

## *Summary and Proposals*

### *Session D: Seamless Distribution in Northeast Asia*

Monumental movements have been afoot for Northeast Asia. In China's Northeast the "Revitalization of the Northeast Old Industrial Base" has been promoted since 2003, and in 2007 the "Northeast China Revitalization Plan" was formulated. Such things as the reform of state-owned enterprises and infrastructure development have been energetically furthered. In the Russian Far East the "Program for the Economic and Social Development of the Far East and Zabaykalye" was formulated in 2007. Such things as the construction of the crude oil pipeline from eastern Siberia to the Sea of Japan and the development of infrastructure in Vladivostok in preparation for the APEC summit scheduled for 2012 are proceeding apace. In Mongolia, while there are attempts to get underway the development of the substantial subterranean resources in the eastern and southern areas, the development of infrastructure required for it is lagging behind. In Japan the "realization of a seamless Asia" under the Koizumi cabinet has become a major policy issue, and policy development is being planned with "seamless distribution" taken as the key-term.

Against such a backdrop, the main objective of this session was taken as that the concerned parties, after ascertaining the state of affairs of each country's initiatives toward the "rendering seamless" of Northeast Asian regional distribution, discuss the issues to be tackled in the future.

There were seven reports at the session. In the four reports in the first half of the session the subjects of the "Suifenhe Transportation Corridor" and "Tumen River Transportation Corridor" were taken up. These are both included in the nine transportation corridors which ERINA proposed in 2002. For both corridors the development of infrastructure is incomplete at the present time, and the level of utilization has stayed at a low level. These are, however, routes which link the countries of Northeast Asia via overland-and-maritime combined multimodal transportation, and it is possible to rank them as pacesetting projects in promoting international cooperation.

From Mr. Purevbaatar of the Mongolian Railway Authority, there was a report on projects to continue promoting the development of railways in the eastern part of Mongolia while linking it to the development of subterranean resources. He said that the selection of the gauge for the railways was a great problem. If they consider connecting up with Russia then it should be broad gauge, and if with China then standard gauge, and this is a thorny problem.

In the report prepared by Mr. Cui Jun of the Tumen River Area Development Administration of the People's Government of Jilin Province, there was an introduction of the current status of infrastructure development linking Changchun and the Tumen River Area, and in addition proposals on cooperation in the areas of the cultivation of human resources and the procurement of funds.

In the report prepared by Mr. Victor Gorchakov of the Primorsky Krai Assembly, the development strategies were explained for the Primorsky Krai ports which will become nodes of sea-land transportation routes. The Russian government took the initiative and under a major policy attempting to construct regional transportation logistics systems in this region attempts are being made for responses to be promoted in the upgrading of ports, the development of the infrastructure backing them up, and in "software" terms.

From Mr. Baeg Seong-Ho of the Northeast Asia Ferry Co., Ltd., ROK, there was a report on the effectiveness of the ferry route which will link Niigata with Sokcho and Zarubino (Troitsa Port) for which preparations are progressing toward the commencement of services.

In the second half, there were introductions from three persons involved in international cooperation in the transportation sector in Northeast Asia, including on the current state of play of the respective initiatives.

From Mr. Naoto Takahashi of the Distribution and Logistics Policy Division of the Ministry of Economy, Trade and Industry, Japan, there was an introduction of the initiatives toward improving competitiveness in international distribution via public- and private-sector coordination in Japan, and additionally of the three countries of Japan, China and the ROK promoting cooperation in the area of distribution.

From Mr. Ahn Byung-Min of the Korea Transport Institute there was a report on the improvement project for the railway between Rajin in the DPRK and Khasan in Russia. In addition there was also an introduction of ROK companies promoting cooperation in Suifenhe in China, etc.

In the report prepared by Ms. Nataliya Yacheistova of the Greater Tumen Initiative (GTI) Secretariat, there was an introduction of the promoting of the preparation for the establishment of the Transport Board within the framework of the GTI.

