

## Closing Remarks

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Over these two days we have focused on the Northeast Asian region, and we have undertaken lively and proactive discussions, including on its economic connections, various kinds of interregional economic cooperation, as well as approaches to business exchange.

### **Guest Welcoming Addresses**

There were guest welcoming addresses from two persons: Mr. Hitoshi Kiribe, Director, Korea Office, Trade Policy Bureau, Ministry of Economy, Trade and Industry, and Mr. Naoki Hayashi, Principal Deputy Director, Japan–Russia Economic Affairs Division, European Affairs Bureau, Ministry of Foreign Affairs.

Mr. Kiribe explained the current situation for the various forms of cooperation between central governments which are now being moved forward between Japan and the nations of Northeast Asia. He spoke about the TPP11 and RCEP, Japan–China energy-conservation and environmental cooperation, the eight-point “cooperation plan” between Japan and Russia, the Japan–Mongolia Government and Business Sector Joint Committee, and the Japan–ROK summit meeting between Prime Minister Shinzo Abe and President Moon Jae-in planned to take place on the occasion of the Pyeongchang Winter Olympics.

Mr. Hayashi explained the points where substantiation was proceeding in various forms regarding the Japan–Russia eight-point “cooperation plan”.

### **Keynote Addresses**

Following on from that, we heard three keynote addresses from: Mr. Hiroshi Watanabe, President, Institute for International Monetary Affairs; Mr. Peter Petri, Professor, Brandeis University; and Mr. Yasuyuki Sawada, Chief Economist, Asian Development Bank (ADB).

First, Mr. Watanabe said that infrastructure investment in Asia was extremely important. Today, while there is a great surplus of short-term funding globally, the necessary long-term capital for infrastructure and the supply of long-term capital is not always sufficient. For countries which want to attract infrastructure funding it is important to robustly demonstrate predictability to investors and to ensure stability.

Regarding the infrastructure projects among them which straddle borders, as countries in the plural are involved it is necessary for a recipient country to bear the cost dependent on what it will gain. While public-sector financing for infrastructure funding remains important, the key is how to continue attracting private-sector financing domestically and from abroad.

However, depending on the country there is also the possibility of not being able to repay if they are too dependent on

overseas capital. In such a situation the importance was asserted of sharing information with one another, making clear their positions to one another, and continuing to undertake decision making based thereupon.

Next, Prof. Petri spoke on Northeast Asian problems primarily from the US viewpoint. Northeast Asia remains a key region for the world. In the United States great changes are occurring in policy under the Trump administration. There have been protectionist moves via measures such as withdrawal from the TPP, renegotiation of NAFTA, renegotiation of the US–ROK Free Trade Agreement, and safeguards, and they are causing confusion. This comparatively inward-looking US policy will likely continue for some time.

In such circumstances, he pointed out that for the countries of Northeast Asia it is desirable to continue a number of coping methods such as the following. The first is to continue to further regional economic integration. The second is to not continue to increase dependency on the United States, but continue to diversify economic relations with other regions, for instance with Europe. The third is to further free trade by taking leadership within the world, and continue to take a stance emphasizing the WTO. The fourth is to lessen the tense relations among the countries within the region, and continue to strengthen the foundations for economic cooperation.

Lastly, Mr. Sawada, the chief economist, spoke on the problems of economic integration within the Asian region and the problems of infrastructure finance.

According to the Regional Cooperation and Integration Index, used for judging to what degree to press economic integration and which the ADB had developed, within the Asian region intraregional dealings in trade and investment are extremely large, but in terms of financial transactions are still lacking.

Dividing the Asian region into a number of subregions, in the case of the Northeast Asian region it is not as high as, for instance, Southeast Asia in terms of trade and investment and movement of people, but generally speaking it shows comparatively high economic integration.

