isolated, located at the far east of Eurasia, delivers a strong message to the central powers of Eurasia to accelerate the development of the Eurasian economic cooperation.

This, however, does not mean that reality can be exaggerated. If South Korea, a country divided as a result of the Cold War and Korean War thereby becoming an 'island', is to claim firm ground to be a part of Eurasia, there is a barrier to overcome: a cooperative vacuum, also known as North Korea. South Korea must be able to recover its 'borderlines' with the Northern states, such as China, Russia, and Mongolia. President Park, while proposing to make the Eurasian region a continent of peace, emphasized the fact that, "peace on the Korean Peninsula, the gate to Eurasia and the Pacific, is a prerequisite," and that, "without the reformation and openness in North Korea, as well as the stability between the two Koreas, most cooperative agendas, including logistics, energy, and personal exchange, would be difficult." Therefore, the first step to approaching the Eurasia Initiative would be to propose concrete and actionable alternatives for the two Koreas to normalize their relationships, and thus induce the reformation and openness of North Korea.

Therefore, South Korea must pursue the path of the NNP. The South Korea -Russia economic cooperation will play a central role in Eurasian regional cooperation, and Korea's ability to enter into the Siberian region and the Far East would be the decisive factor in the future of such cooperation. The crucial factors include how South Korea manages to come to a point of agreement to satisfy Russia's new eastern policies, and how South Korea will pioneer its economic spaces in the Siberian Far East. Successfully implementing and expressing these factors as visions and strategies, objectives, and assignments is the NNP.

Then, how does the NNP differ from that of the past?

First, the NNP, unlike the one from past, is a spatial concept that views the north as countries that border the Korean Peninsula, or in its vicinity, namely China, Russia, and Mongolia, and countries in Central Asia.

Second, the objective of the NNP is not to isolate, surround, or pressure North Korea, rather, it aims to induce the North to reform and open through bilateral and multilateral cooperation with countries in the region, and thus achieve a gradual and long-term normalization of the state of the North Korean regime.

In conclusion, South Korea, a de facto 'island,' may physically border the Northern countries, and this is a prerequisite for it to form the bases to enter the Siberian Far East region. The NNP is the gateway to Eurasia. This policy must be successful in order for South Korea to approach Eurasia, and its first step is to resolve the stalemate between the South and the North.

Because of these reasons, the NNP is also a problem of South Korean National Strategy.

First, it implies an open, complex national development strategy. It aims to recover the Korean Peninsula as the geological standpoint that links the ocean and the continent, and to expand the economic space of Korea by establishing a trans-border Northern economic cooperative belt through multinational cooperation with the countries in the region.

Second, it implies overcoming the divided system and building economic strategies for the Korean Peninsula. To maximize the Northern cooperation potential, a paradigm shift that changes the tense and stalemate relation between the two Koreas into reconciliation and a cooperative relationship is necessary. In this context, the NNP is a unification policy. Through transcontinental railways (TSR, TCR, TMR, TMGR, etc.) and the Asian Highway, it may be able to put an end to the vacuum of physical land distribution, and thus bring about the opportunity to share the identity of Eurasia by the realization of the grand strategy that recovers the northern borders.

Thus, mulling the relationship with Russia by considering the implications of the NNP, it would be directly linked with the implementation of a South Korea-North Korea-Russia triangular cooperation. The South Korea-North Korea-Russia triangular cooperation is the essence of the NNP, and the decisive factor in its realization. The rapid development of South Korea-Russia economic cooperation preconditions South Korea's investing actions in Russia, as well as the South Korea-North Korea-Russia triangular cooperation. In this regard, both countries must exert their respective efforts to overcome the physical (geological) spatial restrictions. The establishment of an iron silk road through TKR-TSR linkage, PNG linkage between the South Korea, North Korea, and Russia, and electrical power system linkage between the South and Russia are part of the Tri-Mega Project that compresses the aforementioned implication. Therefore, in reviewing these projects, it is necessary to approach them not only for economic benefits, but also for geo-strategic and geo-economic benefits of the nation which must be comprehensively considered. Moreover, because the Tri-Mega Project itself is a logical circulative structure, it is advisable to approach it in a concurrent manner, and in an integrated and fused manner, because they are mutually linked.

The Tri-Mega Project is closely linked with the modernization and efficiency tasks in the transportation and energy department, both considered quite important by Russia in implementing their new eastern policies. Therefore, it is crucial for the South to make an approach to use it as a stepping-stone for South Korea in entering the Siberian Far East, and into the Eurasian continent. Moreover, in the event of a prolonged stalemate between the South and the North, Korea must put in the effort to prepare for its future plans by strengthening the South Korea-Russia relationship.

It is prospected that the cooperation between the South and Russia in the Far East region will expand and further deepen. This is due to the fact that South Korea has a big interest in the abundant natural resources, especially energy, fisheries, and forestry of the area. Also, on one hand, it is a clear fact that South Korea will become one of the largest importers in the Far East economic market. On the other hand, for South Korea to effectively expand its potential of economic cooperation, it must actively engage in investing large projects related to exports, which includes the development of natural resources. The first thing the country should do is strengthen its relationship with Russia in the fuel energy complex of the Far East. Other things include pursuing various types of cooperation in the area of modernization. This may include large-scale joint investment projects for manufacturing industry growth, or scientific cooperation and advanced technology exchanges. It would also be a good choice for Korean companies to participate in projects such as building and operating wood processing manufacturing facilities, developing biological resources in the Okhotsk Sea area, or establishing advanced farming enterprises. In addition, it is necessary to pay closer attention to the recent on-the-rise cooperation between small- and medium-sized companies, because the vast range of small- and medium-sized business ties, in the long term, may be the decisive factor in the significant increase in trade investment.

## Speakers 2

## “Eurasia Initiative” Policy Proposal & Opportunities: Challenges and Future Prospects for Mongolia as a Connective Channel

**Dorj Shurkhuu**

Director of Institute of International Studies, Mongolian Academy of Sciences, Mongolia

**Abstract** – Considering the geographical features, subterranean resources, and energy resources, and the future of regional development, Mongolia possesses a limitless potential to be developed into a Eurasian logistics and transportation hub. This is closely related to the country’s future development direction, and to geopolitical and national security issues. Therefore, the Mongolian government is highly interested in this matter. The Eurasia Initiative policy suggested by the Park administrative of South Korea on October, 2013, purposed to connect Asia and Europe to achieve economic integration, matches with Mongolia’s development strategy for building a logistics center on Mongolian soil, the center of a connective channel. The following speech introduces South Korea’s Eurasia Initiative policy proposal and Mongolia’s transportation and logistics policy, and its strategic correlations and challenges.

**Keywords** : Mongol Eurasia Initiative proposal, transportation, logistics, national security, railroad

### How the Eurasia Initiative proposal positively influences the Northeast Asia Cooperation

The world’s political situations have experienced much transition over the past few years. Global economic development is shifting to Northeast Asia. This means that Russia, rich in energy resources, China, the rising economic power, and Korea and Japan, possessing the worlds most advanced telecommunication technologies, are leading the economic developments of the 21st century. Also, countries such as Mongolia, who possesses the world’s top 7 subterranean resources in capacity, and North Korea, searching for a new doorway for economic development, are highly interested as well. However, phenomena with ambilaterality are occurring across the Asia Pacific and Eurasian region where economic interests are being focused on. The positive aspect regarding these phenomena is that many countries prefer to develop integrated transportation and logistics systems as markets are being opened. In the process, FTAs, multinational energy resource acquirements, and large scale transportation projects are being conducted. In other words, Northeast Asian countries are positioning themselves to strive for cost reduction and enhanced competitiveness by developing integrated logistics and transportation networks. In reality, many conflicts are being spurred regarding the monopolization of strategic geopolitical space, energy resource acquisitions, etc. The recently intensifying Ukrainian crisis, territorial disputes between China, Japan, Korea, and Southeast Asia are some examples. Not only that, but the TPP and RCEP issues

proposed by world powers, and issues concerned with establishing Eurasian economic meetings, are faced with much competition. These phenomena exacerbate the conflicts among world powers and have also started to have negative influences on developing countries in their positioning and decision-making processes. This has started to cause problems for the positive and open positions of countries, as well as active cooperation activities, and opened up a ‘cold war in trade and positional differences’ which caused countries with weak economic development to take neutral or passive postures.

Therefore, it is time to decide whether to create a grand scale market, like the European Union, by inducing economic growth through gradual activation of regional free trade amongst Northeast Asian countries, or to take an exclusive stance and strive for profit.

Russia and China have to decrease the speed of their economic development. Japan and Korea will have to find a new method to expand their markets. North Korea requires a new initiative for economic growth, and Mongolia needs to improve its transportation infrastructure to pursue developmental direction based on mine exploitation.

The leaders of countries within Northeast Asia are coming up with good proposals to achieve the next level of cooperation and interchanges. The most notable example of this is the ‘Eurasia Initiative’ policy, proposed by the Park administration of South Korea which aims to create safe and co-developing Eurasia, and this holds significant meaning.<sup>1</sup> At the ‘Global Cooperation in the Era of Eurasia’ International Conference held in Seoul in October 2014, President Park Geun-hye of South Korea emphasized that, to build Eurasia, integrated space for market and infrastructure must be formed and implement the latest technologies to create additive values. She made several proposals to aid mutual understanding and trust-building among Northeast Asian countries, and this caught the attention of many countries around the world. In this proposal, the main point was to develop an integrated Eurasian market, and to develop a united network of transportation and energy resources. The Korean government hopes to construct roads, railways, and waterways which start from the Korean Peninsula and stretch to Europe, and proposed a construction program to install a super-speed road network from Busan to Europe via North Korea, Russia, China, and Central Asia, with 2~3 major stations along the way. Considering the regional features where both the world’s largest energy deposits and energy consumers coexist; in other words, proposing the active cooperation of countries with rich energy resources to develop an integrated network of energy, petroleum, and gas amongst the Eurasia region has attracted many Northeast Asian countries. The Korean government highlighted that if a large-scale market network is constructed in the Eurasian region, positive effects, such cost deductions in transportation and logistics, and price stabilization, will occur. In addition, the inland countries can initiate new developmental policies and bring big changes to Japan and Korea who are experiencing recession in economic growth. To successfully actualize the Eurasia Initiative proposition, forming trust among the countries in Northeast Asia is necessary. At this, it is important for the countries to actively work to bring peace and development. Creating trust is related to dealing with nuclear development issues. With this in mind, three party cooperation amongst the Koreas and Russia or China is crucial.

<sup>1</sup> 2013 Eurasia Initiative, Global Cooperation in the Era of Eurasia, <http://www.kiep.go.kr/eng/publications>



Many countries have positively accepted the proposal made by the Park administration. As proof of the viability of this proposal, multiple talk cooperatives amongst Northeast Asian countries have been started. I would like to mention the Russian activation of economic and diplomatic policies on the Far East region to start off. Russia and China's natural gas supply contract, which has been examined for a decade, was successfully signed in May. Russia will provide 4 trillion US dollars-worth of natural gas to China over 30 years. Many countries are focusing on the relationship between Russia and Japan, the world's largest consumer of natural gas. Energy resource contracts between the two countries are expected to be signed in September.

Russia's energy resource market expansion policy, aiming for the Northeast Asian market, has a close relationship with the Koreans. This new direction of diplomatic policy of the Russian government is anticipated to bring big transition in cooperation amongst the Koreans and Russia.

South Korea is one of the three largest trading countries in Asia, and the investment capacity in 2012 was 19 billion US dollars.<sup>2</sup> President Putin visited Korea in November 2013, just after the Korean government proposed the 'Eurasia Initiative' policy. During his visit, discussions were made regarding the construction of railroads to Siberia, Russia's Far East region, and the expansion of a gas and energy supply network.

The diplomatic policies of the 'Look East' concept by President Putin well matches with President Park's Eurasia Initiative policy, and the 'Strategic cooperation partnership', signed in 2008, has moved cooperation up to the next level. This helped many large-scale projects regarding energy resources via the Korean Peninsula and infrastructure developments to initiate. Trade and economic cooperation between Russia and North Korea has been rapidly developing over the past few years. According to Interfax, the Russia-North Korea talks held in Vladivostok in June 2014, important items concerned with trade and investments were introduced, and topics on future cooperation were intensively discussed. In this agreement, the Russian Ruble was chosen for the trade currency to grant advantages for Russian investors. A. Galyushka, Prime Minister of the Far East region, announced that the trading capacity based on this agreement will increase from a previous 112 million dollars in 2013 to 400~500 million US dollars.<sup>3</sup> Many countries found significance in Chinese prime minister Xi Jinping's visit to South Korea instead of going to North Korea to visit the Korean Peninsula in July 2014. The foreign media have reported that as the Eurasia Initiative policy has been positively accepted for execution, China will enact pressure on North Korea in geopolitics.

### **Opportunities, Challenges and Future Prospects for Mongolia as a Connective Channel**

Although the issues concerned with nuclear energy on the Korean Peninsula and the territorial disputes of China are still at large, the multiple trade agreements among countries in the Northeast Asian region will act as a big opportunity for Mongolia to expand its transportation infrastructure into Eurasia. In the past few years, Mongolia has made various agreements with Russia, China, South Korea, Japan, and

<sup>2</sup> Russia to boost economic ties with South Korea, English.news.cn 2013-11-13

<sup>3</sup> Russia and North Korea deepen ties, <http://www.nknews.org/2014/06/russia-and-north-korea-deepen-ties/>

North Korea regarding transportation logistics and energy development. The Mongolian government is holding great importance on the visit of Russian and Chinese leaders to Mongolia, scheduled for August and September. The leaders will discuss the beneficial conditions in exporting minerals to other countries, passing through the three countries. During the past five years, the Mongolian government has executed many projects nationwide to establish fundamental infrastructures such as railroads, road constructions, and plant developments. Also, the construction of a new international airport is actively in progress, but logistics transportation expansion still remains the biggest issue.

Mongolia is planning to construct a nationally integrated road system and interconnect the domestic road system with the inland countries. Mongolia has started to experience difficulties in trade expansion and attracting foreign investment due to insufficient and poor-quality road and railroad infrastructures. The price decline in major export items such as coal and iron ore have brought an economic crisis.

According to the Mongolian Statistics Office, the trade capacity of Mongolia has been reduced from 101.4 million dollars in 2011 to 100.06 million US dollars in 2013<sup>4</sup>. The reason why the trading and export volumes have significantly decreased is because the price of major export items has decreased in the world market. For example coal export, which takes up a large portion of the entire Mongolian export, have decreased to 18.2 million tons in capacity for year 2013. This is a decrease of 2.3 million tons from the previous year. This amount is equivalent to 1.101 billion US dollar in export values, which is a decrease of 800 million US dollar from the previous year.<sup>5</sup> According to the Development Bank of Mongolia and the Bank of Mongolia, the direct investment capacity in Mongolia has decreased 50% from 4.4 billion US dollars in 2012 to 2.2 billion US dollars in 2013. In the first half of 2014, the investment capacity dropped to yearly 70%.

In the past five years, the Mongolian government has been executing various projects in field of energy resources, railroad systems and road network expansion.

Mongolia possesses vast land territory, but because the energy resources and road networks are not well developed, investment and development in these fields are being heavily emphasized. In the first phase of the project, Mongolia must establish nation-wide road network to connect various industrial cities and mines to their borders. In the second phase, road network connections with the neighboring countries must be formed. To do this, border cities must be developed and have defining policies to regulate customs and immigration, which is necessary to strengthen these functions.

Logistics transportation network and high voltage power plant constructions are currently under discussions. The first and second phase of the project regarding road network construction is being executed relatively well, however, railroads and power plant construction projects are in their initiation phase in the southern area. The Mongolian government project is aiming to connect the entire Aimag region and metropolitans to the borderline cities with paved road by year 2016.

<sup>4</sup> Monthly bulletin of statistics, NSO, Mongolia, 2013, p-83

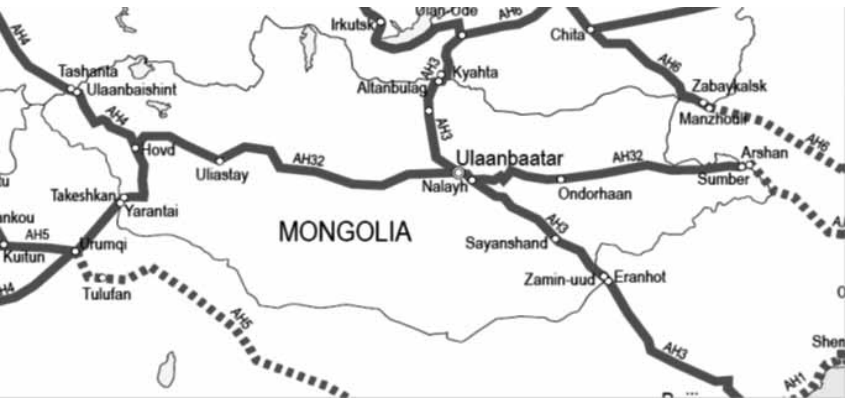
<sup>5</sup> Monthly bulletin of statistics, NSO, Mongolia, 2013 December, p-88



/picture №1/

Also, in the recent three to four years, the Mongolian government has been planning to construct three routes of highways as a method to integrate the nation-wide road network; AH4/ Ulaan Byshant-Yarant/ AH3/ Altaan Borak – Zamin-Üüd/, AH32/ Khobd-Govisumber.

