

## Keynote Address

*Good Neighborly Relations and Collaborative Development*

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It is a great honor for me to be invited to attend the 2004 Northeast Asia Economic Conference and the Northeast Asia Economic Forum, held in Niigata jointly by the Economic Research Institute for Northeast Asia (ERINA) and the Northeast Asia Economic Forum (NEAEF). I would like to extend my sincere thanks to Mr. Ikuo Hirayama, Governor of Niigata, Mr. Susumu Yoshida, Chairman of ERINA, Dr. Lee-Jay Cho, founding Chairman of the NEAEF, and everyone whose efforts have made this conference in Niigata possible. We hope the Northeast Asia Economic Conference and the Northeast Asia Economic Forum will continue to contribute to the lofty mission of achieving peace, economic prosperity and well-being for the people of Northeast Asia in the twenty-first century.

**1. China's Prospects for the Future**

First of all, I would like to share with you my personal observations about China and the future prospects of the Chinese people. I hope that these remarks will be of some interest to those who wish to understand China's current status and prospects for the future.

Over the last two decades, China has witnessed average annual economic growth of 8%, accelerated industrialization, a steady rise in production capacity, improvements in welfare and increased life expectancy. The Chinese people feel justifiably happy about these changes.<sup>[1]</sup>

People throughout the world applaud the changes occurring in China. However, some feel worried about the so-called "Chinese threat", in which China will supposedly brush aside the manufacturing industries of other countries to become the world's main factory, and will become a "black hole" into which an increasing amount of international capital will flow. Trends in China's development have become a growing concern for the world. It is certainly true that China, with its huge population and extensive territory, will indeed exert a considerable influence in Northeast Asia and Asia as a whole in the new century.<sup>[2]</sup>

According to my observations, the greatest achievement of the past two decades is the country's success in checking the upsurge in its population. At the beginning of the twentieth century, China's population was 450 million. By 2000, it had increased nearly threefold to 1.27 billion, causing deep concern among all politicians and scientists about the nation's future. If the population were to double or quadruple to 2 billion or 4 billion, all of

the hopes for "sustainable development" would become mere illusions and burst like a bubble. Over the past two decades, China's total fertility rate (TFR, the average number of children per female) has declined from 4.0 in the 1970s to the current level of 1.8. We estimated that the "critical TFR" for China's population during the 1980s was 2.16<sup>[3]</sup>. If TFR were higher than that for long, the population would increase ceaselessly; below this level, however, the population would gradually decrease. Current population policies are likely to bring TFR down to 1.6 shortly. The government is committed to forging ahead with its policy of family planning, to check population growth and ensure that it stabilizes at 1.6 billion in three or four decades. By the end of the twentieth century, the fuse of possible population explosion had been removed, creating the necessary conditions for steady growth in per-capita income.

In recent history, Chinese people were constantly fearful of famine and chaos resulting from war; calamities and famine were far from infrequent. "Have you had your meal?" therefore became a popular greeting in lots of rural areas. During the past two decades, however, China has made big strides in its agricultural development. Although the population increased by 270 million during the last two decades, per capita grain output increased from 200 kg during the 1970s to 400 kg in 2000, and exports of cereals and foodstuffs are increasing steadily. Per capita supplies of meat, eggs, seafood, fruit and other non-staples increased by 5 to 10 times during the same period of time. Owing to improved medical treatment, life expectancy has been raised from 67 years in 1975 to the current 71.8 years. In 2003, China's GDP amounted to RMB 11.58 trillion (\$1.40 trillion), and per capita GDP reached RMB 8,900 (\$1,070), four times the amount in 1980. China's imports and exports have also witnessed substantial growth, amounting to \$851.2 billion in 2003, 22 times higher than the 1980 level of \$38 billion. At the end of 2003, foreign currency reserves amounted to \$401 billion. All these figures are greatly satisfying to the Chinese people.<sup>[4]</sup>

The Chinese have good reason to be pleased, but they should not become arrogant on this account. China is still at the initial stage of industrialization, which began about 200 years after it did in Russia and 100 years after it did in Japan, and will remain a low-income developing country for many years to come. Its rural population, 70% of the total, still relies on manual labor with a low level of mechanization. The per capita income of rural people was

