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### **Summary of Trade and Investment Panel**

The Trade and Investment Panel, which took as its theme "A Business Model for Northeast Asia in the IT Age", discussed how exchange and business in Northeast Asia would develop in the new age of IT.

Professor Yasuhiko Ebina, of the Niigata University of Management, cited the acceleration of borderless collaboration and the formation of a Northeast Asia Network Economic Community as significant aspects of IT-driven business. Furthermore, taking metal molding as an example, four issues were raised: educating and nurturing human resources, fundamental innovation that takes environmental problems into consideration, the development of communications infrastructure and the formation of a network centering around small and

medium-sized companies. Of these, the most important issue is the response to small and medium-sized companies. As the first step with regard to this issue, the establishment of a regional extranet that uses IT in non-open markets would be effective; it would be necessary for the suppliers of such systems not only to provide the network but also to add value to it in various ways.

Mr. Byeong-Whan Chang, an associate professor at Okayama College, stated that the economic effect of speed, networks and collaboration will be emphasized as a corporate strategy for the IT age and introduced a concrete example of a 'virtual business federation' in the ROK. The ROK is heading in the direction of becoming an advanced country in terms of IT, through such initiatives as a 'virtual business federation' in each industry and cooperation between virtual enterprises, and the government's Asia e-

Hub Promotion Strategy. However, small and medium-sized enterprises still have a low level of computerization and are suffering in the environment of global competition. Some issues and directionalities related to the virtual business federation were brought up, including cooperation between 'virtual business federations', problems relating to differing business practices of states and industries, and the response to small and medium-sized businesses.

Mr. Koji Okamoto, Managing Director of the President's Office, Iris Ohyama Inc., introduced an example in which the company, which produces and sells household goods wholesale, divides labor internationally by using IT in the company's dealings with overseas manufacturers with which it collaborates, in the commissioning of orders, shipping and production. In order that the producers can deliver the specified number of units as soon as possible, it is crucial to reduce the time taken before shipping the goods. However, since preparing components and products without calculation places a huge burden on companies, the company has constructed a supply chain management system using the internet, which allows member companies to access various information, including sales forecasts and planned orders for products. This system has made it possible for producers to make preparations for shipping with certainty the number of units necessary and has cut the lead-time of goods by two-thirds.

Next, Mr. Yuji Nakatsuji, Representative Chief Director of Niigata JIT Enterprise Cooperative Society, introduced collaborative Sino-Japanese IT-driven projects and the problems relating thereto. The cooperative was established with the aim of supporting small and medium-sized enterprises by means of the spread of IT. Using the medium of IT, structural reform will take place with a small amount of investment. The 'International Building Materials Supply Collaboration System' was introduced as an example of Sino-Japanese collaboration linking Heilongjiang Province's Forestry Bureau and a building materials factory in Dalian. In addition, stating that computerization would help to stimulate struggling Japanese small and medium-sized enterprises, the speaker described Business-to-Business sites in the field of construction in Niigata Prefecture as a concrete example of this.

Mr. Yongi Duan, president of Beijing Centergate Technologies (Holding) Co., Ltd. and chairman of Stone Group Corporation, averred that the Chinese government's preferential policy for high-tech parks was one of the factors in the development of the IT industry in China. At present, however, Chinese companies can only produce relatively low-level goods. Chinese companies must move up a level in response to consumers' need for higher-level products. There is potential for cooperation in this matter in Northeast Asia, in terms of technology and investment. By

taking advantage of its human resources, China may well become the world's biggest recipient of capital for IT venture business. Currently, however, development of the area is largely limited by the shortage of funds. Financial reform is needed to attract private capital, and foreign investment must be accepted.

Mr. Vitaly A. Lopota, Director of the Central R&D Institute of Robotics and Technical Cybernetics of the State Scientific Center of Russia, stated that the development of IT infrastructure, which could add value to businesses using IT, is the biggest issue. If soft and hard technologies were established as a grid, business would be more efficient. IT infrastructure should be developed in cooperatively, using Russia's technology and Northeast Asia's productivity. Russia will be able to provide its own high technology in establishing IT infrastructure, including space technology.

Prof. Min Shi, Director of the Asia-Africa Development Research Institute, Development Research Center of the State Council, asked from the floor what kind of lesson developing countries in Asia should learn from the bursting of the IT bubble for the development of IT, and what was the specific policy of the Chinese government, which has been promoting industrialization through computerization. Mr. Duan answered that the lesson that must be learned is the same as the government's policy; in a nutshell, that economic efficiency needs to be enhanced by connecting IT and the traditional economy.

Finally, summing up the above, the moderator, Prof. Yuji Masuda, Director of the Institute for Northeast Asia Research of the University of Shimane, asserted that the time has come for reviewing the organization of the new industrial structure centering on IT and the shape of its economic development, and more specifically, to establish networks among companies and develop new business models. China is promoting a new industrial development model that deepens industrialization through computerization and holds not only the advantage of production at low prices but also certain technological capability. He expressed the opinion that, in addition to the technological capability of each, it is important for countries such as Japan, the ROK, Russia and China to bring to bear their labor forces and capital, and construct a complementary network in Northeast Asia to develop a new business model. IT-driven international collaboration is actually starting to move into action little by little in Northeast Asia, and this might be the first step towards the formation of the Northeast Asia Network Economic Community.

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