

Summary and Proposals

Session A: Approaches toward Cooperation on Energy Conservation in Northeast Asia

1 . Energy conservation is also an "energy resource"

- 1 The mutual seeking of energy resources does not lead to bilateral and multilateral confrontation, but to a breakthrough in the promotion of cooperation.
- 2 Northeast Asia is a region with huge potential regarding the transfer of energy-conservation technology.
- 3 In Northeast Asia, the major elements are all at hand for considering energy security in the 21st century-including the increase in energy demand, the potential for energy conservation, and the existence of diverse energy-conservation technologies. For each country of Northeast Asia the direction of intraregional cooperation must share a will and responsibility, with a basis of reaching a solution of global energy problems and the environmental problems directly linked thereto.
- 4 In terms of energy consumption the five nations of China, Japan, the ROK, Russia, and Mongolia alone exceed the United States in scale, and the potential for reduction is sufficiently large.
- 5 Northeast Asia, as the world's factory, has a large share in the global markets for automobiles, ships and household electrical appliances, and the contribution to energy conservation via investment built around energy conservation is large. It is also an obligation.

2 . The participants in this session have agreed on the following points:

- 1 For the promotion of energy conservation, emphasis on market cost and business profitability is vital. Strengthening is necessary of domestic incentives by the governments of each country, however.
- 2 There is a necessity for the governments of each country to proactively develop "energy-conservation diplomacy."
- 3 Regarding the transfer of technology in the energy-conservation field, it is not necessarily the case that the newest technology is needed. The publication and updating of information, as to what price scale of technology is necessary in which sectors at the country level, is a pressing matter.
- 4 In many countries the four areas of electricity, steel, cement, and oil and petrochemicals comprise the majority of carbon dioxide (CO₂) emissions, and they have been privatized or are in the process of being privatized. The role of government is improving the investment environment, including the problem of funding, to allow the private sector which is a major source of CO₂ generation to play a major role.
- 5 International cooperation through the energy-conservation field has transcended the divisions between the producing and consuming countries, secures the mutual economic benefit of the producing and consuming countries, and also contributes to the resolution of the environmental problems inside and outside the region.
- 6 In order to maintain a fixed standard of living, despite the supply and environmental constraints, a sufficient supply of energy is necessary. The promotion of energy conservation, overcoming these restraints, can lead to benefits for all enterprises, countries, and people.
- 7 The current economic crisis, when promoting energy conservation in Northeast Asia, is not so much a problem, but rather changes the economic structure of each country and is a good opportunity to raise efficiency. This, if seen from the perspective of an energy-saving and environmentally-friendly energy societal structure, is a golden opportunity.
- 8 Energy and environmental problems are important issues in global common national education and home education, and the countries of Northeast Asia should also take the lead and acknowledge this.
- 9 The specialists from the countries concerned make their aim the early realization of the above details, and in each of the countries respectively, they have to proactively undertake awareness campaigns in order that central and local governments accelerate collaborative work.

[Translated by ERINA]

Summary and Proposals (Research Reports)

Session B: Northeast Asian Food Security

For the "Northeast Asian Food Security" session, in its second year continuing on from the previous time, reports were made on case examples and research connected to food industry clusters and regional stimulation. Case examples were introduced of the links between the food industry and agriculture, or food industry clusters, being formed in various countries and regions around the world, and in each of the case examples it was shown that there is potential for the food industry clusters to invigorate the food industry and agriculture of the region, and in turn the entire socio-economic fabric. There were reports abounding in suggestions for the "International Food Cluster Formation in Northeast Asia", prearranging proposals for the session next time around.

For the first half of the session the current situation of food industry clusters in less developed countries and in Japan was reported in keynote reports. Firstly, Professor Ewa Bojar of Lublin University in Poland, with a title of "The Clusters, and the Foreign Direct Investment Inflow and Its Impact on the Labor Market in Less Developed Regions", spoke on the role that the Hop and Ecological Food Clusters in Poland play within regional economies. In Poland clusters stimulate innovation, increase the competitiveness of individual businesses, attract foreign direct investment, and are creating employment.