<sup>[1]</sup> Zhu Rongji: *Government Work Report*, March 2003

<sup>[2]</sup> Kojima Kiyoshi: *China is One of the Reliable Leaders*. International Economic Review, No. 2, 2003

<sup>[3]</sup> Song J, Yu J Y: *Population System Control*, Berlin: Springer-Verlag, 1988

<sup>[4]</sup> *China Statistics Annals*, China Statistics Annals Publishing House

less than \$300 in 2002, less than one U.S. dollar a day. A comparison of per capita GNP levels in 2003 shows that Japan's per capita GNP was 35 times higher and that of the middle income countries 10 times higher. Assuming that China's economic growth doubles each decade in the future, as the Sixteenth National Congress of the CPC has announced, it will take 20 years to reach a per capita income of \$4,000, with five decades being needed to catch up to half the level of Japan or America.

It is naive to think that China's drive for industrialization will not encounter hurdles. In the twenty-first century, the Chinese people should be well prepared to meet all new challenges and overcome difficulties and troubles. Only by overcoming these will the nation's 1.6 billion people be able to lead a dignified, comfortable life.

It is in China's own interest to learn from other nations, especially from neighbors, maintaining friendly relations with them and never seeking confrontation. Over the past 20 years, the Chinese government has unwaveringly adhered to the principle of mutual understanding, accommodation, and cooperation with all neighboring countries. The government attaches great significance to engaging in friendly cooperation with the US, Russia, and the EU, resolving disputes on the basis of mutual trust and seeking common ground, while putting aside differences, thus creating a favorable international environment in order to sustain economic development. This is the basic state policy of "focusing on economic construction as the central task".

The mindset of many Chinese people is that we should diligently learn from the strong points of all nationalities and countries. All positive achievements in politics, economics, sciences, technology, literature and arts provide worthwhile reference material from which we can learn. Should China become a strong power in the distant future, it still needs to learn from others, rather than becoming complacent. In short, China needs to behave like this, no matter what it achieves in its own development. Most scholars and politicians are in accord with the admonition of the late Deng Xiaoping: the Chinese people should keep a cool head, work hard, be modest, never be tempted to world leadership, and thus pass another 50 years in peaceful industrialization and modernization. The so-called "Chinese threat" and "world's factory" do not accord with the realities and the trajectory of China's recent history, and are nothing short of exaggerations and distortions of actual historical trends.

## 2. Good Neighbor Policy

The Chinese people have a high regard for Japan's

industry. Both its traditional and high-tech industries are highly developed. Having been at a standstill for a while, the economy has recently started to grow. Japan already has the world's second-largest (after the US) GNP (\$4 trillion), making it one of the wealthiest countries in the world.

People still recall that, by the end of the Second World War, Japanese industry had been completely destroyed, the agricultural sector had been devastated and millions of families had been ruined. The Japanese people fought hard to survive despite poverty and hardship during those times. It took only 30 years to achieve a level of development even higher than that before the war. Its emergence as the second-largest economy in the world was nothing short of an economic miracle; a phoenix rising from the ashes, as Buddhism has it. Japan's miraculous achievement attracted the attention of economists throughout the world from the 1980s onwards.<sup>[5,6,7,8]</sup>

China greatly appreciates the considerable support and assistance from Japan that it has enjoyed in the process of its drive for industrialization and modernization. The Chinese are learning in earnest the Japanese spirit of diligence, devotion and courage with regard to innovation and hi-tech development. Many large Japanese corporations - Nippon Steel, Matsushita, NEC, Toyota, Honda, Kyocera, and many others - have set excellent examples for Chinese entrepreneurs and engineers to study and follow.<sup>[9,10,11]</sup>

Ever since China and Japan normalized diplomatic relations, about three decades ago, the Japanese government has provided China with many loans, totaling 2.7 trillion yen, and has provided free economic aid of over 110 billion yen, thus making Japan become the primary source of ODA for China. These funds have been channeled into construction of railways, highways, harbors and airports, environmental protection, education and health care, and have contributed a great deal to China's socio-economic development and the improvement of the people's welfare.<sup>[12]</sup>

