

## *Session C-1: Concerning Economic Promotion Measures in the Countries of Northeast Asia and Their Effect on the Attraction of Foreign Capital*

In this session, Professor Kenji Hattori - Faculty of Modern Chinese Studies, Aichi University, Japan - was the moderator, and there were reports from six participants, policy makers, business managers, and specialists from five countries: Khabarovsk Krai in Russia, Jilin Province in China, the ROK, Mongolia, Japan, and Niigata City. In the session, understanding was deepened of the status of the economic promotion policies being pursued by the various countries and regions in Northeast Asia, and there was investigation not just specifically from the 'outbound' viewpoint for the problem of attraction of foreign investment which is a factor essential to economic promotion policies, but also, as its central focus, investigation from the 'inbound' viewpoint.

For the running order, discussion was split into three 'planks', related to content. The first round was an introduction of the economic promotion policies which have been implemented in the various countries and regions of Northeast Asia. In the second round was the current status and future prospects for direct investment. In the final and third round there was discussion concerning the respective policies and initiatives to attract investment and the expectation of foreign investment.

In the first round, we were able to understand the inevitable onslaught from globalization in various 'scenes' in regional development and in the economic development of the countries and regions, and additionally, our being confronted with the rapidity of policy decision and judgment amidst the accelerating introduction of IT.

In the second round, an acknowledged common

element was that the projects for the tangible introduction of foreign capital, which the various regions and countries of Northeast Asia are tackling, are a major factor in planning economic development and regional promotion. Additionally, it was also clarified that the existence of China, with its breathtaking development, exerts a great power of influence in the trade and investment of the various countries of Northeast Asia.

In the third round, amid the implementation of yet more tangible policies as part of the importance of attracting foreign capital, we were also able to understand the issues which have to be simultaneously resolved.

Concerning the reports of the participants attending from the countries and regions of Northeast Asia, the first, from Alexander Levintal - Deputy Chairperson, Khabarovsk Krai Government, Russia - introduced Khabarovsk Krai's dynamic economic development and proactive measures. In the period 2001-2005, total production increased 32.3%, investment doubled, and external trade increased 2.5 times. Further, he stated that large-scale projects in timber, energy etc. are proceeding, and expressed the expectation for economic cooperation with China, the ROK and Japan. He stressed the importance of logistics and transportation, development of all types of industry, the implementation of environmental projects and the securing of a high-quality labor force.

Guo Shaomo - Vice-President, Jilin Academy of Social Sciences, China - placed emphasis on the renaming, in 2005, of the Tumen River Area Development Programme, under the United Nations Development

Programme (UNDP), as the 'Greater Tumen Initiative', which is a symbol of the cooperation of the whole of Northeast Asia having entered a new stage, and he stated it was consistent with China's policy for the revitalization of the Northeast old industrial base. Cooperation in the Tumen River area has already reached the scale set for its initial stage, and the interdependence and mutual complementarity of the surrounding nations has strengthened. In addition, the furthering of cooperation of the local authorities of the various countries and regions which are on the coast of the Sea of Japan with Jilin Province, and the further advancing of an advantageous nurturing of an environment for participation in planning for the Tumen River Area Development were set forth.

Kim Kyung-Soo - Counselor, Embassy of the ROK in Japan - spoke concerning the state of economic promotion measures which have developed in recent years in the ROK. He reported that, unlike the phase of government-led economic development in the past, leadership is being given to proactive economic opening and liberalization in the private-sector and public-sector, raising Jeollabuk-do as a concrete example. From the perspective of the Yellow Sea (*Huang Hai*) rim economic region, which includes China's east coast and Kyushu in Japan, the fostering of ultra-precision high-tech components and the IT industry has become the aim, and he also brought up an outline of investment from Japan, China, and Russia, and future prospects. He emphasized that there has been a change recently in the negative image held by investors of the ROK's deep-rooted industrial disputes, and emphasized the synergic effects in the region of the opening of the education and medical markets, attractive human resources, and thanks to the economic development and prosperity of Japan and China, the coming to be of development and prosperity in the ROK itself.

Enkhjargal Ochir - First Secretary, Economic Section, Embassy of Mongolia in Japan - reported on the recent economic situation in that country. He emphasized macroeconomic growth has been continuing, the GDP growth rate reached 5.6% in 2003, 10.6% in 2004, and 6.2% in 2005, and as a result of the stable financial policies of

the government, the inflation rate for the first half of 2006 showed a decrease to 5.7%, and the investment environment in Mongolia has improved greatly with Mongolia rising to 45th ranking in the world. Furthermore, he stated the legal environment for the promotion of foreign investment has been established, and abundant mineral resources and energy development are attractive to investors.

There was a report from Yutaka Miyahara - Director-General, Invest Japan Department, Japan External Trade Organization - on the background to Japan's economic recovery, and the policies since the inception of the new administration. The large-scale adjustment of production from the start of 2002, structural reforms in finance, etc., US and Asian economic recovery and a weak yen are linked to Japan's economic recovery. The 'Asia Gateway Initiative', 'Innovation 25', the stimulation of local economies and the 'Challenge Again Assistance Measures' were introduced also. For direct inward investment into Japan, he reported on specific enterprises investing in Japan from the Northeast Asian region, and future prospects. Japan's initiatives on the attraction of foreign investment, and hopes for the role of foreign capital were pointed out, and he announced that to those ends, JETRO would take a coordinating role, and is advancing the 'promotion of investment to the regions' and the 'transmission of information domestically and internationally'.

Shinsaku Suzuki - Director-General, Industrial and Economic Bureau, Niigata City - described the industrial strategy of Niigata City, which is to become a government ordinance city. He introduced the upgrading of manufacturing industries and the creation of new industries, increasing the attraction of overseas tourists, the promotion of measures for industrial sites, and further, the economic exchange between Niigata City and other countries. He also gave a concrete report on the initiatives to attract investment from enterprises funded by foreign capital from China, etc.

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