

GTI's efforts and achievements for improving transportation connectivity in Northeast Asia

NICE 2017, Niigata, 15 February



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- 1 **GTI Transport Board**
- 2 **GTI Regional Transport Strategy**
- 3 **Logistics Sub-Committee**
- 4 **Financing Infrastructure**
- 5 **Eurasia Network & GTI**

Members and Coverage

❖ **Originally known as Tumen River Area Development Programme (TRADP, 1991)**

* 01 May 2006 ~:

TRADP • Greater Tumen Initiative

❖ **A unique intergovernmental economic cooperation mechanism in NEA, supported by UNDP**

❖ **Four Member States: P.R. China, Mongolia, Republic of Korea, and Russian Federation**

* DPRK's withdrawal in November 2009



P.R. China	Mongolia	Korea Republic	Russian Federation
North-eastern Provinces: - Jilin - Heilongjiang - Liaoning - Inner Mongolia	Eastern Provinces: - Dornod - Khentii - Sukhbaatar	Eastern Port Provinces/Cities: - Gangwon - Jeju - Busan	Primorsky Territory

GTI Transport Board

➤ **Established in 2009**

➤ **Meetings**

2010: Busan, Republic of Korea

2012: Sokcho, Republic of Korea

2013: Vladivostok, Russian Fed.

2014: Manzhouli, P.R. China

2015: Ulaanbaatar, Mongolia

2016: Seoul, Republic of Korea



➤ **Purpose**

To provide economic cooperation in the Greater Tumen Region with the proper transport infrastructure and logistic network

➤ **GTI Transport Board guiding documents**

Terms of Reference for the GTI Transport Board (2009, revised 2012);

GTI Transport Cooperation Program 2010-2013 (2010, extended 2012);

GTI Regional Transport Strategy and Mid-term Action Plan 2013-2016 (2013), 2016-2018 (2016).

Project Progress (1)

Project Name	Financed	Output
GTI Transport Corridors Study Completed 2011-2013	GTI ROK	Regional Transport Strategy Regional Summary Report 5 Country Reports (GTI + Japan)
Study on Trans-GTR Transport Corridors: Financing Infrastructure Development Completed 2014	GTI GIZ	Study report: PPP readiness in GTR Recommendation on Financing Structures
Study on Software Support to the Operationalization of Transport Corridors in the GTR Completed 2014	GTI	Study report: GTI cross border transport and transit agreement Other options to improve legal environment

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Project Progress (2)

Project Name	Financed	Output
Evaluation Study of Sea-Land Routes in Northeast Asia Completed 2014	KMI	Study report: Current situation of multimodal ferry lines in GTR Measures to promote this type of logistic services
Rajin (DPRK) – Khasan (Russia) Railway and Port project Completed 2015	ROK	Study report: Current situation surrounding the Rajin port development and relating facilities Proposed most effective financial channels

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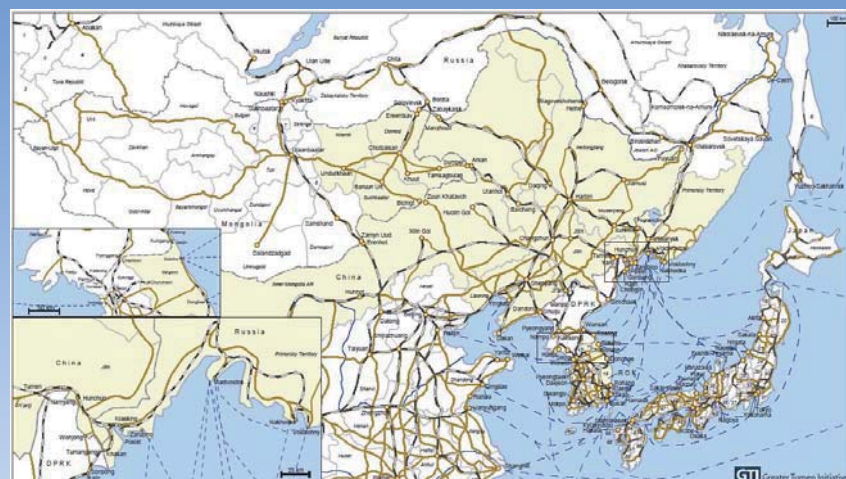
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GTI Regional Transport Strategy