The increasing economic and trade cooperation between China and Japan is significant in sustaining the development of both economies. Bilateral trade in 1972 was only \$1.1 billion; it exceeded \$133.5 billion in 2003, an increase of a hundredfold. Japan has been China's largest trading partner for 11 consecutive years, and China has become Japan's second largest trading partner. So far, Japanese investors have invested a total of \$57.5 billion in more than 28,400 businesses in China. Japanese-invested businesses in China have won respect and support from all levels of government in China, as well as from the general public. Past experience has shown that these businesses

<sup>[5]</sup> Encyclopedia Britannica: "Japan". Vol.22, 1993

<sup>[6]</sup> Yan Shanping: *Government and Business in Japanese Economy*, Shanghai Far East Publishing House, 1997

<sup>[7]</sup> Wang Wenhua, Wang Xi: *Miraculous Japan*, Chengdu Map Publishing House, 2002

<sup>[8]</sup> Johnson Chalmers: *MITI and Japanese Miracle: the Growth of Industrial Policy*, 1982

<sup>[9]</sup> Matsushita Konosuke: *My Philosophies of Operation* (translated by Zhou Qiming), Matsushita Industrial Co., Ltd., 1992

<sup>[10]</sup> Inamori Kazuo: *Life and Business Operation* (translated by Ma Xiaomei), 1998

<sup>[11]</sup> Shimada Masao: *Sino-Japanese Relations in the 50 Years Since the Second World War*, Jiangxi Education Publishing House, 1998

<sup>[12]</sup> Ministry of Finance, MOFTEC and Ministry of Science and Technology of PRC: *Achievements of Sino-Japanese Economic and Technical Cooperation -- the 30th Anniversary of the Normalization of Sino-Japanese Relations*, 2002

enjoy excellent levels of profitability.

In brief, over the last two decades, the Japanese people have rendered substantial support for China's economic development and social progress, for which the Chinese people feel heartfelt gratitude.

The Russian Federation is one of China's closest neighbors, and has maintained close and favorable cooperative relations with China for most of the twentieth century. When the PRC was founded, Russia offered decisive support and assistance to China in its efforts to restore the national economy, establish primary industries, and train scientists and engineers. Most of China's primary industrial technologies were introduced from Russia during the period 1950-60. That era of friendly cooperation between China and Russia left an indelible mark on China's modern history and will long be remembered by generations to come. Russia began its industrialization in the time of Peter the Great. Ever since the founding of the St. Petersburg Academy of Sciences (the predecessor of the Russian Academy of Sciences) in 1724, Russia has scored many great achievements in science, technology, and industry, and has made a tremendous contribution to the progress of humankind. Many Russian scientists and engineers are recorded in the annals of world science. With its substantial potential for scientific and technical development, abundant natural resources and indomitable people, I believe that Russia will be a critical partner in economic cooperation for all the countries of Northeast Asia.<sup>[13,14]</sup>

Following the ups and downs of the second half of the twentieth century, Sino-Russian relations have entered a new era. The Treaty of Good-Neighborliness and Friendly Cooperation between the People's Republic of China and the Russian Federation has laid a solid foundation and cleared the way for long-term, close cooperation between the two countries, with mutual benefits. Recent years have witnessed an accelerating in the tempo of cooperation in economic, technical and trade affairs. Bilateral trade has steamed ahead on a fast track of robust growth of over 20% annually. It reached \$15.8 billion in 2003, with record growth of 32%. The development of this trade has also been of substantial significance in driving the economic growth and social progress of the two economies and in fueling the economic development of Northeast Asia as a whole.

The ROK has also experienced robust economic expansion since the Korean War. From the 1950s to the 1980s, it scored notable achievements in introducing technology, developing its own basic industries, incubating high-tech industries and raising the level of its people's welfare. The ROK has thus become an excellent model for developing countries of how to make a successful transition from an agricultural to an industrialized nation. Despite the heavy blow to its economy engendered by the Asian

financial crisis in 1997, the ROK has recovered quickly and entered on a steady growth path. Its per capita GNP rose to nearly \$10,000 by the end of the twentieth century, more than 10 times that of China.<sup>[15,16,17]</sup> The ROK's accomplishments provide highly valuable references - not only for China, but also for many developing countries.