According to ADB data, for the 30 years from 2016 there will be infrastructure demand of US\$1.7 trillion each year, and the infrastructure demand within the Asian region is extremely large from the medium- to long-term viewpoint. Within that, for Asia as a whole funding is lacking to the tune of US\$500–800 billion annually. Infrastructure financing is necessary from the private sector, not just public funding, and it was stressed that continuing to undertake infrastructure investment via public–private partnerships (PPPs), with the private and public sectors coming together, is extremely important and reiterated the assertion made by Mr. Watanabe.

## Session A

In Session A, “The Free Movement of People, Goods and Services”, from the viewpoint of logistics, energy, information and communications, and movement of labor, the current situation and future prospects were presented for the international movement of people, goods, services and information in Northeast Asia.

First, Ms. Dong Chunjiao, Professor, Beijing Jiaotong University, explained the current situation for freight trains between China and Europe within the framework of the “Belt and Road” initiative, and while there are currently seven rail routes in operation between China and Europe, they are facing a great many problems.

“12235N” denotes that in China there is one organization administering the railways between China and Europe, but there are two international transportation organizations. Then there are two different railway gauges, trains must go through at least three different customs systems, and five countries are involved. In addition extremely large transportation companies are involved in the business. Continuing to bring these together is not a simple matter, and it was pointed out that international coordination is extremely important.

Next, Mr. Boris Saneev, Deputy Director, Energy Systems Institute, Siberian Branch of the Russian Academy of Sciences, explained the eastern vector of Russia’s energy policy. He indicated that Russia has created policy to continue supplying coal, oil and gas energy to the nations of Northeast Asia, and the viewpoint of consolidating its domestic stance to that end.

He also said that innovation and technology policy are highly important, and creating chemical industry clusters centered on Russian oil and gas jointly with the nations of Northeast Asia is important, as is construction of electricity transmission lines across its borders, as well as developing green energy via economic cooperation with the countries of Northeast Asia.

Ms. Atsuko Okuda, Chief, ICT and Development Section, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), spoke on the building of broadband centered on artificial intelligence and intraregional cooperation on broadband. Within that she explained the project of the Asia-Pacific Information Superhighway being promoted by UNESCAP. She indicated the prospects for how fixed broadband will be connected among nations, how the connected cables will be managed, as well as how they will be used in, for example, disaster risk reduction, and what role they will play in socioeconomic development.

Ms. Aiko Takenaka, Economist, Economic Research and Development Department, Asia Development Bank (ADB), explained migration and labor mobility in Northeast Asia. In the pattern of movement of people within the Asian region, while the movement of labor and outflow of labor from Asia to the world as a whole has been increasing, the movement and outflow of labor from Asia to Asia has not increased and rather is on a decreasing trend. In the case of Northeast Asia including Russia, the labor outflow from Russia and China is very large. When considering the problem of labor mobility within the Asian region, she pointed out that it is necessary to take into account

demographic factors such as the progression of the aging of the population—namely that for the nations with aging populations a growing inflow of labor is becoming necessary—and that for countries with a large number of young workers the incentives for the outflow of labor are extremely high.

Rounding off Session A, Mr. Masaru Suzuki, Professor Emeritus, Osaka University of Tourism, spoke on tourism exchange. He emphasized that within Northeast Asia a distorted international exchange has arisen. He raised as an example that the number of tourists from China travelling to Japan has grown very high, whereas the movement of tourists from Japan to China is very low. Otherwise, he pointed out that the flow of tourists between Japan and Russia is very small. As measures to activate tourism exchange and increase the movement of tourists, he pointed out the importance of broadening visa-free regimes (particularly between Japan and Russia), cooperating so that large numbers of tourists visit each other’s country in two-way tourism, and jointly conduct promotion of tourism.

## Session B

In Session B, “The Current Status of and Challenges for Regional Development Strategies”, we focused on the current status of and issues for the regional development strategies in the countries of Northeast Asia, and discussed how to move forward intraregional cooperation.