Connectivity

Private
Sector
Involvement

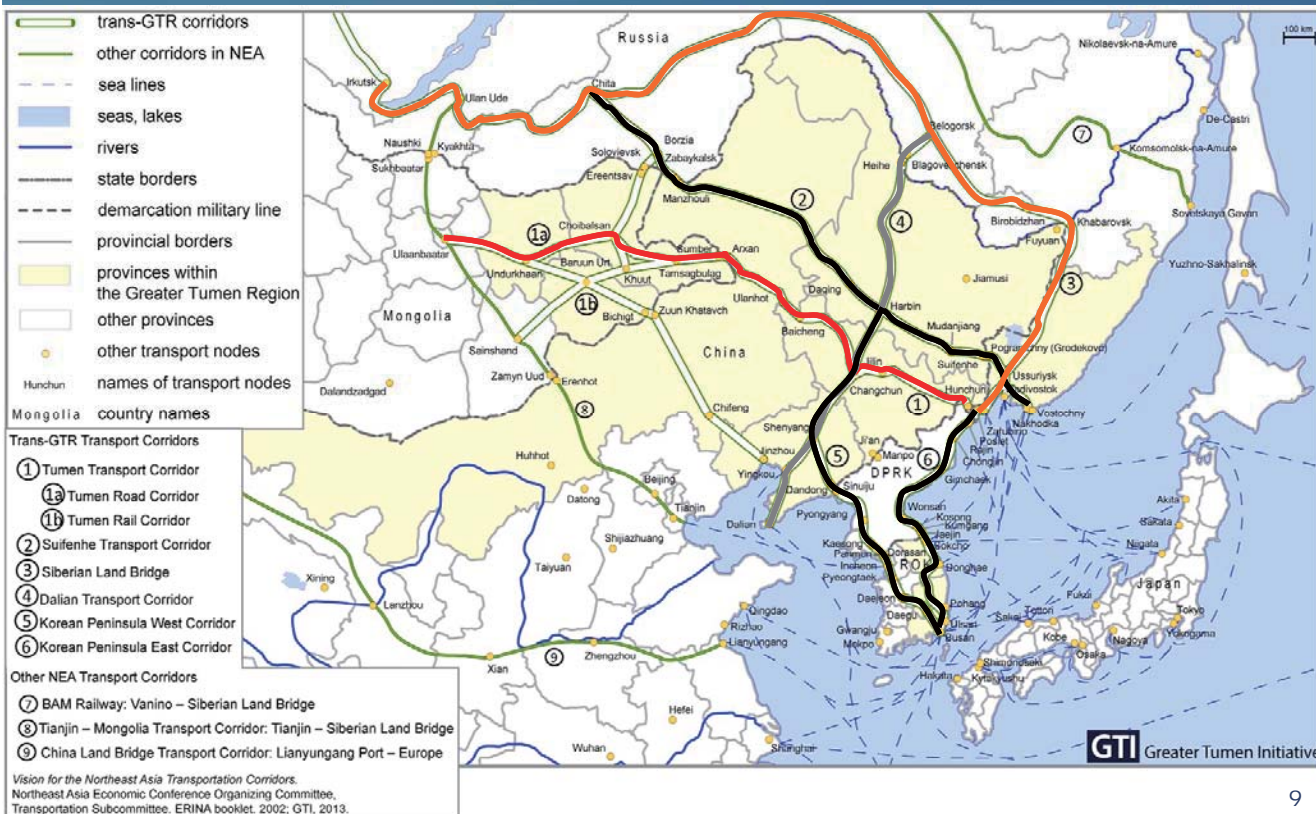
Support to
Transport
Infrastructure



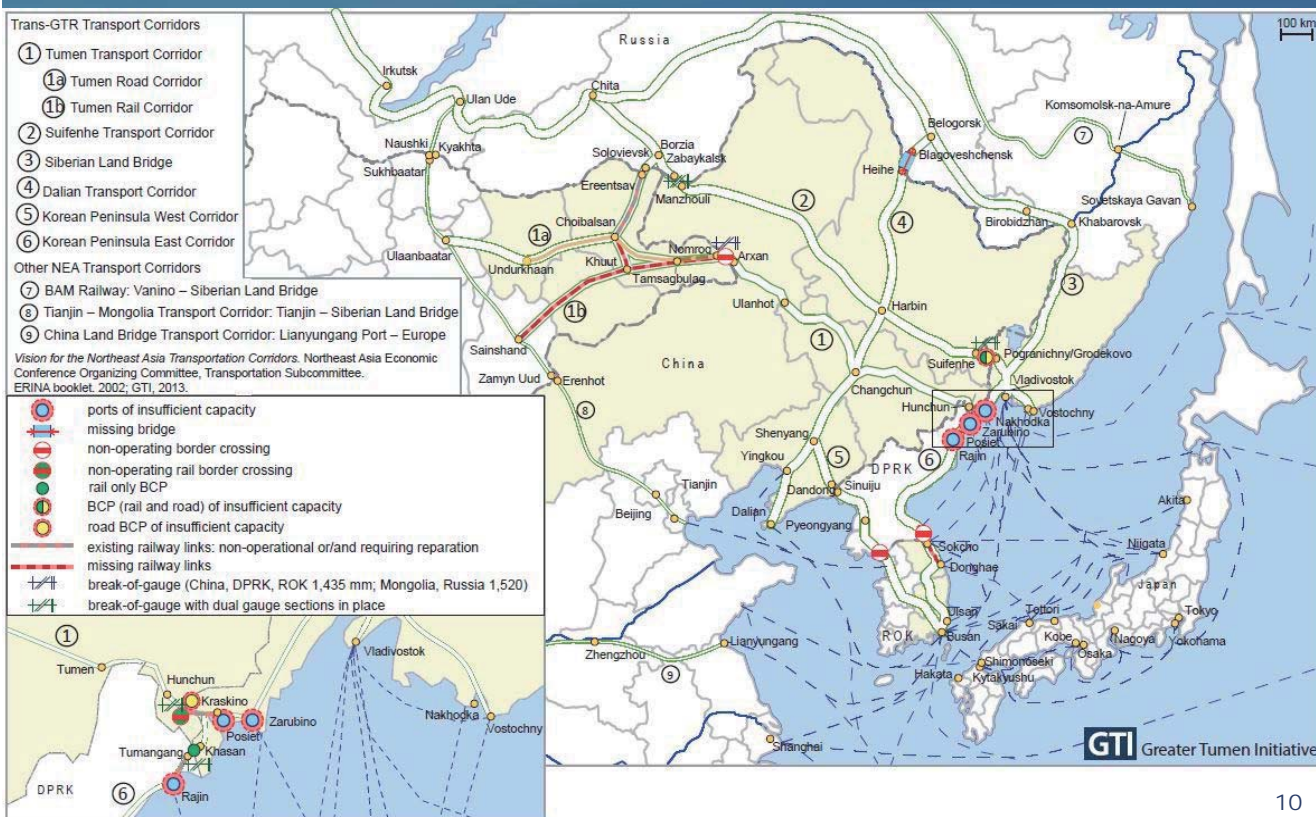
Management
of Transport
Corridors

Software
support

Trans-GTR Transport Corridors



Major Bottlenecks & BCPs along the Trans-GTR Transport Corridors



Sea-land Multimodal Routes in GTR



Obstacles:

- poor infrastructure
- lack of logistic centers
- insufficient port facilities
- unnecessary procedures

Measures to promote Sea-Land in GTR:

- ✓ Logistics Sub-Committee pilot project: “Mudanjiang-Vladivostok-Sakaiminato”
- ✓ Support from Local Governments
- ✓ Japan’s participation



Limitations and Constraints

Physical

Rail and Road Connection in Eastern Mongolia
 Low Grade Road Sections
 Missing Bridges on the Amur River
 Road and Railway Connections with DPRK
 Insufficient Port Capacity

Non Physical

Absence of multilateral transit agreements
 Lack of harmonization on Customs Procedures and Regulations



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Logistics Sub-Committee

Background

- Established in August 2015, as a platform of local cooperation to promote facilitation, efficiency, enchantment of transport logistics in GTR.
- Members: Gangwon, Heilongjiang, Jilin, Liaoning Provinces, Tottori Prefecture, Busan Metropolitan City and Jeju Special Self-Governing Province.