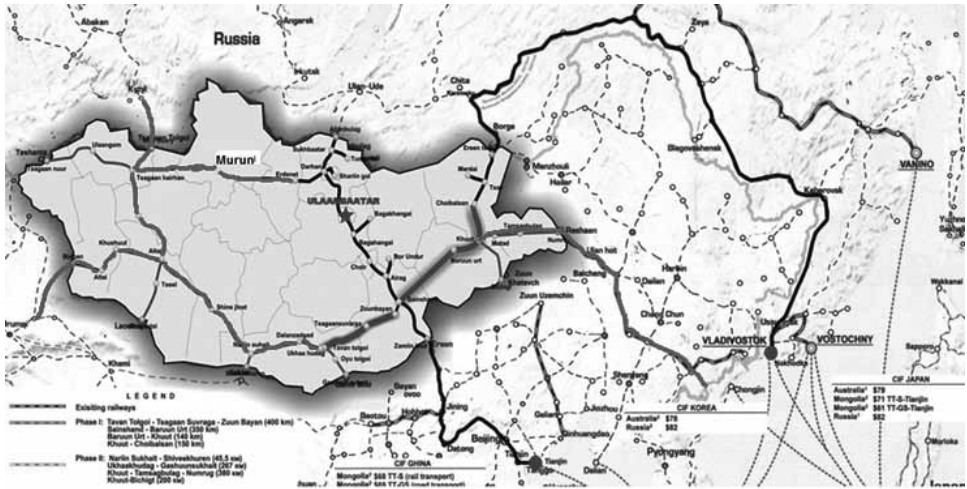
**Mongolian integrated road network routes**



/picture №2/

Currently, the driving force of Mongolian economy is mine exploitation and nationally integrated road network is being highly emphasized to enable mine development and exports. The neighboring countries are revising their related regulations and legislations to prepare for road network interconnection. In year 2010, the Mongolian government have established “government policies regarding railroad transportation,” and proposed sequential railroad construction projects, but geopolitical disputes and investment environment issues are delaying the project execution.

**Mongolian railroad construction status**



/picture №3/

To resolve such disputes and to accelerate railroad construction project, the Mongolian government have submitted items of discussions regarding the monitoring and managing the execution of “government policies regarding railroad transportation,” to the national assembly on the 18th of June, 2014.

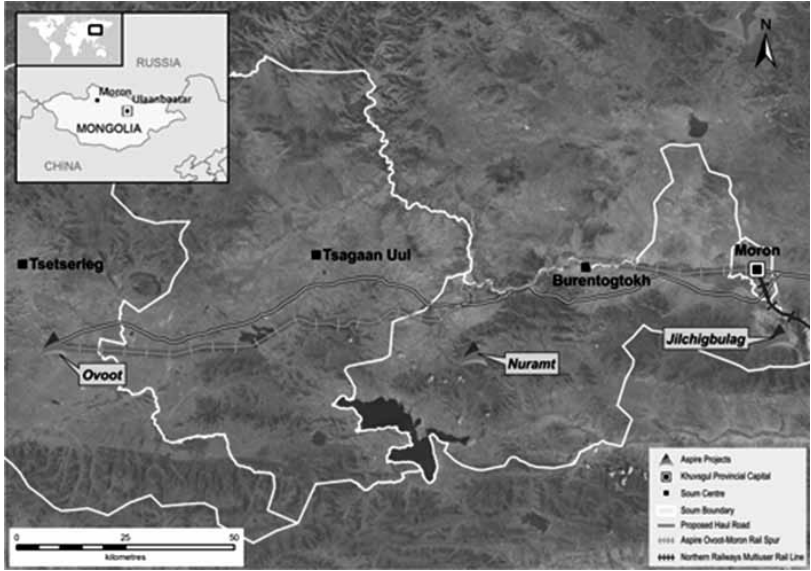
The item of discussion includes the emphasis on transportation and logistics agreement with the China, expanding the number of Chinese ports for mutual borderline maintenence and its utility as well as long term plan status on Mongolian logistics transitioning through Chinese territory, routes, logistics capacity, taxes and other related issues. Also, it mentions about the advisable solution methods to the new railroad construction issues.

If the Mongolian government can establish an agreement in transportation and logistics with the Chinese government, two new railroads can be established; one lane with the line width of 1435mm between Tavan Tolgoi – Gashuun Sukhait, Sainshand – Zamyn Uud, Khoot – Bichigt, and one lane with the line width of 1520mm between Artsoori – Erdenet, Tavan Tolgoi – Sainhand – Baruun Urt – Khoot – Choybalsan, and Khoot – Numeruk.

Since the Aspire Mining Ltd from Australia has gained the right to exploit coal in the northern Mongolia, Artsoori – Erdenet railroad construction was newly planned which were not included in the 2010 policy establishment. Not only so, but the Tuva region in Russia wanted to export coal from Elegest Mines to China through Mongolia

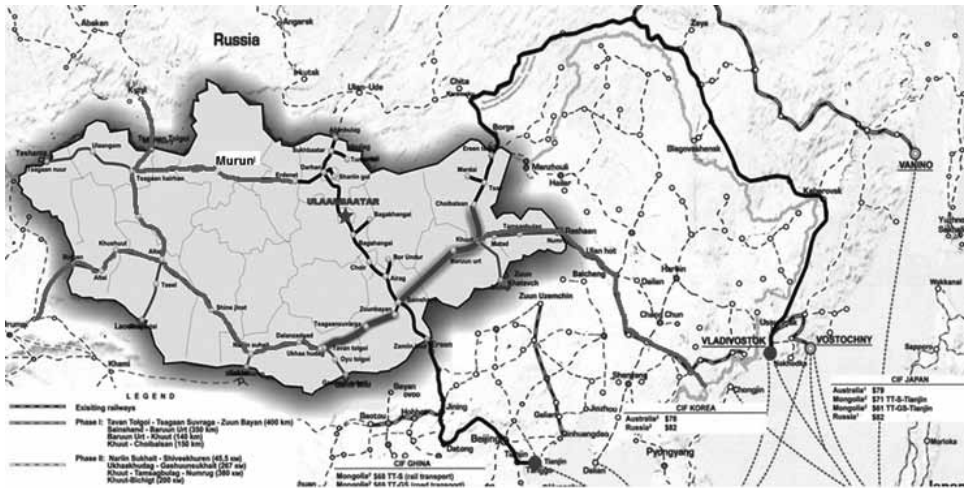


**Railroad planned to be constructed from Ovoot Mines to Moron**



/picture №4/

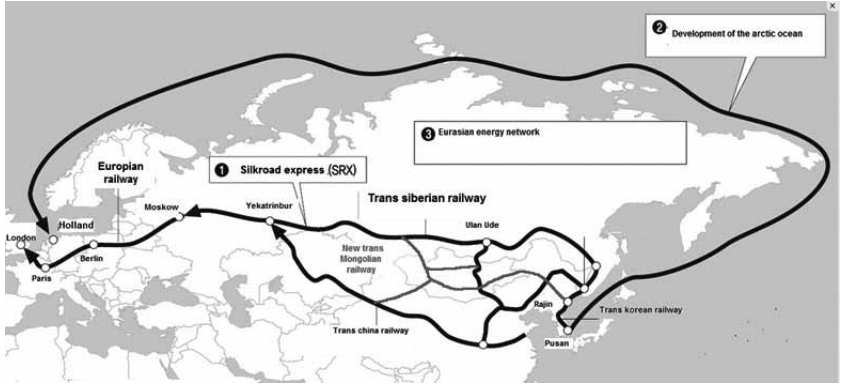
**New railroad line construction status**



/picture №5/

If the project is executed according to the plan above, Mongolia's railroad network will have three railroad lines from south to north, and one or two railroad lines from west to east. In this case, Mongolia will play an important role in the execution of the Eurasia Initiative policy proposed by the South Korean government. If a Korean train travels through Mongolia into Europe, two railways bound for Russia and one railway bound for China will be possible for this usage. These three railways will greatly contribute in time and cost deduction.

**Mongolian Passageway for Eurasian high-speed train**



/picture №6/

However, to successfully execute the Eurasia Initiative policy proposed by the South Korean government, and to incorporate regional market expansion and integrated logistics system, the nuclear issue in the Korean Peninsula is a priority to be resolved. By inviting North Korea into the world market, political and social security can be acquired, and making them into a responsible project partner can be a way to solve the nuclear issue. The Mongolian government is implementing various efforts to create trust among the Northeast Asia countries and to strengthen their diplomatic cooperations. The president Tsakhia Elbegdorj of Mongolia has proposed a cooperative mechanism amongst Northeast Asia countries under the topic of “ discussion in Ulan Bator.” This proposal not only targets to activate political cooperation and interchanges, but also among the business partners and citizens. Such proposal made by the Mongolian president corresponds well with the Eurasia Initiative policies and it is expected to assist greatly in creating cooperation and trust among the Northeast Asia countries.

**Conclusion**

Construction of inexpensive and fast road network in Mongolia has become a very important deal to enable economic development, ensuring national security and to protect the rights and interests of the people in Mongolia. For this, it is important to not only build road systems, but at the same time, develop energy resources to bolster cooperations with the neighboring countries. Also it's necessary to build high-tech facilities such as an international logistics center. Therefore, the Mongolian government has planned projects regarding oil refinery, thermal and solar power plants, railroads and road constructions, and has also established construction projects to build two logistics transfer centers, and three routes with the cooperation from the neighboring countries. At this critical moment, proposition of the Eurasia Initiative policy by President Park of South Korea fits well the periodic timing, and has created an opportunity for the next step development of railroad construction and logistics transportation between Mongolian and South Korea in the future. Also, the various efforts made by the Mongolian government with China and Russia to bolster diplomatic interchanges will accelerate Mongolian economic development, and will have positive effects when it comes to global market positioning. Although various difficulties are being generated due to issues such as inflation, differences in railroad widths, various natural disasters, legal environment and competition among superpowers etc., all these issues can be easily solved when trust and mutual understandings are formulated. As the Mongolian government overcomes the geopolitical issues and negative economic factors, and construct integrated transportation and logistics system, it will not only bring regional development among the Northeast Asia countries, but also greatly contribute to the economic development of the world.

Panelists 1

# The Eurasia Initiative and Deepening Agricultural Cooperative Development of the China-Russia Region

**Li Demin**

Representative of Dongning Huaxin Industry and Trade LTD of Heilongjiang Province, China

The origin of agricultural cooperation between China and Russia is deep-rooted. In the late 19th century, many Chinese peasants cultivated the southern lands of the Russian Far East region. In the 1950s, the Kremlin dispatched an expert delegation to the Heilongjiang Province in China to help them design and construct the largest state-run farm in China at the time. In recent years, China has spurred capital investment in Russian agriculture in accordance with great development in the Far East region and the development strategy called “Go out (走出去)”.

According to statistics, the number of agricultural companies of the Heilongjiang Province in China, which have advanced into Russia, currently adds up to more than 150, the land for agricultural cooperative development encompasses an area of 500,000 hectares, and grain production mounts up to 1.7 million tons. The Heilongjiang provincial government ratified the establishment of the “China and Russia Agricultural Cooperative Association in Heilongjiang Province” in October 2012 to standardize the development of agricultural companies in Russia. The Association focuses on information exchange, convention promotion, cooperation for mutual interests in advocating law observance, mutual supplementation, and a win-win strategy.

At present, 100 enterprises have already joined the association, and foreign land for cultivation is mainly distributed in the Russian Far East region. Agricultural products primarily produced are soybeans, corn, wheat, and rice, along with livestock farming and processing. The land for cultivation adds up to nearly 20 million square meters, and Heilongjiang enterprises account for 82% of land cultivation.

The ‘China-Russia Modern Agricultural Industry Cooperation Special Zone’, invested in and constructed by the Dongning Huaxin group, is the largest agricultural project between China and Russia. Land purchased or leased accounts for up to 3.3 million square meters, and 300 local residents are employed. The project receives support from local government and residents as a social enterprise embodying a “localization management”, in the creation of jobs and 150 million rubles in taxes.

China and Russia respectively have their own advantages in agricultural cooperation, and it shows

the possibility of further widespread development. First of all, there is an advantage in policy. The leaders of China and Russia approved a ‘Cooperative Guideline for China-Russian Far Eastern and Eastern Siberia Regions of Russia’, emphasizing agriculture as the priority investment field in 2014. The two parties underlined their commitment to the expansion of agricultural cooperation, and the improvement of both trade in agricultural products and investment conditions for agricultural production in the China-Russia Joint Statement. In addition, Russia implemented the ‘Russian Far East and Baikal region social and economic development plan’ which focuses on international cooperation in agriculture of the Far East region in 2013.

Secondly, there is a geographical advantage. Of the more than 4,000 kilometers of shared border between China and Russia, the section adjoining Heilongjiang Province amounts to 3,000 kilometers. Heilongjiang Province borders the Amur region, Jewish Autonomous Oblast, Krasnoyarsk Territory, Primorsky Territory, and Zabaikalsky Territory. There are fifteen national ports connected. As it has similar natural conditions and climatic environments, the geographical advantage is noticeable.

Its third advantage is that Heilongjiang Province is a strong agricultural region. The province is the largest production base for commodities and grain in China, and it implemented mechanized farms for the first time in the history of the People's Republic of China. It is located in the land reclamation district in Heilongjiang Province, and is a world-class cultivation management system.

To promote agricultural cooperation between the China and Russia regions, and to realize the creative development and improvement of a level of agricultural cooperation between China and Russia, the “China and Russia Agricultural Cooperative Association in Heilongjiang Province” is providing support for the construction of the agricultural cooperative development region in Jewish Autonomous Oblast, the Amur region, Khabarovsk Krai, and Zabaikalsky Territory, supported by three or four local Chinese and Russian governments based on Agricultural Industry Cooperation Special Zone which was already constructed.

It would create the China-Russia agricultural cooperation model districts by attracting agricultural investment enterprises from China, eventually contributing to a lasting friendship between both countries, and to food safety in the Eurasian region.

Panelists 2

# Eurasia: Ideal or Not for Cooperation

**IMAMURA Hiroko**

Director of Center for Far Eastern Studies of University of Toyama, Japan

China has carried out extensive economic exchange with its neighboring countries. In particular, Northwestern China tries to carry out extensive exchange along with ‘the Great Western Development Strategy’. It sounds reasonable to strengthen economic relations with neighboring countries as the world's second leading economic power, but there is concern about being hasty.

One of the ways in which neighboring economic exchange occurs is through the 'Silk Road Economic Belt'. It is not merely a ‘transport corridor’, but also an ‘economic corridor’. For instance, China reached an agreement for the construction of an economic zone beyond the CALGAZ borders of Incense Burner with Kazakhstan in 2005 and has since carried out economic exchange.

Meanwhile, this also means cooperation across borders among homogeneous nations that are unlike the Han Chinese. Additionally, there is the corridor that passes through Europe via Central Asia within China and a railway was constructed to connect Chengdu of Sichuan and Poland, completed in April 2013. Trains can travel from ASEAN to Chengdu, connected by land from Southeast Asia to Europe. In addition, China, aiming to build an economic corridor in Africa, wants to be connected with Europe. Further, in terms of a ‘Sea Silk Road’, China is giving attention to the Northern Sea and East Sea (Japan Sea) Routes.

On the other hand, Russia is willing to form a ‘Eurasian Union’, increasing member countries by establishing a customs union with Kazakhstan and Belarus. From the point of view of Europe, it seems that Russia supports the Soviet’s revival. Russia, which is gradually increasing influence in the east, such as in Eastern Europe, the Baltic States, and Ukraine, is a new threat to the EU in proposing the construction of the 'East Partnership’. Ukrainian issues have resulted in a radicalized confrontation between Russia and the EU, and proxy wars are ongoing due to Ukraine issues.

In addition, the Shanghai Cooperation Organization of SCO <sup>6</sup> was founded in Shanghai in 2001 by six countries, namely China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. The organization mainly deals with economic cooperation, such as trade promotion, infrastructure maintenance, finance, and agricultural cooperation. It also focuses on fighting terrorism. There was previously a conflict between China and Russia over their shared border of over 40,000 km and an ideological confrontation lasting for nearly 40 years. However, since 1990, when Secretary General Xi Jinping came into office, both countries have tried to maintain closer relations, being in the same boat for criticism from Europe and the United States over human rights issues.

<sup>6</sup> Mongolia in 2004, Iran, India, and Pakistan in 2005 have become observer status.

China and Russia are strengthening cooperative relationships here and now, but it is possible for them to have an opposing relationship if China strengthens its influence in the region. So, if the EU becomes involved, there is a possibility of dispute amongst the three parties surrounding the former Soviet Union and each country.

South Korea also proposes a ‘Eurasia Initiative’ and tries to play a role as a ‘land bridge’ in Eurasia. To realize this goal, there are lots of challenges to overcome, such as North Korean issues, security, and financial issues, but it will promote logistic development. (In the 1980s, Daren, China tried to become the land bridge of the Eurasian continent, but 30 years on it has yet to be realized. It is very difficult to achieve as such.)

Japan supports Central Asian nations as a geopolitical location and a key position for the war on terror. Japan has provided financial support worth three billion dollars since Central Asia became independent, and Kyrgyzstan's finances have also led Japan to resume yen loans in 2014. The Japanese policy makes Chinese nerves stand on end, even though Japan and each nation of Central Asia have a relatively small relationship with each other as compared to China.