China and the ROK established formal diplomatic relations in 1992, to the wide acclaim of people in both countries and around the world. Since then, the two countries have seen a robust expansion of their close cooperation in all economic, cultural, scientific and technological fields. Bilateral trade stood at \$63.2 billion in 2003, rising 43.4% on the previous year. According to China's official statistics, ROK investors have set up 27,000 businesses in China, with direct investment totaling \$19.7 billion, as of December 2003, thereby positioning themselves as the fourth-largest foreign direct investors in China. Despite the modest size of its population, which, at 47 million, is equivalent to the population of a medium-sized province in China, the ROK has scored remarkable accomplishments in its economic development, and has thus won the respect of the Chinese people and the rest of the world.

China is committed to a policy of maintaining friendly relations with its all neighbors, and has striven hard to develop further friendly and cooperative relations with the DPRK, Mongolia, and the countries of Southeast and Central Asia.

Mother Nature and history have made us neighbors; no force whatsoever on this earth can tear us apart. All of our people have the right to enjoy close and favorable relations with mutual trust and assistance for common development, and are keen to facilitate this.

### 3. Policies on Opening Up the Country

China's rapid economic growth in the past two decades is attributable, to a large extent, to its policies for opening up the economy and carrying out reforms. It is commonly acknowledged that opening up to the outside world leads a nation toward progress, whereas seclusion makes it stagnate and become backward. China remained in isolation from the rest of the world for 400 years during the Ming and Qing dynasties, thereby missing numerous opportunities for development. The opening-up of the country has enabled China to adopt numerous generic and appropriate technologies, rather than starting from scratch. It enables industrial and technical communities to forge ahead with their own innovations from a higher starting point and catch up with state-of-the-art technologies in a short space of time.

It has long been acknowledged in the natural sciences that any system can develop or grow to a higher level only in an open environment that allows the system to exchange energy, substances and information with the outside world.

<sup>[13]</sup> Song Jian: *Trends in Going Abroad to Study Over the Last Century*, Science and Technology Daily, February 12, 2003

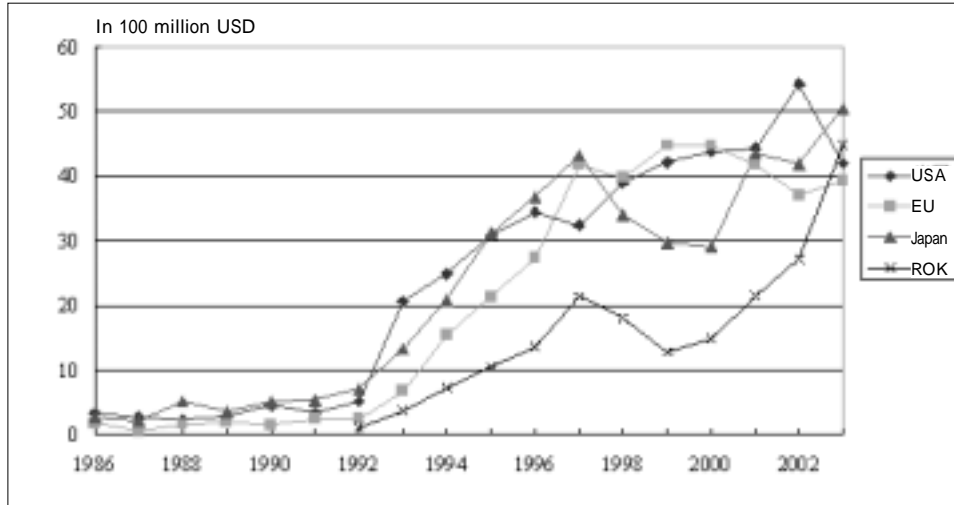
<sup>[14]</sup> Song Jian: *Centennial Objective*, 150-152, Atomic Energy Publishing House, 2002

<sup>[15]</sup> Choi Hochin (Cui Hengxie), *South Korea's Strategies for Technical Development in the 21st Century*, report delivered at the Beijing Development Strategy Forum, March 23, 1999

<sup>[16]</sup> Cho Lee-Jay and Kim Yoon Hyung: *Economic Development in the ROK: A Policy Prospective*, Honolulu, East-West Center, 1991

<sup>[17]</sup> *World Development Report (2000/2001)*, World Bank, 2001

FDI from the EU, Japan, the ROK and USA in China from 1986 to 2003



This is the second law of thermodynamics. By contrast, a closed or isolated system decays and degrades into disorder. This universal law of nature turned out to be applicable to social systems as well. This was the reason why the Chinese scientific community voiced their strong support for the opening-up policy. They believed that the trend of globalization would bring about an even better, more open environment for the nation's development and for scientific and technological progress therein.