Next, Professor Osamu Saito of the Graduate School of Horticulture, Chiba University, with a title of "Food Industry Clusters in Japan: Food Systems Linking Food and Agriculture", reported on the current situation of and challenges for Japan's food industry clusters. In Japan, the "Basic Plan for Food, Agriculture and Rural Areas" was reviewed in 2005, and the Ministry of Economy, Trade and Industry had also just begun to tackle the linking of SMEs and agricultural producers via the "agriculture and commerce and industry partnership initiatives", yet the impact to date has been small, and he said that in the future the formation of food industry clusters was necessary which addressed among other things: the industrial linking of food and agriculture; the development functions of experimental and research institutions; and governmental policy support. In particular, he proposed the formation of networks in which other industries and diverse forms of business conduct interchange, and the formation of clusters which have integrated the supply and value chains.

In the second half, reports were made on case examples of food industry clusters in various regions of China, the ROK and Japan. Firstly, Professor Lily Kiminami of the Niigata University Graduate School of Science and Technology reported, with a title of "International Linkages and Cooperation in China's Rural Development and Food Industry by Means of a Cluster Strategy". Initially, regarding the collaborative research by ERINA, Niigata University, and Tokyo University which forms the base of this session, the making of practical proposals was explained relating to the formation of international food clusters conducive to food security and economic links in Northeast Asia in the future. Additionally, it was reported that the results, of the analysis of the case examples of the Shanghai Vegetable Cluster and the Xinjiang Hop Cluster, and of the analysis of a questionnaire on the project linkages in Niigata Prefecture and Heilongjiang Province, were that cluster formation is applicable as a vehicle for rural and societal development and that project linkages promote the growth and improvement of competitiveness of businesses.

Next, Professor Lee Byung-Oh of the Department of Agricultural and Resources Economics, College of Agriculture and Life Science, Kangwon National University, ROK, with a title of "The Present Situation of Food Industry and Cluster Policy in Korea", reported on the course of development of food industry clusters in the ROK and the trial in Gangwon-do. In the ROK, under a concept to lead the way in the development of the food industry as a whole, they are creating the national food cluster in Iksan City, Jeollabuk-do, with an investment of approximately one trillion won from 2009 to 2015. By region, as regional agricultural cluster projects, food industry clusters are being fostered which make the best of regional specialties. He proposed that in Gangwon-do also they should promote the improvement of security and added value in differentiation and sales channels via the diversifying of project content, such as traditional food products, local food products, foods with health-promoting benefits, foods for the elderly, foodstuffs, and exports.

Lastly, Teruya Morishima, Senior Researcher at the National Agricultural Research Center for Hokkaido Region, with a title of "The Attempt to Form a Soybean Cluster in Hokkaido", reported on case examples of clusters in Japan's regions. Although Hokkaido is the largest area of soybean production, constituting approximately a quarter of the national total, it has undertaken development modeled on the shipment out of produce for a wide variety of agricultural and marine products, and not just soybeans. Consequently, increasing the degree of processing in Hokkaido and creating added value is a challenge for regional economic revitalization; they have deepened the links between the agricultural and fisheries industry and food-related industries within certain geographic areas; and in order to generate new products and business, the attempt to support with policy the formation and development of food industry clusters is being carried out in various areas. The "A" Soybean Cluster (Sapporo Urban Area) was set up in 2001 in a policy initiative, the network of enterprises connected to it has expanded, and product development has also progressed. It was suggested that there is potential for linking to the creation of new projects in various areas in the future also.

(NAKAMURA, Toshihiko, Research Division Director, ERINA)

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Summary and Proposals

Session C: Schemes for Northeast Asian Environmental Cooperation in the Post-Kyoto Protocol Period

Amid the ongoing discussion leading to the Post-Kyoto Protocol arrangements, discussions at this session examined various approaches toward cooperation schemes for the reduction of greenhouse gases in the Northeast Asian region. Mr. Masachika Suzuki, Associate Dean of the Graduate School of International Management and moderator of the session, indicated that 2009 is a very critical year in the international climate regime as the world community will decide the post-2012, or post-Kyoto, climate regime at the upcoming meeting in Copenhagen later this year. The panelists indicated that being a unique combination of Annex I and Non-Annex I countries, the Northeast Asian region can lead international cooperation on climate change mitigation and adaptation. In terms of total emissions, this region constitutes at least one quarter of global emissions. Therefore effective regional cooperation in Northeast Asia may push forward global efforts toward moving to low-carbon, sustainable societies.