For China, ASEAN is a front gate and Central Asia is a back gate in diplomacy. The relations between China and ASEAN nations, for example, have improved in both aspects of trade and investment. Meanwhile, tensions between the Philippines and Vietnam are yet to be solved. In addition, haggling on diplomacy between Japan and the United States continues. In other words, China urges vigilance over the fact that a war breaks out at the front gate, and Japan extends its power at the back gate.

It seems that the Silk Road before the Common Era dealt with many challenges through caravans for trade. The purpose of the Silk Road is to have a peace-oriented economic corridor. But if one party or the other stuck to their own decision, or if the balance among the countries concerned broke, the peace would break with it, and so it did. Natural resources and racial issues became complicated.

It would be ideal, but to invest in and support resource development, jobs should be created in the region and given back to the local economy. The Win-Win partnership of the ‘Chinese Dream’ will be realized by doing so. Even if China is the center of the Silk Road, there should be unwavering adherence to this principle. If a dispute occurs, it will result in stagnation.

Regional governments have less responsibility for diplomatic policy. Beyond the nation, for example, if we understand each other in sharing regional borders, it makes the role of the Association of Northeast Asia Regional Governments (NEAR) more important. Japan’s support for the region should not cause a dispute of interests among related nations. It is important in providing support in order to make the dispute cool off.



# Session II

## Seeking for New Growth Engine in the Region; Sub-Region of Pan-East Sea/Sea of Japan

### Speakers

**Analysis on the Possibility of Linking the Development of the “Changchun-Jilin-Tumen Pilot Area” of China and the “Pan-East Sea Economic Bloc”**

**Wu Hao** Vice Director of the Northeast Asian Studies Academy, Jilin University, China

**The Significance of Envisioning of the Advantages of Cooperation in the Pan-East Sea (Sea of Japan) Region**

**MIMURA Mitsuhiro** Director and Senior Research Fellow of Research Division at ERINA, Japan

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### Panelists

**A Korean Perspective on China's ‘Changchun-Jilin-Tumen Development Strategy’ and the Activation of the Pan-East Sea Economic Bloc**

**Won Dong-wook** Professor of College of International Studies, Dong-A University, Korea

**The Significance of Envisioning of the Advantages of Cooperation in the Pan-East Sea (Sea of Japan) Area**

**BATTUR Jamiyan** Professor of Department of International Relations, National University of Mongolia (NUM), Mongolia

Speakers 1

Analysis on the Possibility of Linking the Development of the “Changchun-Jilin-Tumen Pilot Area” of China and the “Pan-East Sea Economic Bloc”

Wu Hao

Vice Director of the Northeast Asian Studies Academy, Jilin University, China

On August 31st, 2009, the General Office of the State Council of the People’s Republic of China (State Council) ratified the “Tumen River Area Cooperative Development Summary Plan – Designation of Changchun, Jilin, and Tumen as Priority Development” (hereinafter: Summary Plan). This was the first ever development plan for China’s border region, and also an unprecedented case in that the Tumen River Area project was elevated as a national strategy of China. Under the Summary Plan ratification, the construction of “Changchun Jilin Tumen Pilot Area (hereinafter: Changjitu Plan)” was devised, making it an important platform for China to participate in the Northeast Asia Cooperation. This presentation will address the Changjitu Plan, and an analysis on the possibility of cooperation in the Pan-East Sea (Sea of Japan) area. The key points are as follows:

- Major achievements of the Changjitu Plan
- The effect that the Changjitu Plan will have on the Pan-East Sea economic bloc (Tumen River Area) cooperation
- The major problems that the Pan-East Sea economic bloc (Tumen River Area) currently faces
- Conclusion and measures

I. Major Achievements of the ‘Changchun Jilin Tumen Pilot Area’

Since the State Council’s ratification of the Summary Plan, the Changjitu Plan has produced many visible achievements.

1. Steady and rapid growth of the economic scale

In 2010, the Chinese economic situation has managed to get out of the negative aspects of the global financial crisis, making its way for unprecedented rapid growth. While the economic operations in Jilin Province and the inception of the Changjitu Plan basically coincided with the current status of China, the growing rate in regards to the scale, manufacturing rates, and financial income was much higher than the national average. If Jilin Province had a local GDP of 85.77 billion CNY, it meant that it has achieved 13.7% growth than the previous year, which is 3.4% higher than the national average, 10.3%. Changchun, Jilin, and the Yanbian region had a local GDP of 33.29 billion CNY, 18 billion CNY, and 54.5 billion CNY, respectively, which comes to 56.74 billion CNY in total, accounting for 60.3% of the total GDP growth rate of the entire Jilin Province. Meanwhile, the three

regions each have a different growth rate: Yanbian's is 17.2%, which is 3.5% higher than the entire Jilin Province; Changchun's is 15.3%, which is 1.6% higher than the entire Jilin Province; and finally, Jilin City's is 12.3%, slightly underscoring the Provincial average.

Recently, for a certain period of time, stagnation was evident in the economy of China's northeast region, including Jilin Province. In the early half of 2014, the Liaoning and Jilin Provinces each had an economic growth of 7.2% and 7.0%, respectively. Heilongjiang Province had only a 4.1% growth. Such a stalemate in economic growth took the attention of the central government and relevant departments, of which the NDRC (National Development and Reformation Committee) had already begun thoroughly researching, preparing to implement appropriate measures. This will provide the opportunity for the economic growth of the Changjitu region, as well as for developmental projects in major regions.

**2. Establishment of major infrastructure that led to great developments**

After the China State Council's ratification of the "Summary Plan", many projects in line for the Changjitu Plan were carried out very swiftly, with many core infrastructures already in place. In September 2010, the highway that links Changchun and Hunchun had fully opened; In January 2011, a highway that links Changchun, Songwien, Baichung, and Stowjingz had opened. Moreover, they've also built railways that would link Changchun and Jilin, which opened in December 2010, reducing 30 minutes of commuting time, compared to 1 hour and 48 minutes before the construction. Moreover, construction for a railway between Jilin and Hunchun is already underway, with construction that began in October 2011. Also, the construction of the Longjia Airport began in June 2009, and judging by the progress they've made so far, it could be completed much earlier than anticipated. In October 2010, the Ministry of Railways (MOR) and the Jilin Provincial government agreed on speeding up the construction of the Jilin railways, and also confirmed and agreed on constructing and establishing a network of railways in the center regions of the province. Moreover, the project of the linking gas pipes between Changchun and Jilin is expected to begin its construction by the end of the year. Thus, the so-called "Chihwa-Jilin" project, the project to connect gas pipes in the province, is already at its realization stage. Also, as of November 2010, the hydro-electrical power plant construction project at Dunhua, China is swiftly underway. In addition, the irrigation facility at Laolongtou, China, has already been completed and is under operation. Furthermore, the four border ports at Tumen, Changbai, Chatous, and Cuochenri have been elevated to national ports.

**3. The smooth progression of large industrial developmental projects**

In the "Summary Plan" execution measures, implemented by the Jilin Provincial government, about 100 core periodical developmental projects have been confirmed, with additional plans to construct specialized complexes. Such projects and construction plans are to strategically foster new industries, as well as elevate and lead the traditional industries. With the gradual implementation of the "Summary Plan," the aim of the Changjitu Plan has become much clearer. In other words, by rooting their foundation in the central government's core periodical developmental projects and regional supremacy, they plan to have biotechnology, IT, new materials, new renewable energy, renewable energy vehicles, and local produce from Mount Baekdu, etc., as part of their strategic new industry that would help the local community. Since 2010, many special projects have begun or

were already underway. For example, Volkswagen has expanded a factory with a capacity of 150,000 cars per year; Toyota, an assembly line for 200,000 SUVs; and GM, an assembly line for 100,000 cars. Also, FAWMC has begun construction of an expandable factory that can produce 400,000 cars per year. Moreover, Shinhujirin Tongtien has also begun constructing a factory with a capacity of 500,000 cars. The Chinese chemical company Jihua Petrochemical Group is able to refine 10 million tons of oil per year, by upgrading their oil refineries. The Taechung Group's first stage construction for a facility to produce 1 million tons of industrial alcohol is currently underway. In addition, the first stage construction of a rail wagon manufacturing complex has been completed, and production is underway. The Jianlong Steel Group has completed their factory with a capacity of 3 million tons of steel per year, and has been in production since the end of 2011.

**4. Improved international routes**

Although there were already some international routes near the Tumen River, they were not considered the best roads, remaining as a barrier to the development of the Tumen River Area. Therefore, in executing the Changjitu Plan, relevant departments in the Jilin Provincial government have mulled over a variety of alternatives to resolve the bottleneck effect of the route. By constructing international railroads, roads, plane routes, and waterways in the past two years, they were able to achieve their intended goal. With negotiations with North Korea and Russia, the trial runs for an international trans-railway between Tumen, Namyang, and Hassan is likely to begin this year, and agreement regarding cargo transportation between China and Russia has already been reached. In March 2010, China's General Administration of Customs (China Customs) officially ratified the Yanbian Province to allow domestic cargo shipments from North Korea's Chongjin and Rason Ports. In August of the same year, after a long review of the project, the first coal transport between Rason and Shanghai was finally realized, officially opening the domestic cargo railways that link Hunchun, Rason, and ports of Southeast China. The Hunchun Chuangli Haiyun Logistics Limited Company has already completed the construction of the Pier 1 at Rason Port, equipped it with necessary devices and equipment, and leased ships and began operations. The road conservation project between Wonjeongri Port (North Korea-China Customs) and Rason Port, financed by China, is well underway. Also, negotiations for linking Hunchun and Rason with Busan, South Korea, are currently underway.

In August 2011, the groundbreaking ceremony was held in Hunchun, China for the 10-million-ton international transshipment area for the Hunchun-Khamesovaya Railway. Concurrently, a signboard-hanging ceremony for the Zarubino Port International Joint Partner Limited Liability Corporation was held at Zarubino Port in the Maritime Province of Siberia, as well as a flagging ceremony to celebrate the sea-land route linkage. The Hunchun-Khamesovaya railway was re-opened in 2011 with joint efforts and cooperation by the Ministry of Railways of China and Russia, as well as the Jilin Provincial government and the government of Primorsky Krai, and from relevant corporations.

**II. The Influence that 'Changchun Jilin Tumen Pilot Area' Plan may have on the "Greater Tumen Area (Pan-East Sea Economic Bloc)" Cooperation**

To understand fully about this matter, one must be able to identify the geological borders between the GTR and the Pan-East Sea (Sea of Japan). The GTR is derived from the GTI (Great Tumen Initiative), and is an expansion



of the original Tumen River Area international cooperation development project. In 1991, the UNDP launched the “Tumen River Area Development Project (TRADP)”, and here the “Tumen River Area” meant the Tumen River’s Delta area. The details are seen in two specific regional categories. The first is the 10,000 km<sup>2</sup> of triangular area that links the three cities, Yanji, China, Vladivostok, Russia, and Chungjin, North Korea. The second is the 1,000 km<sup>2</sup> of triangular area in the River’s Delta that links Hunchun, China, Zarubino, Russia, and Rason, North Korea. Therefore, however one designates the TRA (Tumen River Area), the TRADP refers to the cooperative development project of North Korea, China, and Russia, in the estuary of the Tumen River. In 2005, during the 1st China Jilin Northeast Asia Investment and Trade Expo (Changchun), the 8th Tumen River Area Development Coordination Committee was held in China. Representatives from each country agreed to extend the cooperative agreement first joined in 1995 at the United Nations Headquarters, New York City for 10 more years, and at the same time expand the scope of development cooperation in three provinces in Northeast China (Liaoning, Jilin, Heilongjiang) and the eastern part of the Neimengu/Inner Mongolia, North Korea’s Rason special economic zone, to Eastern Mongolia, major port cities on the eastern coast of South Korea, and the Primorsky Krai in Russia. This marks the transition of the older TRADP into to a new stage of “building the Tumen River Area Development Cooperation Platform.”



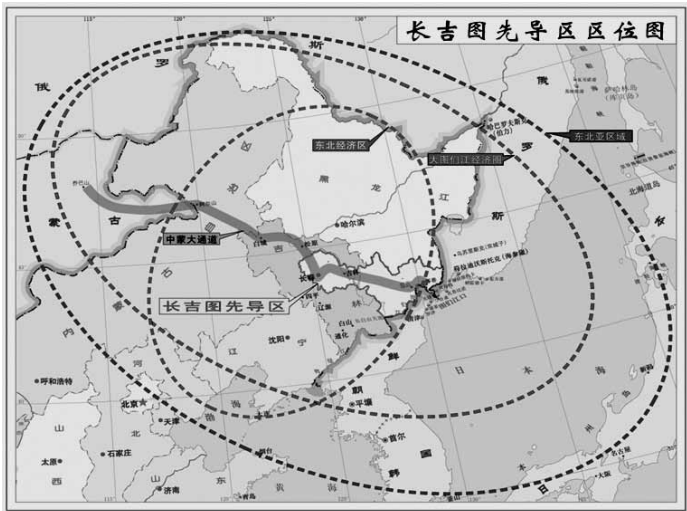
The East Sea mentioned here is the term used by South Korea, and in Japan it may be called Sea of Japan. The “Pan-East Sea circle” is a concept that is usually used by Korean researchers who study regional cooperation in Northeast Asia and I do not have any rights over the term, and therefore was unable to give it a clear definition. It is a term that designates the areas surrounding the East Sea (Sea of Japan), and I believe it would include the three Provinces in Northeast China, the Primorsky Krai in Russia, South Korea, North Korea, and Japan. This also indicates that while the Great Tumen River Area and the Pan-East Sea circle coincide in some regions, yet the GTR does not include South Korea, North Korea, or Japan. And this view

is not related to territorial conflicts, but solely with a purpose of research, and therefore a part of Northeast Asia. In the body that follows, I will not give clear definitions between the two terms, and I’ll focus more on the Changjitu Plan’s effects on the TRA (Pan-East Sea circle) cooperation.

**1. Changchun-Jilin-Tumen Pilot Area, a main part of the Greater Tumen Region (Pan-East Sea Circle)**

Geologically speaking, the Changjitu Plan is the core region of the Tumen River Area (Pan-East Sea circle). Moreover, the international cooperative project mentioned in the Changjitu Plan is a key content of the Tumen River Area cooperation.

- Construction of a large, international route: In China, the China-Mongolia passage and the Tumen River’s “Access to the Sea via Port” project has gathered quite an interest. Currently, North Korea, Russia, and Mongolia are discussing relevant matters, and moreover, the Tumen River road and bridge expansion that links North Korea and China is already underway. Like such, international linkage constructions are showing bright prospects.
- Energy development and trade cooperation: If the international route of the Tumen River Area makes progress, the development of resources and overseas distribution in Mongolia and Russian Far East would be much easier. Resource trading in Northeast Asia is expected to grow exponentially.
- Resource development: International cooperation on crude oil and gas, developing new energy sources, and low-carbon economic growth are all very important aspects of the Changjitu Plan. Here, China has provided a new stage for the Northeast Asia cooperation through the Changjitu Plan.
- Trans-border tourism cooperation: Tourism is one of the main industries promoted by the Changjitu Plan. Through the Changjitu Plan, China will promote an advanced, trans-border tourism cooperation with each country in Northeast Asia.
- Environmental protection cooperation: Promoting cooperation relevant to enhancing an environmental protection project in the region is an important part of the Changjitu Plan. Preventing the river that flows across the borders of North Korea, China, and Russia from pollution, as well as prevention of the desertification of the Northeast Asian region is a priority cooperation project.
- Innovation of the Greater Tumen River Area Cooperation Mechanism: China, with the Changjitu Plan at its center, will invite leaders of the Northeast Asian countries, and hopes to discuss the cooperation problems of the Tumen River Area. China hopes to strengthen mutual cooperation in regards to the Tumen River Area by establishing regular meetings with leaders from each country.



**2. The ‘Changchun-Jilin-Tumen Pilot Area’: the important role it plays for North Korea to actively participate in the cooperation of Northeast Asia**

As a scholar said, in the process of regional cooperation in Northeast Asia, North Korea's long-term isolationism has been the stumbling block in building the Northeast Asian community. Therefore, to motivate North Korea to open its doors and recruit it into the "East Asian Community" would be crucial in promoting business in the Northeast Asia Economic Community (Coong Yong AHN, 2010). Already evident in many aspects, the Changjitu Plan is playing a positive role in opening the doors of North Korea. Detailed achievements are as follows:

First, China's reform and opening-up model is an important learning experience of economic reform for North Korea. Before Kim Jong Il's death, North Korean officials had made frequent visits to China, whereby they were shocked by the achievements that China was able to make after their reform and opening up. For example, it is said that Kim had on many occasions said, "China has developed very rapidly, and achieved so much after their reform and opening up, and is full of liveliness everywhere;" "the project led by the Communist Party of China and the government to revive the Eastern region, and Western region overhaul plan, the balanced development of regions, and the harmonization and socialist construction policies were very right." Kim ordered the officials to learn about the Chinese reformation, and to strengthen economical exchanges and cooperation in order to aid in North Korea's economic development and improve life standards. North Korea had also sent large-scale envoys to China to learn about and practice China's ability to construct special economic zones and its management, and laws and policies relevant to them. North Korea's such bold moves were probably inevitable due to prolonged poverty and economic breakdowns; however, the officials may have also realized that "without reformation, there's no way out but death."