Over the past two decades, China has made use of \$500 billion in foreign direct investment (FDI), and recently over \$40 billion per year. This FDI can be viewed as a kind of infusion of energy. In 2003, China's foreign trade stood at \$851.2 billion. This is a process of exchanging with the outside world energy, raw materials, and products. By the end of 2003, foreign investors had established 460,000 businesses, creating employment opportunities that equated to over 23.5 million jobs. In terms of investment volume in China's mainland, Hong Kong and Macao ranked first among the investors in 2003, followed by Japan (third), the ROK (fourth) and the US (fifth). The following chart reflects FDI from major countries/regions during the past 18 years.<sup>[18]</sup>

The Chinese people benefit most from neighboring countries. Non-trade exchanges and communications between people stand out as an indispensable channel for the exchange of knowledge and information. In this context, the development of tourism among neighboring countries has great significance. In recent years, we have witnessed a steady increase in the number of tourists coming to China from other Northeast Asian countries. In 2001, for instance, 2.4 million from Japan, 1.7 million from the ROK, and 1.2 million from Russia visited China for sightseeing, accounting for 50% of all foreign tourists. This has played an important role in developing friendly relations with our neighbors. Over the last 20 years, more than 1 million foreign professional experts have been invited to work in China, with more than 0.1 million Chinese going abroad each year for study or work purposes.

The three northeastern provinces of China have a high

regard for the late Mr. Shoichi Hara of Hokkaido. Despite his advanced age, he went to the northeastern provinces to spread his new method of rice cultivation voluntarily over a period of 15 years, contributing a great deal to the increase in the region's rice production. Heilongjiang Province has become one of the largest rice producers in China. The Chinese government and people have expressed their heartfelt appreciation to Mr. Hara and bestowed various awards on him, in recognition of his great contribution. After he passed away in 2002, people organized mourning activities in his honor.

The Longtouqiao Reservoir Project, which was part of the Heilongjiang Sanjiang Plain Program, was implemented with a loan of 3 billion yen, arranged by the Niigata Japan-China Friendship Association. At the invitation of Vice-Premier Wang Zhen, Mr. Tozaburo Sano of Kamedago, Niigata Prefecture volunteered to help China to transform marsh land into productive, agricultural land, and made this project a great success after 25 years of strenuous efforts. During this process, Niigata and Heilongjiang formed strong ties of friendship, concluding a treaty establishing a sister-province relationship between the two.

With the assistance of JICA and the Japan Silver Volunteers' Association, many retired Japanese have volunteered to come to work in China, lending their assistance to China's economic development and the training of its young people. So far, 60,000 Japanese experts have come to work in China each year, bringing not only professional expertise but also a strong sense of commitment, and they have won the heartfelt respect of local people.

#### 4. Prospects for the Tumen River Area

In 1991, China started to implement its opening-up policy in the Tumen River area. Initiatives on the part of the Northeast Asia Economic Forum, the UNDP, and other UN organizations have contributed to some notable accomplishments. In 1992, the central government gave the go-ahead to the *Development Plan for the Tumen River and Hunchun Area*, and subsequently, the *Program for the Development of the Tumen River Area* and the development

[18] Figures provided by the Ministry of Commerce, 2003

scheme to be implemented during the Tenth Five-Year Plan, which was formulated by Jilin Province and approved by the central government.

On the basis of the proposal set forth by the Northeast Asia Economic Forum, the *Agreement on the Establishment of the Tumen River Area Development Coordination Committee* was signed in 1995 by China, the DPRK, and Russia. At the same time, China, the DPRK, the ROK, Mongolia, and Russia signed the *Agreement on the Establishment of the Consultative Commission for the Development of the Tumen River Economic Development Area and Northeast Asia* and the *Memorandum of Understanding on Environmental Principles Governing the Tumen River Economic Development Area and Northeast Asia*. These documents have laid the legal foundations for cooperative economic development between the neighboring countries.

