

Summary of the Plenary Meeting Panel Discussion

Seven panelists participated in this panel discussion, which was moderated by Hisao Kanamori, Chairman of the Northeast Asia Economic Conference Organizing Committee and Honorary Chairman of ERINA.

First of all, panelists spoke in turn about points that had arisen in discussions during the conference that they felt to be important in promoting multilateral economic cooperation in Northeast Asia, as well as themes and issues that each country should pursue in the future. In the second part of the discussion, they spoke in further depth about remarks by other panelists and elaborated upon their initial comments. Following the discussion, the conference declaration - summarizing the outcomes of the conference - was adopted.

Rongxin Liang, Vice-Chairman of the Heilongjiang Committee of the Chinese People's Political Consultative Conference, reminded those present that Heilongjiang Province has abundant natural resources and that it is possible to travel directly by rail, sea and air to the countries of the region, including Russia, with which China shares long borders. In addition, he highlighted the region's strengths in terms of human resources, including specialist technical personnel, and the high levels of achievement that it has reached in the field of science and technology. In addition, he explained that China's central government is promoting a development policy in the northeast of the country, which includes Heilongjiang Province, based on which the government of Heilongjiang Province has formulated its own policy on industrial regions, aiming to strengthen six major production fields, such as petrochemicals, energy, foodstuffs, and pharmaceuticals; in addition, more than 700 investment projects worth in excess of RMB350 billion in total are due to be implemented. He also noted that an industrial promotion plan is being implemented in Harbin, Daqing and Qiqihar, where science and technology are highly developed, as well as speaking about the pursuit of reforms of state-owned companies, the promotion of investment in modern agriculture and the development of tourism, and the potential for a tripartite cooperative relationship between China, Russia and Japan that makes use of the province's strength as the largest base for trade with Russia.

Dorj Odbayar, Member of the Mongolian State Great Hural, informed the audience that the Mongolian government is attaching importance to the realization of transport corridors and that an agreement concerning the concept of the corridor linking Mongolia and China was reached as a result of a summit between the leaders of the two countries last year. Moreover, he noted that hopes for foreign investment in a wide range of sectors were rising and that progress was being made in upgrading the investment environment, including the legal system; in addition, with regard to relationships with other countries, he asserted that Mongolia would like to promote cooperation with neighboring countries not only at the national level, but also at the level of regional government.

Woong-Bae Rha, former Deputy Prime Minister

of the ROK, explained that, as the ROK is located at the geographical heart of Northeast Asia, as it stands at present, the government of the ROK is promoting policies aimed at turning the country into the transport and financial hub of the subregion. Moreover, President Roh has established the Northeast Asian Cooperation Initiative in order to promote research into policy improvements aimed at facilitating economic cooperation in Northeast Asia. He referred to the fact that the paramount issue in Northeast Asian economic cooperation is the problem of the DPRK's nuclear development program, stating the ROK sincerely desires the pursuit of a peaceful solution through the six-party talks, as well as the achievement of a political solution by promoting North-South economic cooperation through dialogue with the DPRK.

Yaroslav Semenikhin, Director-General of Russia's Far Eastern Marine Research, Design and Technology Institute, informed the audience that there are three models to explain the situation with regard to transport in Russia's Far Eastern region. In the first stage model, the export of fuels and raw materials as a long-term strategy is added to the development of domestic transport. The second stage involves participation in international transport corridors. The third stage involves a strategy in which Russia itself shapes international transport networks, as well as the transport hubs and business centers within them. The transport systems of Western Russia, the Baltic region, Ukraine and ports on the Black Sea route are reaching the limits of their growth, so the Far Eastern region is increasing in importance. However, there is a lack of capacity with regard to facilities at ports in the Far East; nevertheless, efforts are continuing and modern terminals for the shipment of oil are being constructed.

Kenji Shinoda, Deputy Director-General of the European Affairs Bureau at the Ministry of Foreign Affairs, expressed a number of concerns. Firstly, he opined that the great power Russia must try to turn its attention in earnest to the matter of Asia if an environment is to be created in which dynamism can be generated in regional cooperation in Northeast Asia. Moreover, the continuation of political efforts to create a new post-Cold War order is required. In addition, he highlighted the need to sustain endeavors aimed at creating a multilateral cooperative mechanism in order to respond to both traditional and emerging threats to security, and suggested that it may be necessary to continue to strive for the realization of pump-priming projects with a considerable economic effect.

Satoshi Kuwabara, Deputy Director-General of the Trade Policy Bureau at the Ministry of Economy, Trade and Industry, highlighted the necessity of holding more meaningful discussions on the subject of the concrete vision for the growth mechanism for the future development of the Northeast Asia Economic Subregion and expressed his hopes that growth patterns in the economic subregion would be examined and discussed in considerations of the Vision. Furthermore, he suggested that potential needs could be identified by upgrading studies of business development

within the region, proposing improvements in this area in order to generate desirable by-products. In addition, in response to the comments from Heilongjiang Province and the ROK, he emphasized that, as a core force is extremely important in promoting an economic subregion, it is necessary for a number of regions to come forward and state that they are leaders.