A number of policy options are being proposed in the post-Kyoto period, including continuation of the Kyoto approach, a dual intensity target approach, a sectoral approach, a per-capita-emission approach, a sustainable-development policies-and-measures approach, and a co-benefit approach, etc. There is unanimous understanding that whether Annex-I countries or Non-Annex-I countries, the countries in the Northeast Asian region are making efforts to reduce GHG emissions through implementing various policies and measures domestically and in cooperation with the international community. The Northeast Asian region has already started to observe changes in its climate. Therefore, along with the mitigation efforts, adaptation efforts are necessary to cope with further climate change; and cooperation among the countries in the region must be enhanced in both the mitigation and adaptation areas.

The participants underlined that the participation of developing countries in the post-Kyoto period is crucial in designing the post-Kyoto regime. However, the scheme needs to consider the national circumstances and the real capabilities of all developed and developing countries. Also, it should explore to continue and improve the market-based mechanisms, such as CDM and emission trading, in the post-Kyoto regime. Also, it was indicated that there is a great potential to develop a carbon market in the Northeast Asian region as the major suppliers and buyers are located here. This market can be a potential intermediary between the existing and future emission trading schemes, and cooperation among these countries is the key to developing this market.

The participants reiterated that there is great potential for developing CDM project activities in the Northeast Asian region including renewable energy projects, such as wind, hydro and solar energy, and energy efficiency improvement projects. Based on the experiences in implementing CDM projects during the past several years, it needs to draw lessons to further improve the mechanism in the post-Kyoto period. One approach is to provide preferential treatment to the projects that will meet the development needs of the developing countries, while reducing GHG emissions. In the context of the co-benefit approach, which is being proposed and promoted by Japan, the national or local needs to develop and the global needs to mitigate and adapt to climate change can be simultaneously achieved.

Based on the above discussions, the participants put forward the following proposals:

- The cooperation among the countries in the Northeast Asian region must be enhanced both in the mitigation and adaptation efforts to cope with climate change;
- The countries in the region shall explore development of a joint carbon market in the Northeast Asian region. With respect to project-based activities in the market (CDM/JI projects), the activities that meet the sustainable development goals of the countries shall receive a higher priority in the implementation of the projects in the post-Kyoto period;
- In the policy design of the post-Kyoto regime, we shall explore different possibilities beyond the continuation of the Kyoto approach. In this effort, it is important to pay attention to the national circumstances as well as the respective capabilities of the countries;
- We shall explore to continue and improve the market-based mechanisms, such as CDM in the post-Kyoto regime.

Summary and Proposals

Session D: Seamless Distribution in Northeast Asia

Monumental movements have been afoot for Northeast Asia. In China's Northeast the "Revitalization of the Northeast Old Industrial Base" has been promoted since 2003, and in 2007 the "Northeast China Revitalization Plan" was formulated. Such things as the reform of state-owned enterprises and infrastructure development have been energetically furthered. In the Russian Far East the "Program for the Economic and Social Development of the Far East and Zabaykalye" was formulated in 2007. Such things as the construction of the crude oil pipeline from eastern Siberia to the Sea of Japan and the development of infrastructure in Vladivostok in preparation for the APEC summit scheduled for 2012 are proceeding apace. In Mongolia, while there are attempts to get underway the development of the substantial subterranean resources in the eastern and southern areas, the development of infrastructure required for it is lagging behind. In Japan the "realization of a seamless Asia" under the Koizumi cabinet has become a major policy issue, and policy development is being planned with "seamless distribution" taken as the key-term.

Against such a backdrop, the main objective of this session was taken as that the concerned parties, after ascertaining the state of affairs of each country's initiatives toward the "rendering seamless" of Northeast Asian regional distribution, discuss the issues to be tackled in the future.

There were seven reports at the session. In the four reports in the first half of the session the subjects of the "Suifenhe Transportation Corridor" and "Tumen River Transportation Corridor" were taken up. These are both included in the nine transportation corridors which ERINA proposed in 2002. For both corridors the development of infrastructure is incomplete at the present time, and the level of utilization has stayed at a low level. These are, however, routes which link the countries of Northeast Asia via overland-and-maritime combined multimodal transportation, and it is possible to rank them as pacesetting projects in promoting international cooperation.

From Mr. Purevbaatar of the Mongolian Railway Authority, there was a report on projects to continue promoting the development of railways in the eastern part of Mongolia while linking it to the development of subterranean resources. He said that the selection of the gauge for the railways was a great problem. If they consider connecting up with Russia then it should be broad gauge, and if with China then standard gauge, and this is a thorny problem.

In the report prepared by Mr. Cui Jun of the Tumen River Area Development Administration of the People's Government of Jilin Province, there was an introduction of the current status of infrastructure development linking Changchun and the Tumen River Area, and in addition proposals on cooperation in the areas of the cultivation of human resources and the procurement of funds.