Since then, Chinese government bodies at all levels have made great efforts to achieve development in the area, investing more than RMB 5 billion (more than US\$600 million) in the construction of port, energy supply, transportation and communications facilities. The Hunchun-Kamyshovaya Railway has been partly connected to the domestic network, achieving an annual cargo capacity of 0.8 million tons. The newly built Hunchun and Quanhe Inspection Buildings boast an annual capacity of 0.6 million passengers and 0.6 million tons of cargo, and the Hunchun Highway, railways, and ports have been built as complementary facilities. The Changchun-Hunchun Expressway is still under construction, but part of it is already open to traffic. The expansion of Yanji Airport has been completed, with a new runway for large aircraft and an annual passenger capacity of 1.3 million. The newly opened highways and railways linking China, Russia and the DPRK, the airline route linking the region to the ROK, and five intermodal land and sea through-transport corridors are all already operating well, including one for passengers and cargo from Hunchun to Sokcho via Zarubino.

In May 2002, the Chinese Premier and the Russian Prime Minister signed an agreement for the joint development of through transport on the Hunchun-Kamyshovaya line; the Jilin Northeast Asia Railway Company immediately offered a loan to the Russian company for the reconstruction of railway facilities. Russia's Ministry of Communications has delivered instructions for cargo transportation via the Hunchun-Makhalino (Kamyshovaya) Railway and its Ministry of Foreign Affairs has given the go-ahead for negotiations about the possibility of Jilin Province leasing facilities at Zarubino Port. There are ten cooperative projects involving the DPRK and the ROK to reconstruct the railway facilities in Northeast Asia, with all either being carried out or in the planning stage. All of these projects would provide a great boost to the economic growth of Hunchun and Yanji, which in turn will hasten the economic development of Jilin Province and Northeast China as a whole.

The central government and that of Jilin Province have attached great significance to the development and opening up of the Tumen River area, deeming it to be a major cornerstone of regional cooperation in Northeast Asia. Jilin Province has enhanced its capabilities and performance and is trying to make full use of state-granted preferential

policies, playing a major role in the development of the countries of Northeast Asia in the twenty-first century. The provincial government is conducting research into such important issues as the regional economy, making earnest efforts to work in collaboration with counterparts in neighboring countries, in order to set forth suggestions and proposals that will enable governments to make suitable policy decisions in the future.

In the vicinity of the three provinces of Northeast China are the fast-growing areas of Hebei, Shandong and Tianjin, as well as the extensive region surrounding Bohai Sea. They are enthusiastically looking forward to becoming part of the Northeast Asian Economic Cooperation Zone (NAECZ). With a total population of 260 million, these provinces may serve as a reliable hinterland for the zone and contribute a great deal of vitality to increase its prosperity.

According to my understanding, the Chinese government's intentions concerning the accelerated development of the NAECZ may be summarized as follows:

(1) It is hoped that the Secretariat of the UNDP's Tumen River Area Development Programme and the NEAEF will be able to organize a working group to draft a plan for the Hunchun-Khasan economic cooperation zone; a plan for economic and trade cooperation in the Tumen River area between China, the DPRK and Russia; a plan for the Hunchun-Rajin economic and trade cooperation zone between China and the DPRK; and a plan for the transnational economic cooperation zone between China and Mongolia. Commonly agreed policies and regulations are expected to be worked out for the region, to encourage the countries concerned to sign bilateral or multilateral agreements on investment and trade; to enhance the construction of traffic facilities and their connection with the existing traffic network; and to nudge the Northeast Asian countries into making joint efforts to develop tourism, thus strengthening links between their economies.

(2) It is hoped that the UNDP Tumen Secretariat and the NEAEF can contribute to the formulation of unified policies and plans to forge ahead with general trade, border trade, transit trade, and processing trade, building solid foundations for the Tumen River Area of Economic, Technical and Trade Cooperation during the period 2005 to 2008.