Second, North Korea has never been more active in cooperation across its borders with China. While North Korea relies heavily on China in regards to economy, they were not so passionate about economic development, such as trans-border economic cooperation. They have been adamant in their incomprehensible attitude on China's proposed infrastructures, such as borderline bridges, roads, railroads, etc., and even turned down China's offer to partly finance the constructions. China, on the other hand, was very concerned about the Chungjin and Rason Ports in North Korea. However, in the past two years, North Korea has quickly propelled through their construction projects, displaying a big difference from before. At the end of 2010, a groundbreaking ceremony was held for the Apruk River Bridge that links Dandong, China, and Sinuiju, North Korea, in which China agreed to pay CNY 1.7 billion for the cost of construction. The bridge is already

open and operational, and the renovations on Wonjeongri and Rason Port, with support from China, have all been smoothly completed. In addition, North Korea and China have discussed the possibility of using North Korean railroads and transporting Chinese domestic goods to ports.

Third, the most interesting thing, however, were discussions between North Korea and China on joint development and management of the Hwangeumpyung Island, the Rason Special Economic Zone, and the Wihwado Special Economic Zone. The Rason Special Economic Zone is North Korea's first special economic zone, created in 1992; however, it was never developed as smoothly as expected. In 2010, Rason City was designated a special city, managed by the North Korea central government, and after making amendments to the Rason Special Economic Zone Law, they eliminated the 'cabinet's approval' article, originally in place to restrict foreign corporations or franchises. In the same year, the leaders of North Korea and China agreed on joint development and management of Hwangeumpyung Island, the Rason Special Economic Zone, and Wihwado Island. In the first half of 2011, North Korea and China held a big ceremony announcing the beginning of the project in the Rason Port and Hwangeumpyung Island. The important thing here is to know that China was interested, but cautious. In the past, Chinese officials had emphasized the need to follow principles in economic cooperation with North Korea, with "corporate participation under the government's control, therefore reaching a mutual win-win"; however, this time, China emphasized a slightly different principle, such as "under the government's lead, but the corporation as its controller, and therefore reaching a mutual win-win." This reveals that the Chinese government does not want to excessively put their nose into what goes on, and wants to let corporations carry out their duties under their own control, as following the rules of a market economy. This implies that China only wants to participate in the developmental projects with North Korea, not that they want to replace or represent the North Korean government, as well as not to provide infrastructures for free. China's such actions are actually suggesting new demands on North Korea; namely, that the opening-up of the three aforementioned sites and its investment must go through system reform and be protected. If not, it would be difficult to attract investment, as well as fail to accomplish the objective of building the special economic zones.

Anyhow, China's reformation and open market policy, including the Changjitu Plan, have already had a strong influence on North Korea. In addition, although this influence is still at its early stages, if North Korea begins with a small part of the area as an experiment, and becomes successful from it, thus accelerating their reformation, eventually it may be possible for them to naturally become a part of the TRADP, or Pan-East Sea economic bloc. This is a very important issue for the stability of Northeast Asia as well as for the Korean Peninsula.

However, what we're concerned about is that after Kim Jong-un's rise to the position of Supreme Leader, it has become much harder to predict the internal and external changes of the political environment, and at the moment it is difficult to make any definite conclusions as to what kind of economic policy that they'll adopt.

**3. Effects of ‘Changchun Jilin Tumen Pilot Area’ on Russia's further Cooperation of Northeast Asian regions**

Recently, Russia is beginning to consider the importance of regional cooperation with the Northeast Asian countries. Strengthening ties with each Northeast Asian country will not only make way for Russia to enter into a new export market, but also to break away from excessive dependence on the markets of the American continents. And moreover, they will be able to create an environment for the development of the lagging Far East and Siberia. The Siberian region and the Russian Far East are rich in natural minerals, forestry, energy, fisheries, and tourism. However, very low population density and a continuous outflow of the population into other areas has led to little development. In 2007, the Russian government, utilizing its original and new infrastructures, announced a policy that aims to develop the economy of the Far East and a



population increase by 2013, called the “Special Federal Program for Social and Economic Development of the Far East and the Zabaikal Region by 2013”.

Russia is well aware of the fact that they will not be able to realize the “Special Federal Program for Social and Economic Development of the Far East and the Zabaikal Region by 2013”, unless they actively participate in cooperation with China’s Northeast regions. Therefore, they are currently very actively proposing exchange relations of the aforementioned areas to Chinese government officials. On September 23, 2009, the leaders of the two countries officially signed and ratified the Russia Federation Far East and Siberia Region & China’s Northeast region Cooperation Plan (hereinafter: “China-Russia Cooperation Plan”) (2009-2018). This plan consists of an introduction, cooperation areas list, and attachments, where the list and the attachments are the key elements. Cooperation areas are divided into 8 different chapters, which include ports, construction and improvement of border infrastructure, trans-border transportation, development of specialized zones, manpower, trans-border tourism, humanities exchanges, protection of the environment, and regional cooperation. Among them, over 100 exchange-cooperation programs have already been agreed on. There are over 200 articles in the attachment listing the two countries’ major investment & invitational projects, and also include cooperation in the area of raw minerals, energy, agriculture, forestry, fishery, machinery, architecture, construction, etc.

The geological scope of the China-Russia cooperation plans, and the TRA in which both countries are cooperating, have a large commonality. In particular, the business sector in which they cooperate is all within the boundaries of TRADP. If the China-Russia cooperation plan is fully underway, economic unification of Northeast China, the Russian Far East, and East Siberia will definitely leap forward, all the while, many problems that currently stall the TRADP could be easily resolved. It has been five years since both countries’ leaders signed the China-Russia Cooperation Plan; however, neither has been able to achieve anything yet.

China’s Changjitu Plan has provided a new opportunity in part on the "Cooperation between China and Russia". As mentioned earlier, due to the continuous efforts of the Jilin provincial government, the Hunchun-Khamesovaya railroad recovery project is well underway, as well as its relevant infrastructures. Also, both countries have already agreed on China using Russia’s Zarubino Port as its embarking platform into the sea, and this indicates that the Changjitu Plan has provided an important breakthrough in the realization of the China-Russia cooperation plan. Due to the newly established passageway between China and Russia, Northeastern China can now access the East Sea (Sea of Japan). Moreover, countries such as South Korea and Japan may also use the port as the economical gateway to China, Russia, and Mongolia.

**III . Major Issues faced by the Collaboration of the “Pan-East Sea Economic Bloc” (Tumen River Area)**

Currently, the Tumen River Area (Pan-East Sea Economic Bloc) cooperative development is faced with an unprecedented leaping phase; there are still much constraint factors in overall cooperative development in the region, which need to be dealt with.

**1. Complicated / diverse regional differences and international political instability**

Currently, Northeast Asia is an area that shows the largest regional gap and concentrated instability in international politics in the world. The world’s leading advanced country, most dynamic emerging economy, and relatively lagging developing country coexist in this very region.

In other words, a country with a mature capitalistic market, a systematically transitioning country, and a uniquely-characterized socialistic country coexist. There is a big difference in each country’s political and economic systems, cultural traditions, and degree of development that cause a clear difference in political interests, thus making regional cooperation

difficult. From previous experience, cooperative projects, after being carefully examined by all parties, have caused issues in diverse fields in the detailed progression processes, and many cooperative projects have actually been abandoned.

Northeast Asia is a place where many historic issues have not been resolved. It is also a place where political disputes concerning land and sea exist, and these disputes are the biggest obstacles in creating confidential relationships and economic cooperation. Not only so, Northeast Asia is a region where the legacy of the Cold War is still prominent. North Korea’s nuclear issue is a typical case that expresses the vestige of the Cold War and ideological conflict, and it is difficult to draw out a solution in a short period of time. Although there are some differences in degree among the few countries within Northeast Asia, there is still a Cold War-based attitude toward China’s rapid development, and a passive attitude toward various cooperative projects and regional cooperative platform establishment. If political security and confidential relationships cannot be formed, regional peace and stability will not be sustainable, and it will bring negative influence in the progression of regional cooperative development in the Tumen River Area.

**2. Incomplete regional cooperative development negotiation / coordination organization**

In the beginning of the 1990s, since the UNDP (United Nations Development Program) proposed the initiation of the Tumen River Area development plan, the cooperative organization between countries participating in International development project of Tumen River Area have been inefficient. Currently, there are primarily two methods of cooperation to conduct cooperative development in the Tumen River Area.

First are the Tumen River Area Development Programme (TRADP), and the Greater Tumen Initiative (GTI). The UNDP-GTI Secretariat is propelling TRADP. During the process of TRADP, UNDP GTI Secretariat has contributed much in opinion coordination and the project promotion process. If it wasn’t for UNDP in the early 1990s, the cooperative project couldn’t have drawn much attention from international society, including the countries in Northeast Asia. Of course, since the GTI Secretariat was short on funding and had no active evidence which complies with powerful international regulations, there was a lack of power to induce sympathy from each member in foreign cooperative promotions in the Tumen River Area. Within the boundaries of TRADP and GTI, a subcabinet consultative group was formed among the five countries; China, Russia, North Korea (seceded in 2009), South Korea, and Mongolia. In the research and initiative phase of cooperative development of the Tumen River Area, this organization played an important role, but as the development progressed on, problems in policy decisions and organization promotion vulnerability were identified.

Secondly, there is cooperation among the regional governments’ negotiations and cooperation organization related to participating countries. The initial research investigations and arguments of various collaborative projects within the cooperative development of the Tumen River Area have been completed by various regional governments, and have played an important role. Some scholars are viewing the cooperative development of the Tumen River Area as a regional cooperation. However, trans-border economic cooperation includes central government jurisdictions such as national sovereignty, tariff reduction, and customs system reformation, etc., that is beyond the capabilities of regional governments. Therefore, regional cooperative development may shift to a unique development of each country that makes it rare to accomplish truly effective regional cooperative projects. Apart from the limitations of authority, the insufficient abilities to process international cooperation have failed to interest the participants. Incomplete international relations organizations and policies have also influenced the regional international relations of regional governments (Kee-Ho Yang, 2010).

**3. Still an inadequate environment for economic trading activities**

The most important entities in the Tumen River Area’s cooperative development are the corporations from various fields. The major role of governments is to create a cooperative space, organize infrastructure and regional developmental

plans, and moderate policies. Corporations are in charge and responsible for completing many important aspects of developmental cooperation.

Areas such as infrastructure construction, energy development, trans-border tourism, logistics transportation, industrial sector establishment, and major industrial projects, etc., are impossible to achieve practical progression without the participation of corporations of various fields. To induce the corporations to participate in cooperative development of the Tumen River Area, it is important to continuously improve the investment environment of the region. However, the current situation is not as optimistic. The facilities and institutions of the Tumen River district in China are relatively adequate, but the relevant regions in Russia and North Korea have severe problems concerning infrastructure, legal systems, etc.

In facility aspects, infrastructures such as roads, railroads, ports, and border ports are quite old, and customs capabilities are noticeably insufficient. Also, the customs regulations of Russia and North Korea are distant from international customs, and are very complex and inefficient. Unclear legal systems lack in obligatory power and the border ports have numerous expenditure items with very insufficient services. These environmental limitations are causing serious repercussions in smooth logistics transportation and personal exchange despite the possession of numerous international channels. The Tumen River basin is located at the center of Northeast Asia geographically, but its transportation and personal exchanges are very inconvenient. Besides this, the protection regulations on the investors in Russia and North Korea are also very lacking. The investment risks are high and there are cases where Chinese investment corporations face difficult issues due to difficulties in predicting Russia and North Korea. In one word, if the infrastructure and legal environment of this region is not improved quickly, it will be difficult to attract large-scale investments, and regional cooperative development will also have difficulties in yielding vivid results.

**4. Difficulty in establishing a rational benefit distribution platform**

Regional cooperative development is essentially different from assisted development. Although North Korea has been assisted with partial infrastructural improvements and maintenance on roads and harbors located in Rason Economic Zone, China is still following the equality principles of investment and profit of the market economy of cooperative development projects operated by the absolute majority. If the investor’s profits can be adequately protected and respected, rational distribution of development profits can be actualized along with sustainable cooperative development. The intensified development of regional economic cooperation is ultimately dependant on whether the participant’s profits can be protected and contributed.

The natural gas negotiation between China and Russia experienced 10 years of difficulties because the two parties had struggles in price negotiations. Finally, China and Russia came to an agreement in May 2014, and this was possible because both countries made concessions for the benefit of both parties. Currently, rational benefit distribution platforms have not been created for cooperative development of the Tumen River Area. Issues regarding trans-border transportation infrastructure construction and logistics cooperation, trans-border resources and energy development cooperation, trans-border tourism cooperation, and trans-border pollution control and environment cooperation have conflicts regarding benefit distribution and mutual risk distribution which requires serious research and solutions from each participating entity.

**IV. Conclusion and Measures**

The initiation of the Changjitu Plan in China has provided a new opportunity in Greater Tumen Region (Pan-East Sea Economic Bloc) cooperation, but it was insufficient for drawing out an all-out cooperation. Each country must incorporate more effort in diverse fields for harmonious international cooperation in the region.

First, political trust is a precondition to promote economic cooperation. It is important for the countries in Northeast Asia

to face the differences and conflicts, and reduce the differences between each other through heightened communication and negotiations. Deng Xiaoping, the architect of Chinese reformation, has numerously mentioned that the continuous strengthening of friendly relationships and cooperative development is the only method to solve the long-standing feuds among countries in Northeast Asia. This should be the basic principle in forming mutual relationships among countries in Northeast Asia, and this must begin with maintaining peace and safety in the region by adequately processing mutual contradictions and differences, and establishing a dispute resolution organization and Northeast Asian security discussions based on the Six-Party Talks on the North Korean nuclear issue to continuously improve mutual political trust.

Secondly modifications for regional cooperative development and organization promotions are necessary. The currently dispersed subcabinet consultative groups are unsystematic, and the negotiation capabilities of these organizations are weak. The central governments of participating countries must actively participate and support cooperative development in the Tumen River Area, and must create higher ranked and comprehensive consultative groups during proper moments. For example, if China, Russia, and North Korea establish a prime minister-level conference system on top of a cooperative development mediation committee in the Tumen River Area, then trade-, investment-, and border logistics-related projects would be effectively promoted among the three countries. At the same time, the subcabinet consultative group should be elevated to a cabinet-level consultative group among the five countries, namely China, Russia, North Korea, South Korea, and Mongolia. Also, by referring to the Mekong River regional cooperation’s leader (Prime Minister Level) conference organization, a government summit organization regarding Greater Tumen Region Cooperation could be formulated and improve international negotiations and cooperation capabilities through diverse channels. Furthermore, to establish a Northeast Asian cooperative organization, participation of central governments, active support of international relations, and cooperation of the designated region is necessary.

Thirdly, multinational and bilateral cooperation in core fields such as finance, energy, and logistics must be accelerated. The reason why the regional cooperative development project in the Tumen River Area failed to acquire expected results was because of insufficient financial support.

As a countermeasure, many scholars have proposed the foundations of a Northeast Asian Development Bank. Each government must conduct research and negotiations regarding the feasibility of establishing the Northeast Asian Development Bank, investment methods, and its operation system, and this will be the important starting point for regional financial cooperation. Energy will play an important role in the development of countries in the Northeast Asia region.

Korea, China, and Japan require a sustainable energy source, and Russia can export to these Northeast Asian countries and diversify the export market. The Russian Far East and Siberian region retains 72% of Russian petroleum resources, and exporting petroleum and gas resources to Northeast Asian countries will be advantageous in profit generation due to the short transportation distance. Something to notice is that the three countries—Korea, China, and Japan—have large energy cooperation potentials, therefore these countries must strengthen their cooperation in fields such as eliminating the East Asian petroleum premium, mutual foreign energy development, energy conservation technology development, and new/recyclable every development, etc. (Wu Hao, 2009,b)

Also, forming a transportation infrastructure and network is a part of the core content of regional cooperative development in the Tumen River Area. An effective Northeast Asian logistics network must be formulated through accelerating the construction of transportation infrastructure and port facilities, simplifying transportation procedures among borderlines, and strengthening cooperation in the customs system. The decrease in logistics customs expenses will result in smooth personal interchanges and logistics transportation, and furthermore, create a better investment environment.

Speakers 2

# The Significance of Envisioning of the Advantages of Cooperation in the Pan-East Sea (Sea of Japan) Region

MIMURA Mitsuhiro

Director and Senior Research Fellow of Research Division at ERINA, Japan

1. Introduction

There have been numerous instances of growth seeking through multilateral cooperation in the Pan-East Sea (Sea of Japan) area. However, 25 years after the end of the Cold War, international tensions are still present in the area, acting as a major barrier for cooperation. Moreover, during that 25 years, bilateral relationships between concerned countries have been extremely active, such as South Korea-China, Russia-China, North Korea-China, Japan-China, Japan-Russia, South Korea-Russia, North Korea-Russia, and China-Mongolia, going through numerous changes and transformations.

In order to strengthen the relationships of concerned parties in the region, and change bilateral relationships into multilateral ones, there must be a precondition that clearly shows that multilateral relationships have greater economic advantages. In reality, cases where a multilateral relationship is more effective in trade and investment relationship and logistics, finance, and telecommunications is increasing.

In this presentation, we will take a look at the development of multilateral relationships of the Pan-East Sea (Sea of Japan) region, in regards to the respective nations’ bilateral ones, while examining the factors that undermine multilateral relationships in the region, and finally, review the conditions necessary in order to pursue multilateral relationships in the region.