In the report prepared by Mr. Victor Gorchakov of the Primorsky Krai Assembly, the development strategies were explained for the Primorsky Krai ports which will become nodes of sea-land transportation routes. The Russian government took the initiative and under a major policy attempting to construct regional transportation logistics systems in this region attempts are being made for responses to be promoted in the upgrading of ports, the development of the infrastructure backing them up, and in "software" terms.

From Mr. Baeg Seong-Ho of the Northeast Asia Ferry Co., Ltd., ROK, there was a report on the effectiveness of the ferry route which will link Niigata with Sokcho and Zarubino (Troitsa Port) for which preparations are progressing toward the commencement of services.

In the second half, there were introductions from three persons involved in international cooperation in the transportation sector in Northeast Asia, including on the current state of play of the respective initiatives.

From Mr. Naoto Takahashi of the Distribution and Logistics Policy Division of the Ministry of Economy, Trade and Industry, Japan, there was an introduction of the initiatives toward improving competitiveness in international distribution via public- and private-sector coordination in Japan, and additionally of the three countries of Japan, China and the ROK promoting cooperation in the area of distribution.

From Mr. Ahn Byung-Min of the Korea Transport Institute there was a report on the improvement project for the railway between Rajin in the DPRK and Khasan in Russia. In addition there was also an introduction of ROK companies promoting cooperation in Suifenhe in China, etc.

In the report prepared by Ms. Nataliya Yacheistova of the Greater Tumen Initiative (GTI) Secretariat, there was an introduction of the promoting of the preparation for the establishment of the Transport Board within the framework of the GTI.

Subsequently, we undertook discussion, including the floor. That the existence of the DPRK is a problem-regarding the delay in progress on the Tumen River project, which attracted attention-was thrown into relief.

Via these reports and questions and answers we were able to garner a lot of information. Summing up the whole, the following four matters of importance can be highlighted.

- 1 The importance of the "Tumen River Transportation Corridor" and the "Suifenhe Transportation Corridor." They become models of environmentally-responsive distribution through shortening transportation distance. In addition, they can also be rated as test cases for international cooperation.
- 2 The importance of central governments' political will and comprehensive policy development. Many public- and

private-sector stakeholders inside and outside the country are involved in the rendering seamless of distribution. Hence comprehensive policy development is required, and to that end political will at high levels is important.

- 3 The mitigation of risks for private-sector enterprises. Such things as the stable operation of customs and quarantine (CIQ) regimes and support in the initial stages for the collection of goods are required. The ROK government, in cases where private-sector logistics firms work on infrastructure projects abroad, has established a support fund.
- 4 "Rendering seamless" is synonymous with the elimination of points of discontinuity. Even where expressway and railway infrastructure are developed, if the holding time at borders or ports is long, then the service level will drop. The improvement of the capacity of border crossing-points is low-cost in comparison with the development of transportation infrastructure.

Proposals

To the central governments of each country

1 **International Cooperation Platform Utilization**

- Cooperation within the framework of the Greater Tumen Initiative
Strengthen cooperation in the Greater Tumen Initiative (GTI) and in the framework of the GTI transportation group established under it. The Japanese government, not a member nation of the GTI, should watch the progress in this cooperation, and cooperate actively to the fullest extent possible regarding individual projects.
- Practical utilization of the tripartite Japan-China-ROK cooperation framework
Designate the rendering seamless of distribution in the Northeast Asian region as a common policy issue within the interchange between distribution policy-making authorities, which has been being promoted among the aforementioned three nations, including "the meeting of the distribution ministers from Japan, China and the ROK". In addition, also work on interchange with the distribution policy-making authorities of Russia and Mongolia.

2 **The Promotion of International Cooperation**

- Promotion of pacesetting model transportation corridor projects
The countries involved should designate the "Tumen River Transportation Corridor" and the "Suifenhe Transportation Corridor" as "pacesetting model transportation corridors of seamless distribution". In addition to that, they should develop various experimental measures aimed at the improvement of the level of distribution service and the promotion of utilization focused on these corridors. Further, after validating the results, the participants connected to the public and private sectors in each country should share the results.
- Cooperation on the cultivation of human resources, etc.
Further cooperation in areas such as the cultivation of human resources related to distribution and the provision of infrastructure development funding.