(3) A Consultative Committee for the Japan Sea Rim Economic Zone, and a regular meeting mechanism of local heads of governments should be set up before 2010, followed by the founding of a committee for promoting cooperation under the auspices of the Northeast Asia Economic Forum, whose role would be to encourage relevant countries to sign bilateral or multilateral agreements on free trade in the Northeast Asian Free Trade Zone.

(4) It is hoped that the Japanese government can be persuaded to become a formal part of Northeast Asian regional economic cooperation organizations. We hope that the governments of Niigata, Toyama, Akita, and other prefectures located in the Japan Sea area will take the lead in planning Northeast Asia's economic development, becoming a powerhouse driving the economic growth of the Japan Sea rim in the twenty-first century.

(5) It is hoped that the UNDP, ESCAP, and other UN

organizations will assist the six Northeast Asian countries in seeking international resources and funding for local infrastructure construction and economic development. We propose that the World Bank and the Asian Development Bank become involved in the development of the region.

In my personal opinion, building a waterway from Fangchuan to the Japan Sea is still an option. The Belgian port of Antwerp is a successful example of a similar project; a waterway was built to connect it with the sea, 85 kilometers away, and the port has become the second largest in Europe.

A decade of experience tells us that there are a number of hurdles still to be overcome. The countries concerned have not worked out a uniform joint scheme for regional development, and only a handful of large projects have been confirmed so far. Moreover, few nations have established efficient management mechanisms after the relevant agreements were signed. As a result, it takes a long time for any transnational cooperative project to be implemented. The bottleneck stems from the fact that mutual trust among the countries and regions is insufficient. Once trust is established between them, a solid basis will be laid for the settlement of all problems.

### 5. Mutual Trust as a Prerequisite for Cooperation and Common Development

The Northeast Asian countries have diverse historical backgrounds and are at different stages of development. However, regional politics and modern history are a yoke constraining the countries of Northeast Asia, while binding them together inexorably. There was unspeakable tragedy, grief that cannot be assuaged, acts for which restitution cannot be made and a history of senseless conflict. All the peoples of these countries have suffered from the disasters and sacrifices caused by the Second World War, the Cold War, domestic setbacks, and various other hardships during the twentieth century. This historical heritage will be remembered and carried forward, for good or bad, by many future generations to come. Nevertheless, all the people of the region have learned lessons and gained a deeper understanding of the events of the past through their own experience. They have looked for new ways of life and affirmed new objectives for their future: peace and development.

The sufferings of the twentieth century have led all the people of Northeast Asia toward the following shared aspirations:

- To resolutely oppose aggression and instead seek development in a peaceful environment
- To discard enmity and maintain good neighborly relations
- To facilitate cooperation in the fields of the economy and science and technology
- To increase the welfare of the people.

These form the shared basis from which common

prosperity can be achieved.

Geopolitics and shared aspirations have resulted in the people of Northeast Asia coming to hold many interests in common. ERINA and the Northeast Asia Economic Forum have been studying these issues in depth for the past decade.

How to guarantee sufficient supplies of energy in the twenty-first century is a critical issue that will affect the future development of Japan, the ROK, and China. Instead of relying on the Middle East, the countries should exert joint efforts to exploit the region's own oil, natural gas, and hydroelectric resources and to establish an adequate transport system to ensure a secure energy supply for the sustainable development of all of the countries of Northeast Asia.<sup>[19,20,21]</sup>

Environmental protection and the preservation of the ecosystem are of growing concern to everyone in Northeast Asia. The dust storm that occurs each spring, originating in part in Siberia and Central Asia, and gaining strength as it passes across Xinjiang and Mongolia, is damaging to the environment in which the people of Northern China, Japan and the Korean peninsula live. It is believed to be caused by the atmospheric circulation system in the northern hemisphere and is the result of continuing ecological degradation and deterioration. Solving this kind of environmental problem is definitely a large-scale task that cannot be accomplished without regional planning and joint system-engineering measures being implemented by all countries concerned.