Subsequently, we undertook discussion, including the floor. That the existence of the DPRK is a problem-regarding the delay in progress on the Tumen River project, which attracted attention-was thrown into relief.

Via these reports and questions and answers we were able to garner a lot of information. Summing up the whole, the following four matters of importance can be highlighted.

- 1 The importance of the "Tumen River Transportation Corridor" and the "Suifenhe Transportation Corridor." They become models of environmentally-responsive distribution through shortening transportation distance. In addition, they can also be rated as test cases for international cooperation.
- 2 The importance of central governments' political will and comprehensive policy development. Many public- and

private-sector stakeholders inside and outside the country are involved in the rendering seamless of distribution. Hence comprehensive policy development is required, and to that end political will at high levels is important.

- 3 The mitigation of risks for private-sector enterprises. Such things as the stable operation of customs and quarantine (CIQ) regimes and support in the initial stages for the collection of goods are required. The ROK government, in cases where private-sector logistics firms work on infrastructure projects abroad, has established a support fund.
- 4 "Rendering seamless" is synonymous with the elimination of points of discontinuity. Even where expressway and railway infrastructure are developed, if the holding time at borders or ports is long, then the service level will drop. The improvement of the capacity of border crossing-points is low-cost in comparison with the development of transportation infrastructure.

## Proposals

### *To the central governments of each country*

#### 1 **International Cooperation Platform Utilization**

- Cooperation within the framework of the Greater Tumen Initiative  
Strengthen cooperation in the Greater Tumen Initiative (GTI) and in the framework of the GTI transportation group established under it. The Japanese government, not a member nation of the GTI, should watch the progress in this cooperation, and cooperate actively to the fullest extent possible regarding individual projects.
- Practical utilization of the tripartite Japan-China-ROK cooperation framework  
Designate the rendering seamless of distribution in the Northeast Asian region as a common policy issue within the interchange between distribution policy-making authorities, which has been being promoted among the aforementioned three nations, including "the meeting of the distribution ministers from Japan, China and the ROK". In addition, also work on interchange with the distribution policy-making authorities of Russia and Mongolia.

#### 2 **The Promotion of International Cooperation**

- Promotion of pacesetting model transportation corridor projects  
The countries involved should designate the "Tumen River Transportation Corridor" and the "Suifenhe Transportation Corridor" as "pacesetting model transportation corridors of seamless distribution". In addition to that, they should develop various experimental measures aimed at the improvement of the level of distribution service and the promotion of utilization focused on these corridors. Further, after validating the results, the participants connected to the public and private sectors in each country should share the results.
- Cooperation on the cultivation of human resources, etc.  
Further cooperation in areas such as the cultivation of human resources related to distribution and the provision of infrastructure development funding.

#### 3 **The Development of Domestic Systems**

- Strengthening of links between relevant government agencies  
The relevant government agencies should work on forging links on policy issues—such as the development of distribution infrastructure (including customs clearance facilities, etc.), the improvement of trade procedures, etc., the development of the logistics market, and the cultivation of logistics firms—and develop comprehensive policies. When doing so, they should pay great attention to the elimination and improvement of the "points of discontinuity" which are a major factor impeding seamless distribution.
- Strengthening of cooperation between the public and private sectors  
Develop systems to promote the rendering seamless of distribution with the public and private sectors working in unison. In that case Japan's "Committee on Partnership for International Logistics Competitiveness" can become a model.

### *To the local governments and authorities constructing the Tumen River Transportation Corridor and the Suifenhe Transportation Corridor*

We recommend the advancing of the following initiatives, matching step with the central government initiatives of each country, or moving ahead of them:

- Gain an understanding of the state of play and challenges for the transportation corridors, and share information
- Actively publicize the convenience, etc., of the transportation corridors
- Promote the interregional expansion of economic interchange

NB. The contents of the proposals do not necessarily reflect the opinions of the groups to which the participants in the session belong.

[Translated by ERINA]