2. Development of multilateral relationship in the Pan-East Sea (Sea of Japan) region

In this region, multinational projects such as the Tumen River Developmental Project (mid-1990), Greater Tumen Initiative (GTI) (2005~), and other various projects, including the Asian Highway conception and projects by UNESCAP, are underway.

2.1 Tumen River Area Developmental Project (TRADP)

The Tumen River (approx. 500 km) is an international watercourse that spans from the Northeastern area of the Korean Peninsula, through the international borders of Jilin Province of China, into the East Sea (Sea of Japan). North Korea and Russia form their borders of 15 km at its estuary.

After the Cold War, South and North Korea, China, Russia, and Mongolia have put in their respective efforts to improve relationships and expand their economic exchanges. In March 1991, the UNDP selected the development of the Tumen River area as the main project of its 5th developmental programme (1992-1996).

The areas selected for development were the small Delta (1,000 km2) region, also known as the Tumen River Economic Zone (TREZ), which links Najin, North Korea, Hunchun, China, Sonbong and Hassan, Posset, and Zarubino Port, Russia; and the large Delta (10,000 km2) region, also known as the Tumen River Economic Development Area (TREDA), which links Chungjin, North Korea, Yenji, China, and Nakhodka

Port, Russia.

From September 1993, under the direction of UNDP, phase 1 of the TRDP began. However, the main task of UNDP was to borrow land from the three countries in the vicinity (North Korea, China, and Russia), and carry out the plan to construct a multinational economic zone, monitored by an international body. The plan was halted due to North Korea and Russia voting against lending their lands, and concerned parties have complained against procuring developmental funds amounting to 30 billion US Dollars.

In July 1994, at the PMC (Programme Management Committee)<sup>7</sup> for TRDP, the UNDP’s initial proposal was completely changed. After the committee, leading roles of the project were delegated to respective countries, and UNDP took the role of the supporter.

In December 2000, at the TRADP Reconstruction Workshop in Beijing, a new step in the project was discussed, and phase 3 began in 2001.

The members of the project, in an attempt to strengthen the stability of the cooperative framework, pledged to take responsibility of their finances, and dispatched experts to the UNDP’s TRADP office. The UNDP’s role is to create a policy framework that would allow continuous development of the Northeast Asia region, including South Korea and Japan, as well as eliminate barriers between countries and support members’ policies.

2.2 Greater Tumen Initiative (GTI)

On September 2<sup>nd</sup>, 2005, at the 8<sup>th</sup> TRADP’s PAC (Programme Advisory Committee), TRADP was changed into GTI, and the following regions were added: Dongbei, China and Inner Mongolia, Rason Special Economic Zone, North Korea, Dornod, Mongolia, port cities located in the East Sea (Sea of Japan) of South Korea, and parts of the Maritime Province of Siberia. A project scheme where the governmental initiatives of the member countries were strengthened, with support from UNDP, was decided<sup>8</sup>. The role of the GTI office, besides the aforementioned, also included being the business committee, and acting as the mediator for promoting cooperation in the areas of transportation, energy, tourism, etc. Regarding the financial aspects, member states would take responsibilities and dispatch government officials. Also, a Strategic Action Plan for 2006-2015 was agreed on<sup>9</sup>. Following the agreement, the PAC proceeded to make the framework for environmental cooperation, as well as follow-up actions such as creating the Business Advisory Committee, Energy Committee, Tourism Committee, etc. Strengthening cooperation in the transportation sector and other activities were carried out for government-private sectors. On November 5th, 2009, North Korea withdrew itself from GTI, though GTI continued in other member countries. On September 2<sup>nd</sup>, 2010, the Local Government Forum was held to promote cooperation with and between local governments.

On September 28th, 2011, members agreed to establish GTI LCC (Local Cooperative Committee), where Jilin Province of China, Tottori Prefecture and Niigata Prefecture of Japan, Dornod, Khentii, Skhbaatar of Mongolia, Gangwon-do and Busan of South Korea, the Maritime Province of Siberia, and Khabarovsk Province of Russia had participated<sup>10</sup>.

On October 10th, 2012, at the 13th GTI-PAC in Vladivostok, Russia, making GTI as a separate entity was

<sup>7</sup> Consisted of vice-minister (level) from five member countries: South Korea, North Korea, China, Russia, and Mongolia.

<sup>8</sup> Changchun Agreement [<http://tumenprogramme.org/?info-551-1.html>]

<sup>9</sup> Pages 7 – 10 in the GREATER TUMEN INITIATIVESTRATEGIC ACTION PLAN for the years 2012 – 2015 [<http://tumenprogramme.org/UploadFiles/pdf/Documents/Strategic%20Action%20Plan%202012-2015.pdf>].

<sup>10</sup> Pyeongchang Declaration [<http://tumenprogramme.org/UploadFiles/pdf/Documents/2011Pyeongchang%20Declaration.pdf>]



discussed, and it was agreed upon to finalize the process by 2013. Moreover, a Strategic Action Plan for 2012-2015 was agreed on<sup>11</sup>.

On October 30th, 2013, at the 14th GTI-PAC in Ulaanbaatar, Mongolia, visa policies for smoother business relations and simplifying the border-crossing process were discussed, among the original agenda, and the importance of central governments' roles of the member countries was emphasized. In addition, members agreed to cooperate with GIZ (German International Zusammenarbeit), UNESCAP, and ADB, and also discussed the necessity for cooperation between member countries' EXIM banks<sup>12</sup>.

Northeast Asia's multilateral cooperation, including the TRADP, is still struggling due to international political problems remnant from the Cold War on the Korean Peninsula, differences in economic gaps and power among member states (one current socialist state, one former socialist state, and one entering into market economy), differences in proportions<sup>13</sup> each member state has in Northeast Asia, differences in acknowledgements of central governments, differences in the government systems of member states (central government or federal government, and burdens of local governments), etc.

However, attempts to overcome these difficult barriers indicate that international cooperation is still possible in Northeast Asia by conceding to each other's differences for creating a framework for smoother cooperation, and going forward with easier tasks.

The first and foremost problems to be resolved in the Northeast Asia multilateral cooperation are that private trade and investments aren't closely linked with the government, that local governments' opinions and suggestions aren't conveyed to the central government, and that opinions of the private sectors are not usually absorbed in the multilateral cooperative framework.

Among these, concrete improvements should be made in regards to the fact that the representatives of the multilateral cooperation from each country are usually from the member state's central government, and therefore it is difficult to relay the opinions of private and local sectors. Also, the important parts of the projects are within the two countries whose markets are only just beginning to open up.

To receive and accept private sectors' trades and investments, and in order to conduct lots of projects with limited funds, there is a necessity for research that sets an environment where the private sectors cannot deviate from investing, and for allowing the private sector to participate and mix with the members and discuss with them.

3. The bilateral relationships in the East Sea (Sea of Japan) region

<sup>11</sup> GTI Strategic Action Plan2012– 2015 [http://tumenprogramme.org/UploadFiles/pdf/Documents/Strategic%20Action%20Plan%202012–2015.pdf]

<sup>12</sup> Ulaanbaatar Declaration [http://tumenprogramme.org/UploadFiles/pdf/Documents/UB%20Declaration2013\_14CC.pdf]

<sup>13</sup> The differences in proportions of member states:

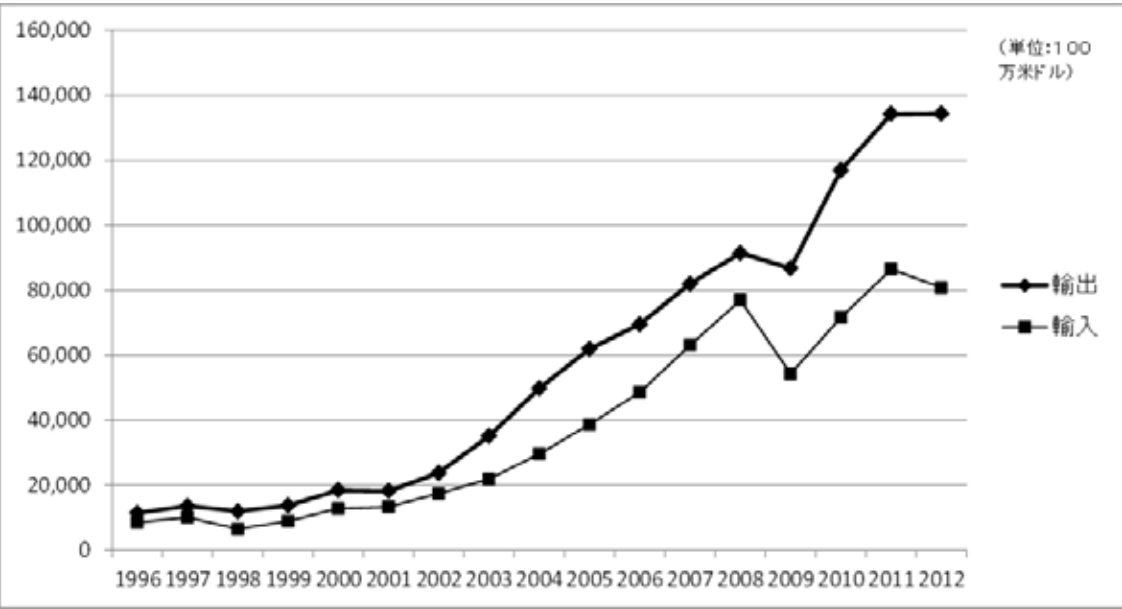
- The South and North Korea, and Mongolia is entirely Northeast Asia, whereas North Korea is not part of the TRADP (GTI).
- China's proportions include vast lands of Dongbei provinces and Inner Mongolia.
- Russia sees the Northeast Asia East of the Baikal Lake; however, the Maritime Province of Siberia participates in the TRADP, and the Province of Khabarovsk participates in the LCC.
- While Japan is entirely a part of Northeast Asia, the main exchange line is the Hokkaido, Honshu, and Khusu areas in the East Sea (Sea of Japan).

In Northeast Asia, multilateral international cooperation cannot be seen due to aforementioned reasons, as one may witness from the cases of Europe and Southeast Asia. However, seen from a bilateral point of view, there have been many developments for the last 25 years since the end of the Cold War. In this section, we'll take a look at the South Korea-China, China-Russia, and North Korea-China relationships, and what their changes suggest.

3.1 South Korea-China relationship

The South Korea-China relationship developed very quickly in the 21st century, after the normalization of relations in 1992. As you can see from Figure 1, at the end of the 1990s, the total amount of imports and exports does not exceed 20 billion US Dollars; however, in 2012, exports are at over 130 billion US Dollars, and imports at over 80 billion US Dollars, making China South Korea's biggest trade partner.

Figure 1. Graph of the trade amount between South Korea and China



(Ref) ERINA [Northeast Asia Data Book 2013]

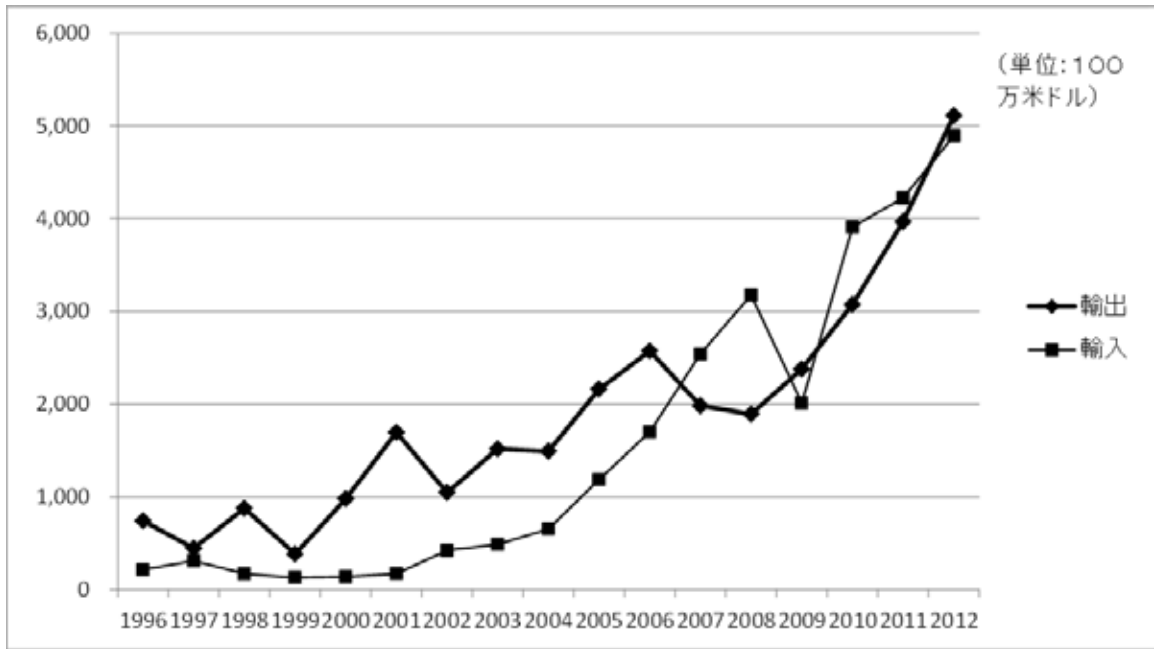
Due to the Lehman Shock, a sharp dip is evident in both exports and imports; however, an even steeper rise in exports to China is recorded after the shock. In relations to creating added value, shown in the following trade graph of 2009, the rapid and steep rise in imports and exports between South Korea and China can be a lopsided factor that makes China important to South Korea. To China, South Korea is not a country that creates important added value, and even if they lose the South Korean market, the risk is incomparably small to South Korea losing China as its partner.

3.2. China-Russia relationship

The close relationship between China and Russia can be clearly observed from their trade relations. Since 2003, Russia's Far East trade with China increased, and despite the slight dip in 2008 due to the Lehman

Shock, it's on the rise again since 2010. To Russia, based on the trade graph of 2009, China is the third most important added value creator, next to the US and Germany. Moreover, adding East Asia and North America in this trade circle, Russia would gain about half the amount of added value they receive from the EU. Therefore, it would be quite beneficial and reasonable for the to the Russian economy to improve relationships in the Asia-Pacific regions. However, the federal government in Moscow has different opinions from the local governments of the Far East federal territories, especially the Maritime Province of Siberia, the Province of Khabarovsk, and the Province of Amur, all of whom rely on China for much of their resources. Therefore, the federal government, having skeptic views on the suggestions of the local governments such as simplifying entry process, is still a problem.

Figure 2. Russia's Far East Provinces-China trade graph

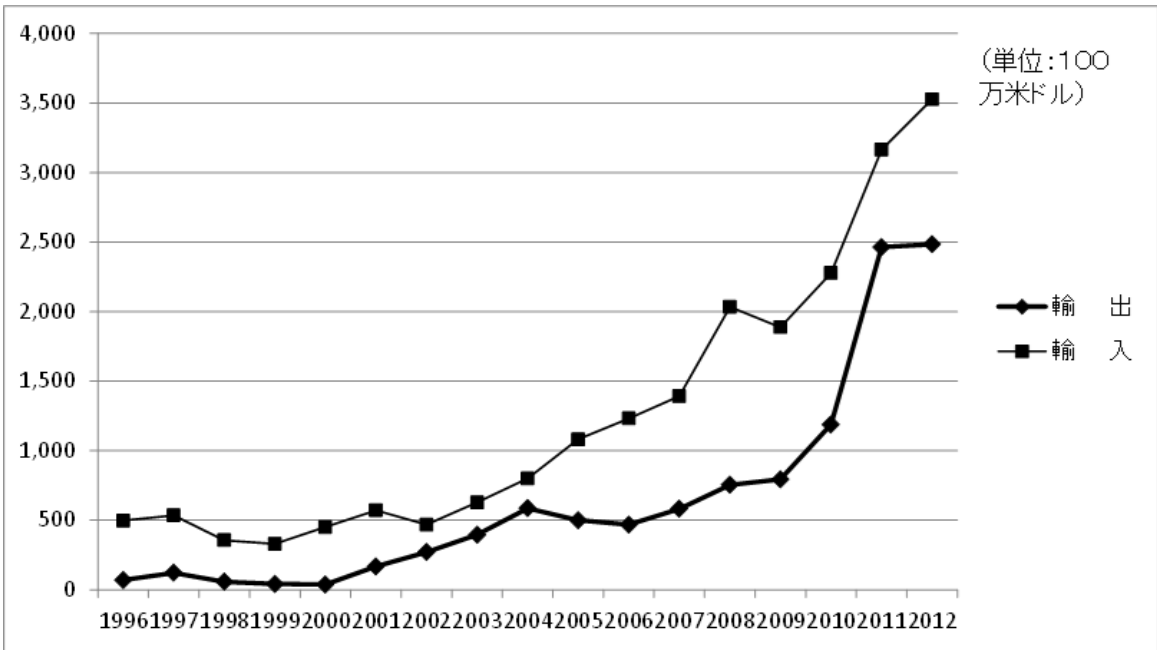


(Ref) ERINA [Northeast Asia Data Book 2008 and 2013]

### 3.3 North Korea-China relationship

During the Cold War, North Korea and China were allies, as they both were socialist countries. After the Cold War and the collapse of socialism and the disappearance of their international market, as well as normalization of relations between South Korea and China, the introduction of hard currency and the poor economy of North Korea has made the relationship between North Korea and China fall into a stalemate, where China had been the biggest trade partner until the end of 1990s. Since 2003, however, as North Korea began to recover its economy, trade between the two rapidly increased, thus showing a gradual growth. Since 2011, North Korea began exporting large amounts of anthracites to China, and in response, North Korea's import also dramatically increased. Although China still supports North Korea with crude oil and other economic aid, the recent increase in the trade scale is not due to China's aid, but from actual commercial trades.