Economic globalization - an irresistible historical trend - is the outcome of phenomenal progress in science and technology. The boom in the communications industry has further expedited the process. One of the critical factors that will enable the countries of Northeast Asia to make the fullest use of their strong points and advantages in competition in the global marketplace is the establishment and maintenance of unobstructed communications systems between them and with the rest of the world. The detailed studies on highways, railways and other transportation issues that have been carried out by our colleagues at ERINA are extremely important and instructive.<sup>[22]</sup> We sincerely hope that the UNDP and the Northeast Asia Economic Forum will forge ahead in requesting all parties to accelerate the pace of their efforts to create the necessary conditions for the final goal: the establishment of a free trade area (FTA) in the near future.

Enhancing mutual understanding and trust among governments and peoples, and making a firm collective decision to engage in close, friendly cooperation are the prerequisites for common economic development and social progress in Northeast Asia in the twenty-first century. All governments are asked to take effective measures to promote exchanges and direct communications among their peoples, nurture a sense of mutual trust and understanding, boost cultural and technical exchanges,

<sup>[19]</sup> Ivanov V, Sergachev D and Oguma E: *Overview of the Second International Workshop for Energy Security and Sustainable Development in Northeast Asia*, ERINA Report, Vol.46, June 2002

<sup>[20]</sup> Li Guoyu: *Russia's Abundant Oil and Natural Gas Resources and its Energy Diplomacy*, World Petroleum Industry, No.6 of 2001, 11-13

<sup>[21]</sup> Li Guoyu: *Energy Supply in East Asia*, China Petroleum, No.9 of 2001, 9-11

<sup>[22]</sup> ERINA, *Vision for the Northeast Asia Transportation Corridors*. Vol. 1, 2002

provide each other with access to tourism markets, improve the relevant laws and regulations, and facilitate open border trade.<sup>[23,24]</sup>

The ancient sages Confucius and Mo Tzu (BC 468-376) wrote systematically and at length on the ethics underlying East Asian civilization. Confucius's motto of "Do not do to others what you would not wish them to do to you" has become a Golden Rule, universally acknowledged the world over. Mo Tzu set forth the precepts of "unconditional love and mutual benefit" and "love others before loving yourself".<sup>[25]</sup> The renowned British scientist Joseph Needham (1900-1995) noted that, "Mo Tzu started to advocate the theories of 'unconditional love or philanthropy' as early as the fourth century before Christ, and is highly respected by everyone". British historian Arnold Joseph Toynbee (1889-1975) pointed out that, "Mo Tzu's doctrine on altruism is the forerunner of the theories against war of aggression". At the beginning of the twentieth century, Sun Yat-sen and other Chinese revolutionaries deemed Mo Tzu to be "the first master of equality and philanthropy in the world" and ranked him alongside George Washington and Jean-Jacques Rousseau as the one of the greatest men in the world. The doctrines of Confucius and Mo Tzu on fraternity and philanthropy

have exerted a profound and far-reaching influence upon the Chinese and other East Asians for millennia, and are being accepted by an increasing number of people throughout the world today. I hope the governments and peoples of Northeast Asia will build fraternal relations with their neighbors according to the "unconditional love and mutual benefit" doctrine, and will thus become reliable partners in the twenty-first century.

It is gratifying to note that, during the decade since they were founded, ERINA and the NEAEF, with the guidance and strong support of the UNDP and other UN organizations, have contributed a great deal to tackling the various matters I have mentioned, and have helped to pave the way for Northeast Asia's common development in the twenty-first century. They have gained much new experience in securing the involvement of governments through non-governmental activities. On this occasion, I would like to extend my heartfelt appreciation and respect to those working at ERINA and the NEAEF. We owe much, especially to Dr. Lee-Jay Cho, the founder of the Forum, who has striven to use his academic knowledge and ability for the good of the Asian peoples. My respect also goes to our friends in the UNDP and ESCAP who have offered so much guidance and help to us.

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<sup>[23]</sup> Kimura Ichizo: *New Phase of Sino-Japanese Relations*, Fortune, October 22 of 2002, 108-112

<sup>[24]</sup> Koh Tommy: *Stories of Asia and Europe*, World Science and Technology Publishing House, 2001

<sup>[25]</sup> Sun Yirang: *The Mo Tzu Doctrine: A Collection of Doctrines of Ancient Chinese Scholars*, Volume 4 (I), Shanghai Bookstore Publishing House, 1986