First, Mr. Tuguldur Bajiikhuu, Director, Greater Tumen Initiative (GTI) Secretariat, explained the activities of the GTI. He emphasized that in the transportation sector in particular there are challenges in both hardware and software terms. Software-wise, even though multilateral transit agreements are extremely necessary, customs procedures and the like have still not necessarily been harmonized, and he asserted the importance of continuing to further advance systemic harmonization.

Next, Mr. Wu Hao, Assistant Director, Northeast Asian Studies Academy, Jilin University, spoke on China’s Northeast Revitalization Strategy. He pointed out that an economic slowdown has occurred in northeastern China, and because within China there has been a drop to low growth in particular, the Northeast Revitalization Strategy is extremely important. He also explained the fundamental concepts and development targets for northeastern China, and the key projects to undertake in the coming years. He took a future perspective of the development of infrastructure being highly important, and that if the DPRK returns to international society, it will also be a catalyst for northeastern China to develop further.

Following on, Mr. Tagir Khuziyatov, Professor, Far Eastern Federal University, explained the Regional Development Strategies in the Russian Far East, and within that largely focused on the Special Advanced Economic Development Zones, including the Vladivostok Free Port. In particular, he pointed out a number of issues from the viewpoint of firms that have expanded into the Special Advanced Economic Development Zones. That is, he indicated that efforts will be necessary for dealing with issues, including that: the administrative procedures being simplified are still complicated; infrastructure development in the Russian Far East is lagging;

the utilization of free customs zones is insufficient; and in order to appeal to overseas firms, hospitals and doctors catering to foreigners are important and that attraction is lagging behind.

Mr. Koo Chung Mo, Professor, Kangwon National University, explained the ROK's regional development strategies. In the ROK, he stated that there is a basic policy of the Northeast Asia Plus Community. First is to build a Northeast Asia Peace and Cooperation Platform. Second, through enhancing connectivity with Eurasia via the ROK's "New Northern Policy", is for that to deepen links with China's Belt and Road Initiative and Russia's New Eastern Policy. Third is to strengthen relations with ASEAN and India via the "New Southern Policy". He explained that the ROK takes these aims as regional development strategies, and among them Busan and Gangwon-do are attempting to strengthen international connectivity as local governments.

In order to continue smoothly furthering its regional development strategies, he pointed out that the following three points are important, holding true not only for the ROK, but probably for all nations. The first is having a long-term vision and targets. The second is adopting a business and private-sector perspective. The third is furthering cooperation among local governments.

Ms. Enkhtuya Demchigjav, Sector Development Policy and Regulation Division, National Development Agency of Mongolia, explained Mongolia's regional development strategies. In Mongolia's case, it is conducting regional development, dividing the whole country into five regions, but this development plan is not proceeding smoothly. She raised four points as reasons for that. The first is that the policy tools for regional development are undefined. The second is that urban and rural disparities are still increasing. With Ulaanbaatar being the most competitive and efficient region, the disparities with the other regions are increasing. The third is that the functions of the mayors of regional economic core cities and the aimag (provincial) governors are unclear. The fourth is that regional development policy is not well consolidated at the central national level.

Rounding off Session B, Mr. Minoru Kimura, Senior Director, National Planning Division, National Spatial Planning and Regional Policy Bureau, Ministry of Land, Infrastructure, Transport and Tourism of Japan, explained the current situation for national land development and regional development. In Japan's case, for national land development there are two types of national and broad-regional planning: the former national planning is in a form tackling head-on Japan's problem of population decline, whereas the latter broad-regional planning is to continue regional strategies and broad-regional projects dividing the nation into eight broad-regional blocks. He explained that the broad-regional planning is proceeding from the perspective of aiming for the utilization of both the Pacific and Japan Sea coasts.

