

# *Opportunities and Challenges of the Greater Tumen Initiative (GTI)*

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Familiarity with the name of the GTI, Greater Tumen Initiative, is limited. Like the other Regional Cooperation Institutions (RCIs), such as the Greater Mekong Sub-region Economic Cooperation Program (GMS), the Central Asia Regional Economic Cooperation (CAREC) Program and the South Asia Sub-regional Economic Cooperation (SASEC) Program, administered by the ADB, GTI is one of the sub-regional cooperation mechanisms with four member countries: China, Mongolia, Republic of Korea and Russia Federation. North Korea used to be one of the original members, but withdrew its membership in 2009. Nevertheless, all members have kept trying the North Korea to re-engage in the GTI cooperation.

The GTI was originated from the UNDP's Tumen River Area Development Programme (TRADP) in 1991 in order to develop so-called the Tumen river basin delta area in which China, North Korea and Russia share their borders.

In 2005, the original programme, Tumen River Area Development Programme (TRADP), was reformulated with the new name of GTI. Geographical scope was expanded from the original Tumen river basin delta area to the wider area that covers the area from Mongolia's eastern provinces, China's three Northern provinces and Inner Mongolia, Russian Far East to South Korea's eastern coastal cities. Governance was also changed. The ownership of the programme moved from UNDP to the member governments, meaning that the GTI is no longer a sub-regional programme under the UNDP's direct control, but a member-driven cooperation mechanism. Last year, in order to further strengthen execution capacity, the member governments agreed to transform the GTI into an independent legal entity by the end of 2015. In October this year, we expect the member governments will adopt an official roadmap for the transformation.

As widely recognized, the GTI region have its huge growth potential with abundant natural resources, huge population and market, complementarities of industries among neighboring countries and, among other things, strategic geographic location that can connect the Eurasian continent with the Asia-Pacific, and vice versa. However, the performance of the past 20 year-long cooperation seems not that satisfactory. Sensitive and delicate geo-political situation and different levels of economic development have been identified as the main bottlenecks hindering advancement of cooperation among the nations. Besides, mismatching policy priorities between the national and regional levels can also be pointed out one of the reasons behind low performance of the GTI for the past years.

20 years ago, in the early 1990s, when the Tumen programme had been initiated, all member countries had to concentrate their resources on the development of their core regions and core areas: the eastern coastal areas in China,

for example. Naturally they had no capacity, if any, to allocate their limited resources to the periphery like Greater Tumen River (GTR) region. We could say that the time was premature then.

However, time is different now. The member governments of both the central and local levels are now ready to input their resources to regional cooperation projects. Political commitment to development of the region has been upgraded. For example, just a few years, leadership in all member states, including North Korea, has been changed. The new leaders of all member countries have been moving their eyes on the Greater Tumen Region, which, of course, aims to explore new growth engine in that region.

With all these favorable political backdrops, GTI is now actively working on, in particular, developing the comprehensive and integrated transport network, trade facilitation and promoting multi-destination tourism, as well as offering various capacity building programmes in 5 priority sectors, together with its strategic partners like the UNDP, UNESCAP and GIZ - the German International Development Assistance agency.

Indeed, GTI has to face challenges to mobilize resources to conduct priority projects on infrastructure construction project, which is similar to that of other sub-regional programmes in Asia. But, the situation of GTI seems more complicated and serious. While most of the sub-regional programmes have been administered and funded by the ADB, GTI cannot fully access to the ADB resources due to some technical and political reasons. Russia is not an ADB member. Three member countries, except for Mongolia, do not hold eligibility status for both the bilateral and multilateral development assistances.

To overcome financial constraint, GTI has been developing two unique strategies: local cooperation and public banks' flagship in large scale infrastructure projects. Since local provinces in the region share common interests to develop regional cooperation, the GTI offers those provinces a Governor-level cooperation platform so that provinces could identify projects and jointly conduct the projects through close consultation with the central government of each member.

The first Governor-level inauguration meeting was held in Changchun, Jilin province and this could bring some meaningful outcomes on some urgent cooperation issues, which include sea-land route connection, railway construction between the bordering cities in eastern Mongolia, Far Eastern Russia and Northern China, as well as the possibility to establish free economic zones in some border cities in the region.

One of the chief processes of the GTI's financial resource mobilization could be integrating and involving the member countries' development and Exim banks. In this

context, the GTI needs to institutionalize the Exim Bank Association that has launched in 2013, which could play an active role in implementing large scale projects and regional public goods by utilizing their own resources and making use of their wide global financial network.

In this sense, potential projects amounting to \$3.5 billion specified in the GTI integrated transport corridor study, which was completed earlier this year, would be the first target for the review of the Northeast Asia (NEA) EXIM Bank Association. The active engagement of these banks will be moved upon the reveal of bankable projects from each member banks either bilaterally or multilaterally. Just recently, BRIC nations announced to establish its own integrated powerful development bank to fund priority projects within its scope and regions and further to finance potential projects from other nations who has expressed interests. The first down installment is \$50 billion with further injection, where there is a possibility if GTI Exim bank association become a one, has a tremendous opportunity in this region with vast potential from

extractive to infrastructure industry. But this would require efforts from each of the banks or the state level to make it happen and most importantly, GTI should engage actively through its every possible channels.

Investment comes when the market is open, government is stable and opportunities are available. Now, this region has different system of politics but open to all investors with stable governments and vast opportunities. Foreign Direct Investment (FDI) has been the major source and major scene in this region for a few decades. But, the increasing competitions from other regions, including the Southeast Asia, decrease of FDI are occurring in this region due to various reasons including political and non-political. Therefore, it is important indeed, to promote this region with full capacity together and there GTI should play the executive role.

Finally, the GTI has undeniable potential to become the center of this unique region to boost economic paradigm between those nations involved if upgraded and peak levels of participation by the member states are occurred.

## 大図們江イニシアチブ（GTI）の可能性と課題

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### 要旨

国連開発計画（UNDP）は、中国・北朝鮮・ロシアが国境を接する、いわゆる図們江流域デルタ地帯の開発を目的として、1991年に図們江地域開発計画（TRADP）を打ち立てた。2005年には新しくGTIとして改編され、主導権はUNDPから各メンバー国政府へ移ったが、それは、GTIがもはやUNDP直轄下の小地域計画ではなく、メンバー国主導の協力体制であることを意味する。

周知のとおり、GTI地域には、豊富な天然資源、膨大な人口と市場、隣国間の産業相補性、そして、とりわけ、ユーラシア大陸とアジア太平洋とを結びつける戦略的地理的立地条件が存在する。しかし、過去20年間の協力活動は、それほど満足できるものではなかった。微妙で繊細な地政学的立場と、レベルの異なる経済発展が、各国の協力推進を阻む大きなボトルネックとなっている。

しかし、今や時代は変わった。メンバー国の中央及び地方の政府には、地域協力プロジェクトに各々の資源を投入する準備ができています。地域開発に対する政治的関与も改善されている。このように、もし、財政的制約を打開し、状況の改善によってメンバー国の参加がより活発になれば、GTIがこの特殊な地域において、関係各国間の経済的パラダイムを高める中心となる可能性があることは疑いようもない。

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