Figure 3. North Korea-China trade graph



(Ref) ERINA [Northeast Asia Data Book 2008 and 2013]

The aforementioned three cases have something in common. First, China's rapid economic growth has changed the economic relationship with its neighboring countries by significant amounts. Second, South Korea, North Korea, and Russia all experienced an increase in trades with China, but it's important to keep in mind that this growth was due to commercial trade. China's socialist economic market growth, and the globalization of its economy in regards to joining the WTO in 2001, has become a factor in dramatically increasing such a market economy.

What Northeast Asia currently needs is globalization, and its method to weave through the dynamicity of the market. It is necessary to think about where it is profitable in this area, and foster an environment for the private sector to actively invest, as well as to think about how to lead or closely cooperate with the sectors in both bilateral and multilateral cooperation.

### 3.4 Trade status as seen from the perspective of added value

The economic relationships between concerned states of Northeast Asia have greatly increased since the beginning of the 21st century. In this age of globalization, in this day and age where the countries of East Asia have become the 'manufacturers of the world', trading large amounts of capital goods, intermediate goods, and raw goods over their respective borders, it cannot be said that the trade statistics indicate value creation, namely, aid in the creation of added values.

Table 1. The rate of added value created by each trade partner based on the trade statistics of 2009

Partner	Total	Canada	Japan	Korea	United States	China	India	Indonesia	Russian Federation	EU27	NAFTA	Eastern Asia	ASEAN	BRICS
Australia	100.0%	1.4%	16.2%	5.1%	10.9%	18.3%	6.4%	2.3%	1.0%	12.9%	13.0%	42.3%	7.4%	28.0%
Japan	100.0%	2.4%	0.0%	4.5%	21.3%	14.0%	1.7%	1.8%	1.8%	19.2%	25.2%	23.3%	8.9%	19.6%
Korea	100.0%	2.1%	7.1%	0.0%	19.4%	14.9%	2.7%	1.4%	2.2%	18.0%	23.3%	23.7%	6.1%	22.0%
China	100.0%	3.0%	8.5%	2.8%	24.0%	0.0%	2.5%	1.1%	2.6%	25.2%	28.8%	14.0%	4.8%	7.4%
Russian Federation	100.0%	1.1%	3.7%	1.6%	10.6%	6.8%	1.9%	0.5%	0.0%	43.0%	12.2%	12.9%	2.5%	10.1%
United States	100.0%	12.6%	6.8%	2.5%	0.0%	6.2%	2.4%	0.9%	1.4%	29.3%	19.6%	17.5%	4.3%	13.3%
India	100.0%	1.4%	2.8%	1.6%	15.6%	6.7%	0.0%	1.1%	1.3%	23.3%	17.6%	12.4%	4.7%	10.8%
Indonesia	100.0%	1.3%	13.9%	4.8%	14.1%	9.7%	5.8%	0.0%	1.0%	16.6%	16.2%	31.1%	10.3%	19.0%
EU27	100.0%	2.9%	4.7%	2.0%	23.3%	7.3%	3.2%	0.9%	5.3%					

(Ref) Table made by the presenter from data presented by OECD stats.

As we can see from Table 1, the OECD has compiled comprehensive statistics of added value created by each trade partner based on their trade amounts in 2009. Categorized by major countries and regions, orange indicates first (1), yellow second (2), and light green third (3). What we can observe from these statistics is that even considering the major countries of Northeast Asia—South Korea, Japan, China, and Russia—as unitary states, their added values were the highest in trades with the US, and to all of them the US is an important export partner. Russia, on the other hand, also has the highest percentage in added value in its trade with the European Union, compared to other regions (trade with Germany alone amounts to 7.4%), with Japan and China both gaining more from trades with North America, compared to other places. Japan is the second highest country in trades with East Asian countries, with BRICs to follow. However, China is the second highest with the EU, with East Asia to follow.

Just considering the amount of trade which occurred within East Asia, which is much higher than trades with North America (although they are estimates), when focused on added value, entirely new results can be seen (since the results are from 2009, they do not reflect the most recent changes). Therefore, when analyzing statistics, it would be more helpful to think from the perspective of business.

4. Conclusion

When looking into the Pan-East Sea (Sea of Japan) international cooperation in the future, much can be learned from the multilateral cooperation attempts that have occurred so far. While it cannot be said that TRADP and GTI have similar influences as GMS (Greater Mekong Subregion) has on its regions, it clearly suggests the necessity of promoting international cooperation, customized to the phenomena of East Asia.

The power of the market cannot be ignored in economics. Not only must each member state and their central and local governments consider their own cooperation, but they must also quadruple the directions of economic status and cooperation to achieve the idea that ‘economic advantage = business possibilities’. Therefore, when designing for each project, they must focus on how the business world will be able to weave through it and make efforts to visualize economic advantages, and make them so that private corporations may be able to participate.

Moreover, it would be necessary for local governments, in order to vitalize local economy, to provide detailed suggestions to the central government in regards to the national policies on border entry and departure, customs and tariffs, and transportation, and also to achieve balance between horizontal and vertical relationships, both internationally and domestically. I believe that NEAR, in that aspect, will play a very important role in promoting the central government’s activities through cooperative efforts with local governments and their networks in the Pan-East Sea (Sea of Japan) area, or, in broader terms, in Northeast Asia.

Panelists 1

A Korean Perspective on China's ‘Changchun-Jilin-Tumen Development Strategy’ and the Activation of the Pan-East Sea Economic Bloc

Won Dong-wook

Professor of College of International Studies, Dong-A University, Korea

There are differing views in Korea regarding intensifying economic cooperation between North Korea and China in accordance with China’s ‘Changchun Jilin-Tumen Development Strategy’.

They are broadly divided into two theories: “Being Wary of China” and “The Role of China”.

First of all, “Being Wary of China” is an argument that China's distortions of history represented by the Northeast Project, like the theory of “Four Northeast Provinces in China”, “M&A”, New Colonialism, and Pre-occupancy, lead to an economic approach such as that of North Korea's economy under the control of China, leading towards Korea being further governed by China in the long term.

This logic has been used to explain the necessity for improving relations between North and South Korea, or accelerating economic cooperation between North and South Korea, and intensifying South Korea-US relations.

Meanwhile, unlike this logic, ‘the Role of China’ theory raises the argument that deepening the exchange between China and North Korea is positive for solving the ‘North Korea problem’.

In other words, increasing North Korea’s economic dependence on China leads to Chinese influence in North Korea and, therefore, that North Korean issues can logically be managed by China. Furthermore, it means the Chinese capital's extension to North Korea, and North Korea's learning of the market economy through this, could induce change in North Korea in the long term.

Thus South Korea national discussion regarding deepening economic cooperation between North Korea and China has been reduced to a sort of "conceptual confusion", while alternative ideas or effective measures on initiatives being taken by China remain unplanned.

Recent deepening economic cooperation between North Korea and China in the Tumen River basin along the border of the countries involves both positive and negative aspects.

First of all, there is an aspect which promotes North Korea's economic development, of opening itself to the world, and of reducing South Korea's burden of assistance to North Korea.

In particular, strengthening trans-border economic cooperation that focuses on connecting infrastructures between North Korea and China, as per the 'Changchun Jilin Tumen Development Strategy', is expected to play a role in economically attracting North Korea towards innovation and openness, along with improving logistic systems in North Korea. .

Moreover, when the development of Rason Port, a logistics hub in the Pan-East Sea Economic Bloc, becomes stagnant, mutual relations among related nations improve with the modernization of logistics infrastructures in the Tumen region in accordance with China’s participation. It is also expected to further contribute to the formation of the Northeast Asian Free Trade Area, and further the Pan-East Sea Economic Bloc.



However, there's a lot of concern over third power—China and Russia—dominance on main roads and locations within North Korea that could cause a negative influence in forming the North-South economic community and leverage function of North-South economic cooperation, not to mention the formation of the Northeast Asian economic community led by South Korea for connecting sub-regions of the Pan-East Sea region and the Eurasian continent with Rason Port as a base and for connecting Eurasian continent through the Gyeongui railroad in the longer term.

In other words, in a situation where South Korea is excluded from the ‘Changchun-Jilin-Tumen Development Strategy’ and the Rason connection development led by China, the projects are at odds with our plan to attempt to revitalize regional partnership through the construction of a new base in forming economic cooperation in Northeast Asia.

In addition, the governance structure led by China on Rason Port might be an obstacle to Korean unification while hindering the formation of a united economy on the Korean Peninsula in the future, and on the effect of North-South economic cooperation synergy at the same time, not to mention the loss of an important logistic hub in a sub-region of the Pan-East Sea area.

Therefore, more work is needed for South Korea in strengthening substantive cooperative relations with China and Russia, and in restoring economic cooperation normalizing ties with North Korea.

However, in the present situation when the North-South Korean relationship breaks down, there is a requirement for opportunities to circuitously advance to North Korea's market and simultaneously for Korean enterprises to advance to a new Chinese market by curbing China's expansion of influence on North Korea, and by seeking for a way to participate in the trans-border cooperative development around the Tumen River, carried out by China in the short-term.

In the longer term, we need to find a way to ensure the balance of power in the Northeast Asian economic community, as well as in the Pan-East Sea Economic Bloc, gradually changing the trans-national cooperative structure between two parties led by China into a multinational structure through the participation of related nations, such as Mongolia, Russia, Japan, and the U.S., by seizing opportunities of geopolitical transitions in the future.

In terms of the transition into a multinational cooperative structure, the cooperative development of infrastructures needs to be carried out in advance as Northeast Asia's multinational pilot project, giving consideration to the situation when cross-border cooperation along the North Korea-China-Russia border is carried out, focusing on the connection with logistics and infrastructures to the development.

Maintaining exclusive development and governance while sidelining related nations has limited effect and meaning due to the attributes of logistics and infrastructure which play a bridging role in symbiosis and co-prosperity through smooth communication and exchange.

To conclude, considering the North-South economic community and, further, a unified Korean peninsula, active involvement and participation of the Korean government, regional governments, and enterprises should play an important role in the Tumen River area such as Rason Port, a potentially important base for connecting the Russian Far East, and, further, the Eurasian continent, not to mention the three Northeastern Provinces of China, and it is time to seek the transition into multinational cooperation between North Korea, South Korea, China, and Russia as all inclusive, rather than simply between North Korea and China or North Korea and Russia in isolation.

## Panelists 2

# The Significance of Envisioning of the Advantages of Cooperation in the Pan-East Sea (Sea of Japan) Area

**BATTUR Jamiyan**

Professor of Department of International Relations, National University of Mongolia (NUM),  
Mongolia

While writing a plan for the discussion, agreements for holding several meetings among Northeast Asian nations, including Mongolia, were signed. For example, the government of Mongolia is making significant efforts to build a crude oil processing plant in North Korea. In this context, a Mongolian presidential envoy was sent to North Korea. In addition, the Northeast Asia Mayor's Forum was held on August 18th and 19th, and Northeast Asia's Artist Exhibition is currently in progress.

The president of Mongolia, Tsakhiagiin Elbegdorj, visited Japan on July 22nd and 23rd, and discussed strengthening mutual economic cooperation. With such examples, I want to stress that policy decision makers should pay more attention to the fact that exchange and cooperation among regional governments in Northeast Asia is becoming more active than before.

Mimura Mitsuhiro, a Japanese Speaker, gave a presentation that emphasized the significance of envisioning of the advantages of cooperation in specific areas of Northeast Asia.

I agree with the speaker. It is important to trust each other in cooperative relationships among each nation, and further, among individuals, and this necessitates the fundamental concept of ‘working together’. We are often required to see someone's activities with our own eyes in order to cooperate.

As the speaker for the session is from Japan, I would like to deliver my presentation with a focus on the relation between Mongolia and Japan. First of all, this would save more time than dealing with cooperation between every state; between Mongolia and the whole of Northeast Asia. Positive and negative issues of Northeast Asia existed within Mongolia-Japan relations, but both sides have overcome negative relations and arrived at an agreement regarding the establishment of an economic partnership. Further, that Japan and Mongolia reached a basic accord on a Free Trade Agreement (FTA) during a summit in Tokyo might serve as a model to other nations in Northeast Asia.

The relationship between both sides hasn't always been so open. Mongolia-Japan relations did not expand as there existed an anti-Japanese sentiment and distrust for many years in Mongolia. The starting point was the Lkhumbe case in the 1930s. The case was manipulated by the Communist party to cast suspicion on the Japanese as the 'enemy' of the people, and eventually resulted in a society that was fearful of them.

In addition, the Battles of Khalkhin Gol, a series of battles between Mongolian troops and the Kwantung

Army of Japan, led to mistrust within Japan, and resulted in Mongolian society’s anti-Japanese sentiment. Then, things became different beginning in the 1990s.

Mongolia was driven into recession following the fall of Mongolian communism in the 1990s. Mongolia’s economic status was worse at that time than North Korea’s is currently.

Mongolian leaders adopted a democracy and started implementing an intensive foreign policy. In addition, with Mongolia's declaration of its territory as a nuclear-weapon-free zone, the UN Security Council confirmed that, pursuant to Mongolia’s law on its Non-proliferation status, Mongolia would not station, transport, or experiment with the nuclear weapons in its territories. As a result, Mongolia had the chance to receive help from foreign countries, especially from Northeast Asian nations. During this process, Mongolia started working with Japan in a variety of areas, such as education, agriculture, stock-farming, finance, public health, and trade, despite the hostile nature of relations between the two countries in the past.

The most influential aspect of promoting cooperative relations between Mongolia and Japan was a substantive and visible construction business advantageous to Mongolia. For example, 'Narnii Zam' road, built with Japan's grant aid, connected the east and west of Ulaanbaatar, and 'Narnii Guur' street connected the south and north.

During Mongolia’s social and economic transition, Mongolia built more than 280 schools and medical clinics, and extended existing buildings with Japanese aid in order to revive several areas, such as education and public health facilities which were in trouble.

The hostile relations between both parties developed into cooperative relations in less than ten months. It is now time to sign the FTA, which is the highest stage in trust and cooperation. The agreement on the establishment of the FTA was not so easy. A team composed of at least 80 people reviewed the agreement for two years before the agreement and an additional agreement proposal consisting of 16 chapters and 10,000 pages was prepared. When both presidents sign the agreement, it will be approved by both legislative bodies.

Both countries are going through the proceedings so that the approval by the parliaments of both sides is completed next year. Upon conclusion of the agreement, its tariffs imposed on this sector, such as Japanese automobiles, equipment, Mongolian meat, wheat, sea-buckthorn, and more will be abolished. In addition, the visa system will be simplified by issuing one-year Japanese visas to Mongolian enterprisers.

Another opportunity includes the mutual parties’ obligations to develop Mongolian natural resources through Japanese technology and investment.

Northeast Asian counties are at a crossroads of two options. One is to develop through cooperative relations. The other is to remain divided. In terms of relations between the nations, there are shining and dark moments. Even though Mongolia is a landlocked country with an extreme continental climate consisting of very cold winters, it lives with the hope of a bright tomorrow. Therefore, we will choose the first option.

# Session III

## Action for Climate Change and Environmental Issues in Northeast Asia Region

### Speakers

#### The Risks of Climate Change and Climate Variability, and the Response

Park Hwan-il Research Fellow at Samsung Economic Research Institute (SERI), Korea

#### The Environmental Cooperation in "the Golden Triangle" among China, Russia, and Korea

Bernhard J. Seliger Representative of the Hanns Seidel Foundation in Korea

### Panelists

#### Climate Change in Northeast Asia and Cooperation Plan—Achievements and Challenges

Chen Yingzi Professor of the Northeast Asian Studies Academy, Jilin University, China

#### Responses to Climate Change through International Networks

OKIMURA Tadashi Professor of the Faculty of Policy Studies, University of Shimane, Japan

#### Russian Perspectives on Three Sessions

Tulokhonov Arnold Kirillovich Member of the Federation Council of the Russian Federation, Russia Mongolia

Speakers 1

The Risks of Climate Change and Climate Variability, and the Response

Park Hwan-il

Research Fellow at Samsung Economic Research Institute (SERI), Korea

Since mid-2000, there has been a significant increase in casualties and property damage from extreme weather events such as heat waves, heavy rains, and drought. The frequent and drastic fluctuations in temperature and precipitation have led experts to focus on the changes in climate. When there is an evident increase in temperature during a certain period of time, it is said that the temperature variability has been expanded. Until now, the focus has been on global warming where the Earth’s median temperature rises. However, the recent frequent fluctuations in weather have earned the interest of experts in climate variability.

Climate change refers to a phenomenon in which changes occur in a certain direction due to natural factors, or by the activity of humans. It is usually measured over a period of 10 years. Climate variability means the deviation of climate factors from the long-term average, and is formed by the repeating phenomena of temperature fluctuations. A continuous long-term increase or decrease in climate factors such as temperature or precipitation indicates climate change, and the increasing phenomenon of its variances indicates an increase in climate variability. Climate change and climate variability show different characteristics in terms of spread and risk of occurrences. Climate change is long-term and provides predictable impact in a wide range of regions, but will bring about incalculable impact when it overreaches a threshold; however, climate variability brings about unpredictable impact in the short-term on a certain area, usually directly affecting the socioeconomic area.