For this session a very lively discussion took place in the question-and-answer section. Mr. Kimura pointed out that it is important to continue using the existing infrastructure intelligently and that it is desirable to strive for regional

development with that as a driving force and to strengthen international cooperation. Prof. Koo said that a grand design for economic cooperation encircling the Sea of Japan is necessary and that the role of the GTI is important to that end. Prof. Khuziyatov pointed out that as there is no framework to coordinate each country's regional development strategies for the region, such a mechanism may be necessary. Mr. Tuguldur, GTI Secretariat Director, stated that the GTI would like to function as an information clearing-house, and to pursue interregional dialogue, creating a grand design and exploring what kind of coordination is necessary.

## Session C

In Session C, "Business Exchange and Local Government Cooperation", we discussed the activation of business exchange in the Northeast Asian region and how to support local governments and bodies to that end.

Mr. Wang Xingzhu, Party Secretary, Suifenhe City Committee of the Communist Party of China, spoke on how to further regional economic cooperation from Suifenhe's perspective. Suifenhe, from the standpoint of its central location in the Northeast Asian subregion, has already constructed logistical multimodal transportation systems linking Harbin, Suifenhe, Russia, and Asia. High-speed rail services will also be put in place in the very near future. He stated that Suifenhe would like to proactively cooperate with firms from the other countries of Northeast Asia, and that it would like to foster processing industries, to produce manufactured goods, and to export to Japan, the ROK, etc.

Next, Mr. Peng Shuhai, Deputy Secretary, Hunchun City Committee of the Communist Party of China, explained that Hunchun City is located where China, Russia and the DPRK intersect, and has an extremely important geographical advantage. He said that with there being a variety of advantages, it is fulfilling a role as a center for logistics and for transportation, and in Hunchun City also they would like to develop agriculture and the seafood processing sector, and further cooperation with the likes of Japan in logistics and the tourism industry as well.

Mr. Toshiaki Kikkawa, General Manager, Sakai Port Authority, spoke on Sakai Port already having a regular Japan-ROK-Russia ferry service in operation, and also having a track record of many passenger cruise ships making port calls. He explained that in collaboration with the GTI, test sea-land pilot transports passing through the Sino-Russian border have also taken place, and in the case linking Changchun, Suifenhe, Vladivostok, and Sakai Port, the seeking of where and what kind of bottlenecks there are. He pointed out that mutual interregional trust is necessary in order to further cooperation within the region and continue promoting Northeast Asian business. Furthermore, he asserted that the sea routes are joint assets and the shipping routes should be regarded as marine infrastructure, and that it is possible to create win-win relationships via developing shipping routes which pass through many regions, and that it is necessary for all regions to get the benefits.

Mr. Norihito Mikami, Deputy General Manager, International

Division, The Hokkaido Bank, Ltd., explained the activities and business support of the Hokkaido Bank in the Russian Far East, and pointed out several issues in business with Russia. He asserted that logistics infrastructure is the greatest problem. He said that customs clearance procedure problems and the development of local sales routes are difficult and that, after taking on board that even holding product fairs didn't lead very easily to business, they set up a community-based trading company, the Hokkaido Corporation, to tackle that. He stated that in undertaking support for agribusiness and executing promotions at antenna shops, this may be useful experience for other regions in Japan, including Niigata Prefecture. While financing is the bank's main business, I was deeply impressed by the fact that business support was made on the periphery of financing.

Mr. Yoichiro Hira, Operating Director, Hokuriku AJEC,

explained the economic exchange and business matching between the three prefectures of the Hokuriku region and the four Japan Sea coastal regions of the ROK.

## Conclusion

The respective sessions were all highly content-rich. In accordance with the keynote addresses and Sessions A, B, and C, I think that a highly substantive development of Northeast Asian economic cooperation and of cooperation in the business sphere was demonstrated. At the same time, many pointed out that a great many challenges also remain.

Considering how to tackle such a great number of challenges, efforts to overcome them with concrete actions are necessary. I would like to hold NICE again next year with an awareness of such problems. Thank you very much for today.

[Translated by ERINA]