Hirohiko Izumida, Governor of Niigata Prefecture, expressed his concern that psychological distance in Japan is impeding progress with regard to the Northeast Asia Economic Subregion and that the remaining legacy of the Cold War structure is a factor in this. He stated his view that, as a means of achieving a breakthrough with regard to this problem, the launch of transport business at Niigata and Naoetsu ports - the nearest in Northeast Asia to the Tokyo metropolitan region - would lead to their development as gateway ports. In addition, with regard to relations with Northeastern China, he affirmed that he was greatly interested in the fact that Heilongjiang Province and Niigata Prefecture are sister provinces. Concerning the rejuvenation of state-owned businesses, which is taking place in Heilongjiang, he mentioned that Niigata has experience in the renewal of large companies. Moreover, he proposed that opportunities for Niigata companies to participate in the economic development of Heilongjiang, such as in the machine industry, be enhanced and that the prefecture's relationship with Northeastern China be strengthened through the creation of an investment pay-back and guarantee mechanism in order to cast aside the image of "China risk".

With regard to relations with Far Eastern Russia, the Governor expressed his opinion that, considering security in terms of its energy aspects, establishing Niigata as a base for the LNG industry and building a refinery once the crude oil pipeline is established would lead to the Russian side being able to secure a market, while also having benefits for Japan in terms of energy security.

Finally, he spoke about Niigata's interaction with Mongolia in the field of materials such as cashmere and the development of attractive tourism resources, as well as mentioning the promotion of dialogue aimed at extending Niigata's potential as a gateway, such as its role as the entry point for cargo being shipped from Busan to the Tokyo metropolitan region.

In the second round of comments by panelists, Rongxin Liang gave a supplementary explanation, noting that China suffers from a regional imbalance in development, with problems with the planned economy mechanism in state-owned companies in the northeast of the country, where development is lagging behind that in the Pearl River delta. In order to recover lost ground, the Chinese government has implemented a policy of preferential measures aimed at stimulating economic development and is promoting the regeneration of industrial areas.

Dorj Odbayar proclaimed that preparations for establishing the Trans-Asian Railway are progressing, while the domestic Millennium Road is due to be completed in

2008. In addition, he expressed his wish to create a similar corridor that encompasses the whole of Asia.

Woong-Bae Rha asserted that trusting relationships between countries in order to achieve economic cooperation in Northeast Asia. Although 40 years have passed since diplomatic relations between Japan and the ROK were normalized, feelings of trust between the two countries cannot yet be described as adequate; in addition, there are fears that the competitive relationship between China and Japan is the main focus, ahead of cooperation. He emphasized that it is necessary to build mutual understanding and trusting relationships through the economic conference.

With regard to transport problems, Yaroslav Semenikhin noted that there is an extremely powerful bureaucracy surrounding transport and that it is vital to break through this wall. He informed the audience that a conference on transport problems is scheduled for September, at which many problems will be discussed. In addition, he mentioned problems with the taxation system and highlighted the importance of multilateral cooperation in the development of Zarubino Port, which is well behind the times in terms of its facilities.

With regard to the construction of a mechanism for promoting international cooperation in Northeast Asia, Kenji Shinoda pointed out the importance of promoting effective initiatives, mentioning such practical approaches as the founding of an international framework for countering marine pollution and cooperation between the Japan Coast Guard and Russia's border police. Moreover, he talked of how the strengthening of relationships, such as initiatives relating to the DPRK issue and the expansion of trade between Japan and Russia, can contribute to jump-starting the Northeast Asia Economic Subregion.

Taking as an example the anti-Japanese movement that arose in China this year and the fact that investment in China maintained a general tendency to increase, Satoshi Kuwabara stated that it is not necessarily the case that economic relations will not develop unless the absence of trusting relations is resolved. In addition, he mentioned that the clarification of the future direction and mechanisms of the Northeast Asia Economic Subregion will have a positive effect on investor psychology.

With regard to the problem of energy constraints that will have to be confronted in the future, Hirohiko Izumida stated that there is potential for cooperation between Niigata Prefecture and China in such areas as environmentally friendly energy sources and renewable energy. Furthermore, he said that use of the Trans-Siberian Railway has a distinct advantage in terms of reducing transport times, so it is expected that new needs will be discovered. In addition, consensus-building with regard to the direction of the Vision is required, so its formulation from a local-to-local perspective should be pursued.

[Masayuki Tsukuba, Associate Senior Researcher, Research Division, ERINA]