3 **The Development of Domestic Systems**

- Strengthening of links between relevant government agencies
The relevant government agencies should work on forging links on policy issues-such as the development of distribution infrastructure (including customs clearance facilities, etc.), the improvement of trade procedures, etc., the development of the logistics market, and the cultivation of logistics firms-and develop comprehensive policies. When doing so, they should pay great attention to the elimination and improvement of the "points of discontinuity" which are a major factor impeding seamless distribution.
- Strengthening of cooperation between the public and private sectors
Develop systems to promote the rendering seamless of distribution with the public and private sectors working in unison. In that case Japan's "Committee on Partnership for International Logistics Competitiveness" can become a model.

To the local governments and authorities constructing the Tumen River Transportation Corridor and the Suifenhe Transportation Corridor

We recommend the advancing of the following initiatives, matching step with the central government initiatives of each country, or moving ahead of them:

- Gain an understanding of the state of play and challenges for the transportation corridors, and share information
- Actively publicize the convenience, etc., of the transportation corridors
- Promote the interregional expansion of economic interchange

NB. The contents of the proposals do not necessarily reflect the opinions of the groups to which the participants in the session belong.

[Translated by ERINA]

Conference Overview

YOSHIDA, Susumu

Chairperson of the Executive Committee,
Northeast Asia International Conference for Economic Development
Chairman of the Board of Trustees, ERINA

I would like to express my thanks to all those attending the international conference which took place over two snowy days. With everyone's participation and cooperation the conference was successfully completed in such a short time.

- 1 . The financial crisis which originated in the United States has greatly affected all of the countries of Northeast Asia. The effect on Japan has also been great and the GDP for October to December fell 3.3% on the previous quarter. In every country measures have been devised to tackle this unexpected economic turmoil, and new developments are being sought. At just such a time it is necessary to continue to define a vision of the future of Northeast Asia, decide on growth strategies, and implement stimulatory measures.
- 2 . At the Group of Seven meeting of finance ministers and central bank governors (G7) held in Rome on 13-14 February the necessity was stressed of yet further additional investment and containment of protectionism. At the same time great expectations were placed on the second Group of Twenty Summit (G20) to be held in April.
China and Russia are in the G20. Along with those of East Asia, the measures of the countries of Northeast Asia to escape from the current crisis are being watched. To hold the Northeast Asia International Conference for Economic Development at this time is opportune and of great significance.
- 3 . In the keynote addresses the domestic measures of various countries-Russia, China, Japan and others-were introduced and proposals were made for the strengthening of cooperative structures in Northeast Asia. Within them, the importance of fostering a mentality of cooperation with increased trust among all the nations and of the constructing of an intellectual network for the region was discussed. Capturing attention at the conference in particular were: that along with the continuation of the Japan-China-ROK Trilateral Summit being important, it was proposed that in conjunction informal talks between the leaders of countries which comprise Northeast Asia should be organized that include Russia and Mongolia, etc.; and that there was also the statement that an ASEAN Plus Three Plus Three (Russia, Mongolia, and in the future the DPRK) is hoped for.
- 4 . In the sessions, cooperation in the fields of Northeast Asian energy conservation, food security, environmental cooperation, and distribution, and the current situations and challenges thereof, were examined. Many proposals were made looking to the future.
- 5 . As future directions, in each sector-with trade and investment, and finance added to the energy, environment, distribution and tourism, and food sectors-it is important that there is the continuation and development of all of the respective forms of cooperation, energy security, an energy community, the introduction and dissemination of energy-conservation and environmental technology, financial cooperation, food security, the development of Northeast Asian transportation corridors such as the establishment of Japan Sea shipping routes and the construction of a railway in the eastern part of Mongolia, the continuation of the International Forum on Northeast Asian Tourism, and the substantiation of such concepts as the establishment a Northeast Asian development bank; and the formation and development of the Northeast Asian economic subregion are things which depend upon the development of cooperation in these various sectors.
One of the onuses of this conference is that the participants take home with them the concrete proposals made at the conference, report them at each country's governmental institutions and at all forms of meetings, develop them further, and thus result in their implementation.

Amid the financial crisis, the stronger cooperation of government organizations and the private sector in each area is called for. Our international conference, as a conference constituted from "track-two", or the public, private, academic, and economic worlds, is intended to continue strengthening interchange and cooperation in each sector in the future between all of the nations of Northeast Asia, forging links between the governments of each country.

Lastly, I would like to thank all the interpreters for their hard work throughout the conference, and all the persons concerned who cooperated in the progression of the conference.

[Translated by ERINA]