To determine the characteristics of climate change and climate variability, I have analyzed the differences in precipitation and temperatures in three cities of East Asia: Seoul, Tokyo, and Hong Kong. I’ve also compared the daily average temperatures of the past 8 years, from 2005 to 2012, with the temperature medians of the past. Temperature median is the average temperature over 30 years, from 1971 to 2000. In Seoul, in the recent 8 years, the daily average temperature was 12.6 degrees Celsius, indicating a 0.4 rise from the temperature median of 12.2. In Tokyo, also in the recent 8 years, the daily average temperature was 16.5 degrees Celsius, indicating a 0.6 rise from the temperature median of 15.9. Hong Kong, a hotter city compared to the two former cities, indicated 0.1 increase from the temperature median. Thus, it can be inferred that the daily average temperature is on the rise, compared to the past. The daily average precipitation also indicated similar results. In the recent 8 years, Seoul had an increase of 22.4 mm, and Tokyo 12.5 mm. However, Hong Kong experienced a decrease of 7.4 mm.

Table 1. Major cities compared to average weather elements (Unit: degrees, Celsius, mm)

Area	Meteorological Element	2005 – 2012(a)	Average (1971 – 2000)(b)	(a)–(b)
Seoul	Temperature Median	12.6	12.2	0.4
	Precipitation	134.4	112.0	22.4
Tokyo	Temperature Median	16.5	15.9	0.6
	Precipitation	134.8	122.3	12.5
Hong Kong	Temperature Median	23.2	23.1	0.1
	Precipitation	191.2	198.6	–7.4

The time span from 2011 to 2012, during which when climate change was more evident than ever before, it was more carefully looked into. The summer average temperature in all three cities increased compared to the temperature median. This indicates that summer temperature is on the rise globally. In 2012, the summer temperature in Seoul was 1.4 degrees Celsius higher than the median; in Tokyo, it was 1 degree Celsius higher, both in 2011 and 2012. In Hong Kong, it was 0.4 degrees Celsius higher. On the contrary, the temperature average in winter was lower than the temperature median. The average temperature in Seoul was 1 degree Celsius lower in 2011 and 2 degrees Celsius lower in 2012, compared to the temperature median. Similar results were seen in Tokyo, with 0.9 and 0.5 degrees lower in 2011 and 2012, respectively. Hong Kong, however, displayed a rise in 2012, but a decrease of 1.1 degrees in 2011. Such results well display the differences in climate change and climate variability. It can be seen from these results that daily average temperatures in the recent 8 years were on average higher than the temperature median, a sign of climate change. However, comparing summer and winter, summer was hotter, and winter was colder than average. It can be seen that these phenomena are magnified through climate variability.

Table 2. Differences between average temperatures of Major Cities (2011, 2012)

Comparison to average temperature	Seoul		Tokyo		Hong Kong	
	2011	2012	2011	2012	2011	2012
January	-4.7	-0.3	-0.7	-1.0	-2.9	-1.4
February	1.5	-1.7	0.9	-0.7	-0.5	-0.8
June	0.1	2.2	1.0	-0.4	0.4	0.0
July	-0.3	0.5	1.9	1.0	-0.2	0.1
August	0.4	1.7	0.4	2.0	0.8	1.1
December	-1.1	-4.3	-0.9	-1.1	-1.2	0.0
Summer Median	0.0	1.4	1.1	0.8	0.4	0.4
Winter Median	-1.0	-2.0	-0.9	-0.5	-1.1	1.2

When climate variability is magnified (expanded), it impacts various social aspects. Therefore, it is necessary to establish countermeasures by determining the pathology and effects of climate variability. The risk of climate variability brings about major changes in personal and community lifestyles, corporate management activities, as well as in governmental emergency (disaster) management systems. It also greatly impacts all areas of the industrial sector, in agriculture, energy, manufacturing, services, etc., and directly or indirectly threatens the usual management activities of corporations, including production, sales, and investment. As climate variability expands, corporate expenditures increase, as problems in energy supplies, as well as prices for raw materials and distribution costs, all rise. Moreover, uncertainty in demand increases and, therefore, corporations may miss immediate market response periods, and also bring about an increase in inventory costs. Recently, companies are facing social responsibility burdens, such as environmental sustainability costs, in addition to corporate risk expenditures. The following are the five major sectors—hygiene and health; lifestyle; energy consumption; food production; governmental emergency management—that climate variability have the most impact on.

1.[Hygiene and Health] Individuals and the local community face a variety of problems. Drastic climate variability such as extreme heat waves, floods, and droughts occur, causing deaths, injuries, and mental disabilities. Also, changes in the spread of epidemic medium, proliferation of allergens, and safety of food products lead to outbreak of diarrhea or malaria. Worsening of mental health, new epidemics and an increase in epidemic proliferation,

increases in death and injuries due to natural disasters, as well as increases in medical expenditures, become major threats to societies. New disease outbreaks due to climate variability and global warming may give rise to social chaos and economic damages. Highly contagious diseases proliferate fast, and sometimes show immunity to traditional treatments, thereby causing difficulty in containment. Many countries operate early warning systems, have established epidemic information networks, provide training and education on diseases, as well as operate integrated systems for responding to diseases, such as national disaster management systems. The CDC (Center for Disease Control) in the US operates as the “police agent” of diseases and epidemics worldwide, and controls the spread of epidemics through research, vaccines, and epidemic alerts. Extreme changes in climate variability may increase people’s stress levels by giving rise to the weakening of mental health, and outbreaks of new diseases, and lead to mental chaos that would deteriorate the will to live. There is an upsurge in the possibility of new diseases due to an increase in new pathogens following abnormal climate changes, as well as changes in species of mosquitoes due to changes in precipitation.

2.[Lifestyle sector] Climate changes and climate variability not only cause damages to personal life, but also in the lifestyle of the local community. As the temperatures get colder and warmer, life becomes uncomfortable, leading to increases in purchases of winter clothes or cooling products, causing people to make unexpected expenditures. Moreover, there are decreases in outdoor production and leisure activities, causing difficulties especially in construction, logistics, skiing, and sea bathing. Major seasonal leisure activities such as cherry blossom fairs or snow festivals are reduced, causing major economic impact on local communities. Moreover, natural disasters such as floods and landslides occur more frequently, threatening residential safety of the community and the individual.

3.[Energy consumption] The expansion of climate variability will greatly increase energy consumption, especially electricity, leading to rises in electric bills. Due to increased demand for air conditioning and heating during summers and winters, the range of fluctuation in electricity demands has expanded, and the peak demand for electricity is continuously increasing. If there are any difficulties in predicting electricity demands, the economic feasibility of power plants fall, leading to instability in electricity supply plans. It also leads to increases in production costs of industrial sectors, causing great discomfort in daily life or in office environments. Moreover, the government’s ability to control electricity supply and demand may become difficult, due to increased consumption of electricity and energy.

4.[Food manufacturing industry] Korea produces a high number of climate-affected food products such as fruits and vegetables, and is also a major importer of grain products. The expansion of climate variability threatens the stability of food supply in Korea. Rice cultivation, and fruits and vegetables production, rely heavily on temperature and precipitation, and in the recent 2 to 3 years, we have seen a large range of fluctuation in production per unit area. Droughts in major food-producing countries such as the US and Russia showed a dramatic upsurge in produce prices, threatening an increase in other foods as well as food production. Such phenomena lead to inflation in which the low-income class takes most of the burden. Due to abnormal climates, major food crises have occurred three times, in 2007, 2010, and 2012, in major consumer markets such as the US and Russia. Rise in grain prices naturally increased the prices of livestock feed, meat, and processed foods, eventually leading to agflation.



5.[Governmental Emergency Management Sector] As natural disasters cause life loss and property damage, it naturally leads to a rise in common goods prices, medical bills, and governmental expenditures. Due to climate changes that bring about the occurrence of natural disasters, the government’s emergency expenditures, such as on manpower and budgets, increase. As damages on industrial infrastructures such as buildings, facilities, ports, transportation, etc. increase, expenditures on recovery and disaster prevention also increase, and cause adverse effects on economic growth. Many countries are strengthening their countermeasure abilities and establishing public infrastructures in order to effectively respond to natural disasters. The British government, for instance, in acknowledgement of the dangers of climate changes, have newly established a governmental body called DECC (Department of Energy and Climate Change) in 2008.

Table 3. Impact of Climate Variability

Area	Details of dangers
Hygiene	Mental weakening (Depression, Anger, etc.)
	New disease outbreaks and epidemic spread rate increase (Avian Flu, Foot and mouth disease, SARS, waterborne diseases, etc.)
	Increased deaths due to natural disasters (landslides, floods, etc.)
Lifestyle	Unexpected increase in consumer spending (winter and cooling supplies, housing)
	Outdoor production, leisure and tourism industries contracted (such as construction, retail industry, skiing, swimming activity)
	Increase in safety threats against lives and property damage
	Reduction in local events such as the collapse of the festive season (cherry blossom festival, ice festival, etc.)
Energy consumption	Energy consumption increased peak power demand
	Electricity prices increase
	Company reduced production due to lack of power supply
	Discomfort in personal life due to lack of power supply
Food Manufacturing	Rise in food prices, food production (cereals, fruits, fish, vegetables, etc.)
	Weakening of food safety
	Possible changes in domestic food production
	Deepening polarization of food consumption (hunger, malnutrition)
Government disaster management system	Loss of social infrastructure such as roads, ports
	Increased government spending (disaster recovery, administrative costs, increased medical costs)
	Regional disaster response capacity and generation differences

Since climate variability continues to expand, individuals, corporations, and governments should all recognize it as a potential threat and must prepare to manage it. Because it has direct effects on our everyday lives, corporation management, as well as government finances, we must begin to focus on eliminating the factors that expand climate variability, as well as strengthen the ability to respond.

Since climatic environment affects more public goods, the government’s role becomes extremely important in order to induce voluntary participation of the private sector. They should focus on seeking to combine and fuse the technology and financial industry with the climate-related industry, and also to strengthen investment and support for the sustainable growth of such industries. By changing the way we think, it is time that we must begin to seek alternatives that would relieve climate changes, and strengthen investment in agriculture. Also, we must educate our children, the future pioneers and caretakers of planet Earth, on the impact that climate change would bring about to their lives.

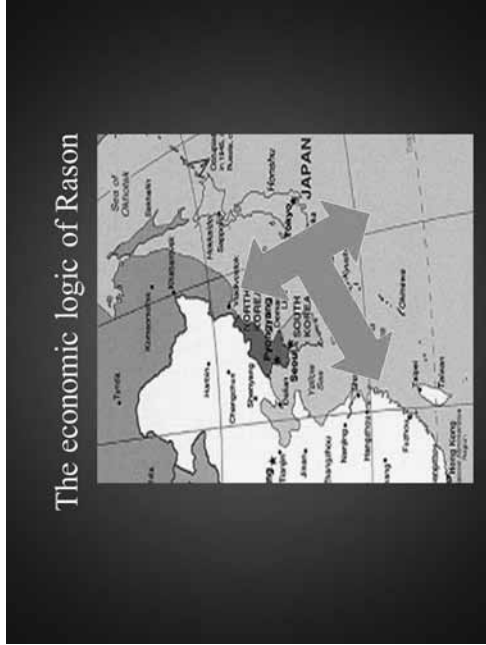
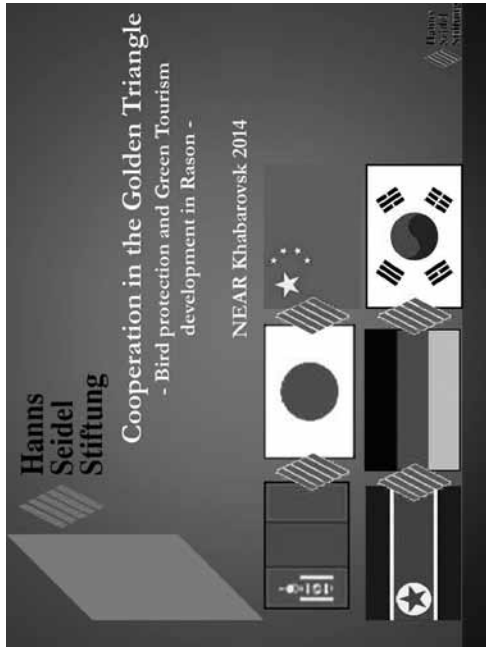
Companies must also actively respond to climate changes and create new opportunities. Many pioneering companies (86%) are currently actively responding to the threat of climate changes, and recognize investment on climate changes as new opportunities to expand their business. As the threat of climate changes expands, companies must change their management systems as well as innovate their traditional business value chains, while also seeking new business opportunities. Korean companies must make full use of their competitive edge in manufacturing, IT technology, and rapid business promotion abilities in discovering new business opportunities. Also, companies should recognize climate change as a major risk factor that must be managed, and reflect it in their company strategies and policy implementations. Moreover, it’s necessary for companies to establish management foundations by analyzing and quantifying the effects of climate variability and global warming on sales, supply chains, global networks, markets, etc. General Motors, for example, has recently implemented a Concentric Vulnerability Map, a numbered statistic of climate variability of their global business offices in 53 countries. Dupont, the chemical company, has newly established a climate change department where the CEO also acts as the CEEO, or Chief Environment & Energy Officer. It is necessary for companies to establish a long-term reduction plan to save resources and energy, in order to effectively and fundamentally respond to climate changes. Moreover, they must establish and execute energy savings and efficiency improvement plans on all of their operations, manufacturing process, facilities, and equipment.

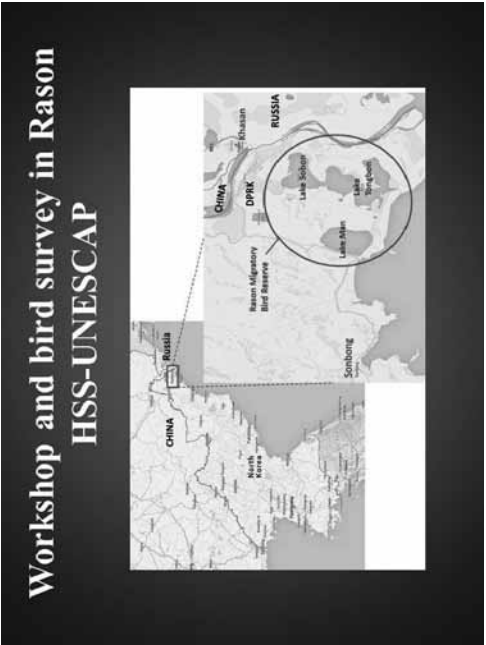
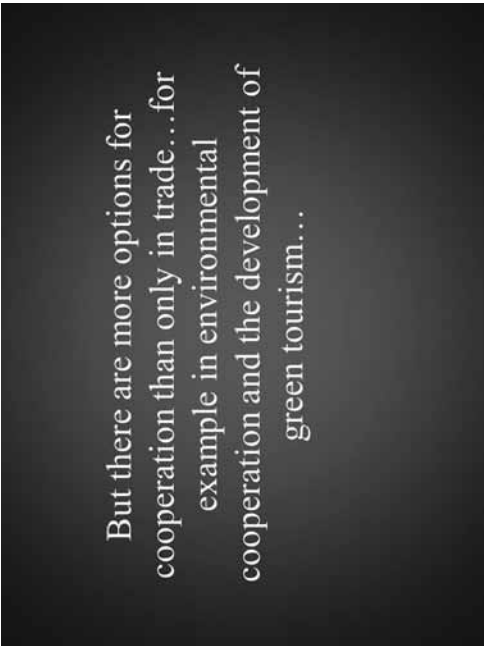
It is important to recognize that we no longer live in a world where enjoying a comfortable and pleasant environment is something that is given to us for free; rather, that we have to start paying for our impact on the environment. All individuals, corporations, and governments must make a joint effort to respond together.

Speakers 2

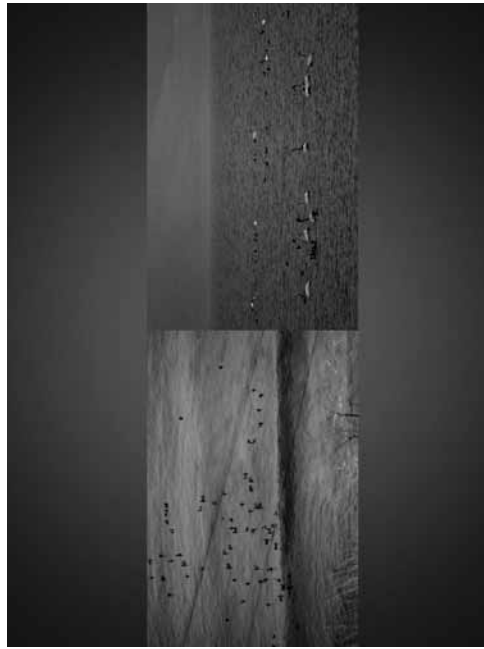
# The Environmental Cooperation in "the Golden Triangle" among China, Russia, and Korea

**Bernhard J. Seliger**  
Representative of the Hanns Seidel Foundation in Korea

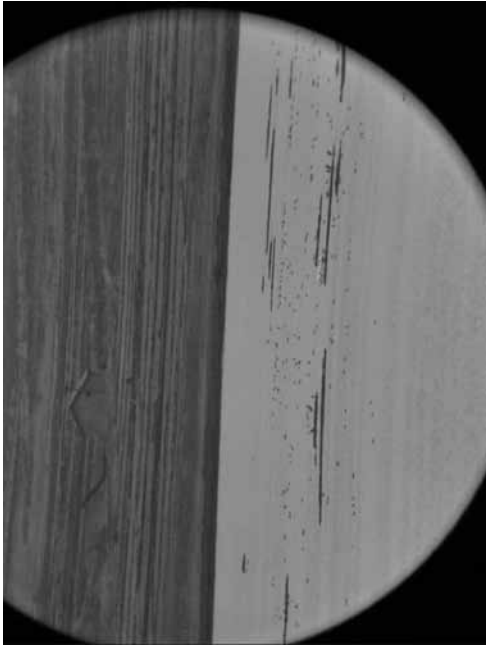












### Key findings of the rapid assessement

- Important habitats we surveyed included freshwater and brackish lakes; rocky shores and marine waters; rice-fields; river- and grassland edge and pine forest.
- During the rapid assessment, separately and combined both Mauppo and Sonbongpo meet Ramsar criteria as "internationally important wetlands".
- We estimate that Mauppo supported more than 20,000 waterbirds during the rapid assessment. These included internationally important concentrations of swans, falcated ducks etc.
- We estimate that "West Po" supported more than 22,000 waterbirds, especially towards the seaward part of the lake, including different kinds of cranes.
- Globally-threatened and globally near-threatened species were also recorded on Dongbongpo (*Larus relictus*), in rice-fields (*Coturnix japonica*, *Grus monacha*, *Gru sylpeio*), in reed-beds (*Emberiza yessoensis*) and also in the coastal zone (*Calidris stenurora*, *Nymphenus madagascariensis* including in marine waters (Changulalhyemals).

