

Session A: Seamless Logistics in Northeast Asia

There were approximately 100 participants at Session A. The "seamless" in the title for the session means "having no seams or joints." In general, in the process of distribution from the consignor or producer to the consignee or consumer there exist "points of discontinuity" where cargo transportation halts. For example, these include the transshipment between different modes of transportation such as from railways to ships, and the customs inspections at international borders. A situation where there are no such discontinuities is the state where "seamless logistics" has been realized. While actually realizing complete seamlessness is difficult, exploring the best way to get as close as possible thereto was the objective of this session.

Of the total of four reports, two were reports from the viewpoint of international organizations involved in multilateral cooperation, and the other two introduced case examples of international multimodal transport using containers.

Nataliya Yacheistova, Director of the UNDP Greater Tumen Initiative Secretariat, introduced the detail of the activities in the transport sector within the framework of the Greater Tumen Initiative (GTI). In the GTI they have designated the transport sector as one of five major sectors. The "GTI Transport Board", which was established in order to promote cooperation in the transport sector, is planned to hold its first meeting in July 2010. At the "GTI Transport Workshop (December 2009, Hunchun City)" the importance was shared of promoting the streamlining of legal systems and procedures and of regional cooperation in the area of Northeast Asian transport.

Biswa Bhattacharyay, Special Advisor to the Dean, Asian Development Bank Institute (ADB), reported on research outcomes connected with the development and upgrading of "Infrastructure for a Seamless Asia" which the ADBI carried out. In that research they took as their research subject the regional infrastructure in Asia to 2020 (including both "hard infrastructure" and "soft infrastructure"). For the development and upgrading of infrastructure in the Asian transport, communications and energy sectors during 2010-2020, it was found that investment of US\$750 billion per year would be needed. In addition, he concluded that it was necessary to have pan-Asian infrastructure strategies for prioritizing investment and the coordination of policy.

Akichika Ikeda, Deputy Manager, International Cargo Development Department, Japan Freight Railway Co., Ltd. (JR Freight), introduced the international logistics business utilizing railway containers which JR Freight is developing. The company is offering high-speed services between Japan and China and between Japan and the ROK, using 12-foot containers. Within this, in the service between Japan and the ROK, they are offering a "rail-sea-rail" service, carrying out transportation by rail within both countries. 12-foot containers are not the international standard, and this is an impediment to the expansion of services to become multilateral.

Hisako Tsuji, Researcher, ERINA, introduced the latest situation and issues for international container transportation utilizing the Trans-Siberian Railway. It was estimated that Trans-Siberian Railway container transportation fell by

half in 2009. The problems that this route has are that price competitiveness is low, that improvement in the coordination of the parties involved is necessary, and that the frequency of shipping services from Japan is low. What will have attention focused on it will be the container transportation connected up to the railway lines of China and Russia, and the rail transportation of finished cars which are unloaded at Russian Far Eastern ports, including the port of Troitsa.

Following the four reports, the "development and upgrading of soft infrastructure" was discussed. Soft infrastructure is the legal system, business practices, and additionally the firms offering logistics services and the related government organs. Whereas in each of the countries of Northeast Asia the development and upgrading of hard infrastructure has been progressing to a fair degree, the situation has become pronounced wherein the realization of seamless logistics is being hampered because of the constraints in the area of soft infrastructure. For example, as the formalities at the time of customs clearance are complex, there are cases of it costing time and money.

The awareness of problems, with the development and upgrading of soft infrastructure being insufficient—as pointed out by the four reporters—is widely shared. The development and upgrading of soft infrastructure, however, is no easy matter. For hard infrastructure, if there is the provision of funding it will progress, but for the development and upgrading of soft infrastructure, instead of needing a colossal amount of funds, time and effort is necessary. The complex intertwining of the interests of many of the related parties is a problem.

Consequently, a way of thinking has emerged of drawing out commitment at a high level using a multilateral cooperation framework, and with this as a springboard, attempting to promote the development and upgrading of soft infrastructure. Biswa Bhattacharyay, based on the example of the Greater Mekong Subregion (GMS), indicated the importance of a formal framework. Nataliya Yacheistova noted the point that discussion on various issues is possible within the framework of the GTI.

On the other hand, the process of multilateral cooperation has the substantive flaw of easily becoming inefficient. As the number of the participating interested parties grows larger, to that same degree the relations among the vested interests become more complex and it takes more time to achieve a conclusion—and the problem emerges of the conclusion which was achieved becoming thinner on substance.

The important thing is how to eliminate the inefficiency. The sharing of a well-defined vision, at a high level, is necessary. At the same time, making maximal use of existing frameworks, and also avoiding new operational and administrative costs from arising, will probably be effective. As stressed at this conference last year also, the GTI is an important platform for the promotion of seamless logistics in Northeast Asia, and we should give careful consideration to the practical utilization thereof.

ARAI, Hirofumi
ERINA
[Translated by ERINA]