### A “green vision” for Rason

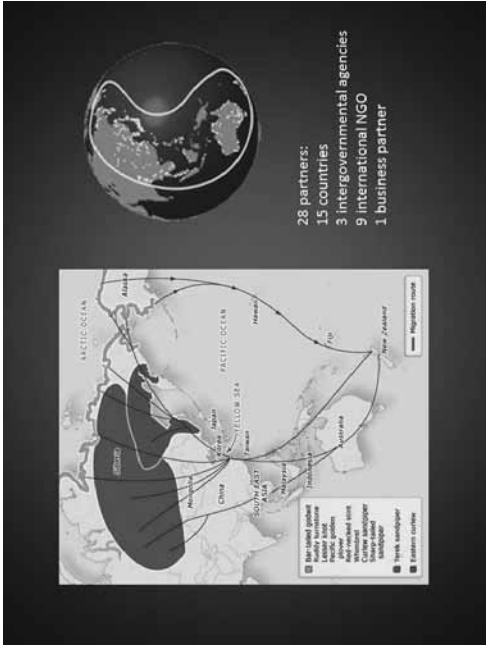
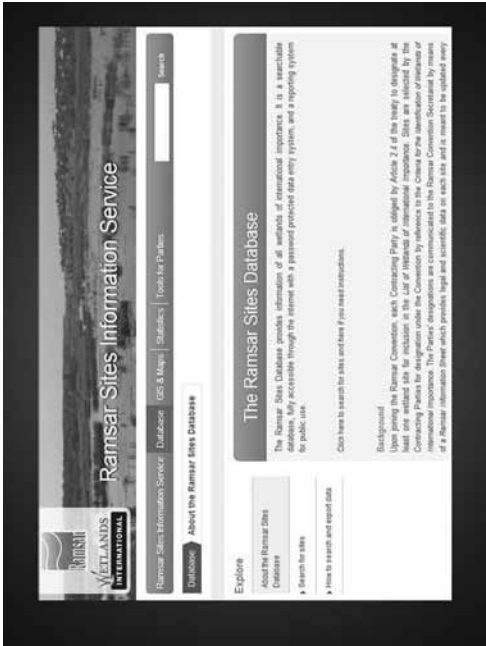
- Development of a wetland management programme for the Sonbong Migratory bird site
- Development of a green tourism project alongside the protection programme
- Improvement of the livelihood of local communities as precondition for sustainable protection efforts in the region

### Environmental cooperation is an international challenge... DPRK has to be integrated in treaties and regional networks like the Ramsar convention, NEASPEC and EAAPF...

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in this area) By designating three estuarine and Wetland of International Importance in the Department of Inland in the National Institute of Environment. Ramsar, before the Convention, with the goal of promoting the Ramsar Convention.



Environmental cooperation is also a capacity building challenge...

Capacity-building for protection of the Sonbong Migratory bird site

- Training of staff as bird-watchers and park rangers
- Awareness raising for local authorities as well as for the local population, e.g. through campaigns in schools etc.
- Training of local farmers in appropriate farming techniques for sensitive sites (e.g. organic farming, management of reed fields etc.)

(continued...Capacity-building)

- Training of staff as guides for bird watchers, green tourism
- Training of local development planners for green development, green tourism
- Training of staff in the hospitality industry, tourism industry
- Training/ consulting for local authorities on the creation of an appropriate legal and administrative framework for green tourism development

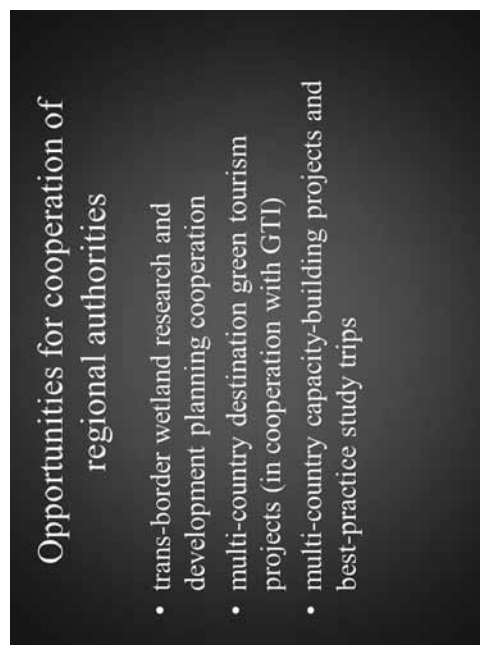
Environmental cooperation and green development needs funding and offers business opportunities...

Funding needs for green development in the Rason area

- Funding for training (see above)
- Funding for tourism infrastructure (e.g. preparation of watching sites for bird watchers) apart from private investment
- Funding for modernization of local farming and improvement of the livelihood of the local population in areas adjacent to protected areas

Business opportunities in green development in the Rason area

- Travel agencies specializing in green tourism projects (not only bird watching, e.g. bicycle tourism along the Tumen river)
- Hospitality industry
- Real estate development



## Panelists 1

## Climate Change in Northeast Asia and Cooperation Plan-Achievements and Challenges

**Chen Yingzi**

Professor of the Northeast Asian Studies Academy, Jilin University, China

Climate change, a global issue, needs not just the effort of one nation or region, but a joint effort of the international community. Climate-related environmental cooperation among countries in Northeast Asia is very meaningful for the improvement of the global climate. We seek both the necessity of climatic environment cooperation in the Northeast Asia region, and practical ways for each country of the region to respond to global climate change issues.

To conclude, we continue our best efforts to promote broad cooperation for the climatic environment in Northeast Asia, and to build a favorable cooperative system.

### 1.The Necessity of Strengthening the Cooperation in the Climatic Environment of the Northeast Asia Region

Each country in Northeast Asia has different interests from each other. At the same time, there is also a wide cooperative foundation. There is joint strategic interest in the area of climatic environment. In particular, the fields of technology and capital are remarkable for their very strong interaction between the interests of each country in Northeast Asia.

### 2.Advancement and Achievements of the Climatic Environmental Cooperation in the Northeast Asia Region

Although there is yet little research for climate cooperation in the Northeast Asia region, regional action in response to climate change began early, and the results have been obtained through cooperation in a variety of areas.

### 3.The Future and Vision of Climatic Environmental Cooperation in the Northeast Asia Region

Due to the differences in each nation's economic development level, the ability to control greenhouse gas emissions and the level of climate vulnerability differ. In addition, each of the nations have different international statuses and responsibilities regarding climate change issues. Differing views and contradictions among the countries become obstacles to climate cooperation, but the analysis of limit and possibility regarding climatic environmental cooperation in Northeast Asia will contribute to the advancement of each nation's cooperation in the climatic environment of Northeast Asia.



Panelists 2

# Responses to Climate Change through International Networks

**OKIMURA Tadashi**

Professor of the Faculty of Policy Studies, University of Shimane, Japan

The risks of climate change mentioned in the presentation by Dr. Park Hwan-il have serious effects on life over a long period of time, not only in terms of Northeast Asian issues, but also of global issues. In 1997 there was an agreement to resolve the issues and the international community deals with the issue based on compliance with the Kyoto Protocol which came into effect in 2005. International negotiations have been carried out to come to an agreement in COP 21 which is to be held in 2015. As international negotiations are significantly related to every nation's economic and energy policies, it is difficult to reach to an agreement. However, because energy efficiency improvements are a 'no regret policy', all nations and interest groups approved of it. Therefore, the potential for international cooperation remains. Not only governments, but also private enterprises are responsible for international cooperation under the system approved by the Kyoto Protocol, a mechanism for regional governments' cooperation and green development.

Protection of migratory birds mentioned in the Presentation by Bernhard J. Seliger, is a current issue in Northeast Asian environmental cooperation. The biggest reason is that international cooperation is carried out in North Korea, which is little mentioned for international cooperation. Europe has maintained the channel for international cooperation through trans-national air pollution policies even during the Cold War. As we may know from the case, it is very significant to build international cooperation in regard to environmental issues, a debate of which is relatively small. I am sure that promoting environmental cooperation along with the Northeast Asian Sub-regional Programme for Environmental Cooperation (NEASPEC), of which North Korea is a member, contributes to easing the tension in Northeast Asia, an area prone to confrontation.

Many trans-boundary environmental problems, such as fine dust and acid rain, remain along with global environmental issues such as climate change as mentioned by Park Hwan-il, and other common environmental issues mentioned by Bernhard J. Seliger. It is not that simple to form and carry out international cooperation as different interests are complicatedly entangled beyond boundaries, and there are differences between causing regions and affected regions involved in environmental problems. At this time, even in an international framework, with EANET: Acid Deposition Monitoring Network in East Asia, led by the Japanese government and including Northeast Asia regions, and the LTP: Joint Research Project on Long-range Trans-boundary Air Pollutants, led by the Korean government, nobody fully contributes to finding solutions to air pollution issues beyond their own boundaries.

However, carrying out continued international environmental cooperation through a variety of channels

would lead to the easing of tensions between nations. In particular, in terms of environmental problems, as previously mentioned, it is easy to build a cooperative system as compared to security resolutions and historical issues in which values are easily reflected, because a narrow vision on objective natural science becomes a common ground. There exist various networks of environmental policy dialogue and environmental cooperation between both nations in Northeast Asia, including the North-East Asian Subregional Programme for Environmental Cooperation (NEASPEC), consisting of Japan, South Korea, China, Russia, Mongolia, and North Korea; the Association of South-East Asian Nations (ASEAN); the East Asia Summit Environment Ministers Meeting (EAS EMN) consisting of Japan, China, South Korea, India, the United States, and Russia; and the Korea-China-Japan Environment Ministers Meeting (TEMN).

In marine environment cases, a variety of international organizations, including the Northwest Pacific Action Plan (NOWPAP) as a part of the Regional Seas Programme of the United Nations Environment Programme (UNEP), the Partnership in Environmental Management for the Seas of East Asia (PEMSEA), and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) are involved in a wide range of activities.

Combining the inter-governmental networks with international organizations networks, a balance for international environmental cooperation is established while demonstrating cooperation in building networks, including regional governments networks such as NEAR and private organizational networks such as the Hanns Seidel Foundation. By doing so, I am sure that it would contribute to the co-prosperity of Northeast Asia region, thereby strengthening environmental cooperation in Northeast Asia.

Panelists 3

Russian Perspectives on Three Sessions

Tulokhonov Arnold Kirillovich

Member of the Federation Council of the Russian Federation, Russia

First, it is necessary to provide a definition of the Northeast Asian region, as presented in Professor Sung Weon-yong’s presentation. The recent geopolitical events on the Eurasian continent (the establishment of the Shanghai Cooperation Organization; the establishment of the Eurasian Union; sanctions on Russia by the West), propose more intimate cooperation in mutual interest in political, economic, and cultural aspects with Russia, China, Kazakhstan, Mongolia, and South Korea .

Rationale:

- Russia has the longest border in the world. (The traditional economic and cultural relations with the former USSR partners, such as Kazakhstan, China, and Mongolia)
- These countries are positioned on the vast grasslands where the culture of the nomadic people and the deep historical roots of ancient Asia are intimately mixed (The Huns, The Genghis Khan’s Empire, the Great Mongolians, etc.)
- Genetically speaking, the Mongolians of Central Asia are close cousins with Koreans, Japanese, the Aleuts, and the Indians of North America.
- The establishments of organizations such as the Shanghai Cooperation Organization, BRICs, or the Eurasian Cooperation, have eliminated the American and European dominance in the political and financial center, bringing them to East Asia.
- East Asia holds major global strategic minerals, forests, and water.
- North Asia holds the largest area of land in the world for resources that can produce basic foods for the human race in the near future.
- This area of land includes the historical Silk Road and the Ancient Tea Route, stretching from East to South.
- The Trans-Siberian Railroad that penetrates through North Asia and Kazakhstan, and the North Pole Route provide the fastest and the safest transportation option currently, as well as in the future, respectively.
- Through Russia, people coming from and going to Europe may travel the shortest distance to South East Asia; from South Asia to the North Americas; from the United States, the Western shores, via plane, all converging in East Sea of Asia.

The most important potential for Northeast Asia is intimate economic integration and specialization, the only answer in the current state of global shortages in food and natural resources, as well as in the increase of West-East conflict.

2. I would like to emphasize that the major problem of Mongolia in Shurkhuu’s presentation is that they are exporting only the raw minerals, without the completed products. Also, it seems evident that they lack skilled manpower, electricity, transportation infrastructure, and water resources.

The excessive influx of population—more than half of the entire population—into cities such as Ulaanbaatar, Darkhan, Erdenet, etc., will not aid in national development. The key to solving economic and environmental problems is to supply gas by installing gas pipelines (Kovykta–China). There are restrictions in the nation’s economic development, as well as insufficient legal support for foreign investments.

Low population density (3 million people) cannot help form an effective market in transportation services. However, even if the population is low, it’s possible to guarantee better life standards by bringing in foreign manpower. For example, the United Arab Emirates gives social privileges or rights to foreigners.

Suggest agricultural development possibilities by providing organic agriculture methods, without any chemicals, in the vast lands of Southern Siberia and fertile lands of Mongolia.

3. Following Vice Director Wu Hao’s presentation, the major interest of Northeast Asian countries is the realization of the development programme of Northeastern China. The (aged industries) of the Dongbei of China preconditions Russia’s aim of accelerating economic development in Asian markets. The Dongbei, in the near future, with construction of new highways, will become the largest grain-producing and produce-manufacturing region in China .

Also, we must put emphasis on the regional elements that possess autonomy in economic problem-solving by prioritizing the interests of border regions in the nation’s foreign trade policies.

Moreover, it would be desirable to consider the possibilities of various circulating routes, for example, Seoul-Ulaanbaatar - Lake Baikal - Far East, for all cargos and passengers of East Asia, in the forum’s macro agenda.

4. Looking into research fellow Hwan-il Park’s presentation, this problem should be addressed in a broader context than just in regards to urban climate. First, researchers present to us the very dry prairie geology and its ecosystem of Central Asia. As agricultural population migrates to the cities, the dust and fine particles of sands from these regions travel long ways into cities, becoming the main reason for smog.

Recently, there has been frequent and serious flooding in the drainage areas of the Amur River, Lena River, and the Ob River. The dry climate triggers fires in forests, and the occurrences for these wild fires is on the rise each year, before the end of summer. Decreases in precipitation in summer lead to the reduction of cargo transports in summer, and shortages of cargo transport from the northern regions.

From another aspect, the recent rise in temperature in Northern Asia may cause the melting of the Polar Ice, which would bring about the possibility of transporting cargos from Asia to Europe, via the North Pole Routes. This route is much safer, cheaper, and shorter than transporting goods through the Suez Canal. In the near future, cargo transport using this route will definitely increase.

The air pollution in Beijing, China, and Ulaanbaatar, Mongolia, is at critical levels. We must locate the source of the contamination to seek to resolve this problem as well as the financial problems that are related to them.

5. After hearing Bernhard J. Seliger’s presentation, I began to think about the need for a program to share the research on wetlands and migratory birds. For this purpose, I would like to propose an academic seminar discussing the protection of World Heritage sites according to the Ramsar convention, such as Selenga River’s Delta and the Baikal Lake. The Russian Federation has an academic research base located in these areas with manpower, equipment, and transportation.

Therefore, we’d like to invite experts to a forum for collaborative research, scheduled for next year. In this forum, I may give a keynote speech on the subject. Also, we are planning to show a video of the deep submarine life of the Baikal Lake, and other environmental videos of Selenga River’s Delta, with discussions to follow.







# The Secretariat of the Association of Northeast Asia Regional Governments



**The Association of Northeast Asia  
Regional Governments**

3F, Pohang TP, 601 Jigok-dong, Nam-gu, Pohang City,  
Gyeongbuk-do, Republic of Korea, 790-834  
Tel : +82-54-223-2311~20, Fax : +82-54-223-2309  
[www.neargov.org](http://www.neargov.org)