Current status

- The LC members identified two potential sea-land routes for testing:
 - “Harbin-Suifenhe-Vladivostok-Donghae-Sakaiminato”
 - “Changchun-Hunchun-Zarubino-Donghae-Sakaiminato”

Pilot: “Mudanjiang-Sakaiminato”

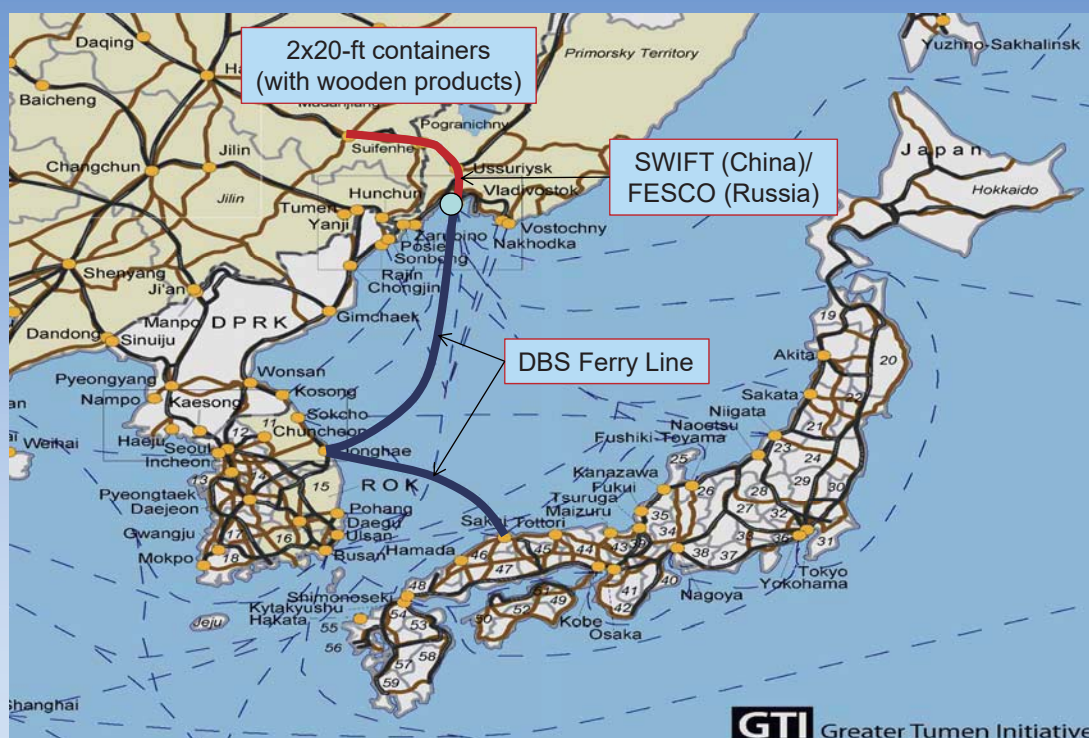
- ❖ The pilot transport initiated by Tottori Prefecture under the GTI LCC and agreed by all LCC members in 2015
- ❖ Task Force with the public and private sector participation established in May 2016
- ❖ The actual transport commenced on 23 October 2016 and was completed on 18 November



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Pilot Route



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Challenges

- ❑ Cargo flow is not sufficient & stable, no cargo base to export to China → empty containers returned to Donghae
- ❑ Use of passenger terminal in Vladivostok port (DBS Ferry Line), lack of connection with rail, low capacity of cranes
- ❑ Absence of a multilateral transit agreement in GTR → terminal operator shall get the approval of Customs House for international transit
- ❑ First trial of the route → uncertainties and difficulties (documents, time)



Time and cost

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Pilot project

Pilot Project implementation chronology:

- Oct. 23 Containers stuffed in Mudanjiang and returned to Suifenhe Station.
- Oct. 25 Custom cleared and departed from Suifenhe station
- Oct. 26 Arrived Grodekovo
- Oct. 27 Arrived Vladivostok (VMTP)
- Nov. 7 Customs cleared
- Nov. 14 Formalities completed to transfer to the passenger terminal
- Nov. 15 Departed Vladivostok by DBS Cruise Ferry
- Nov. 18 Arrived at Sakaiminato

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Ways Forward

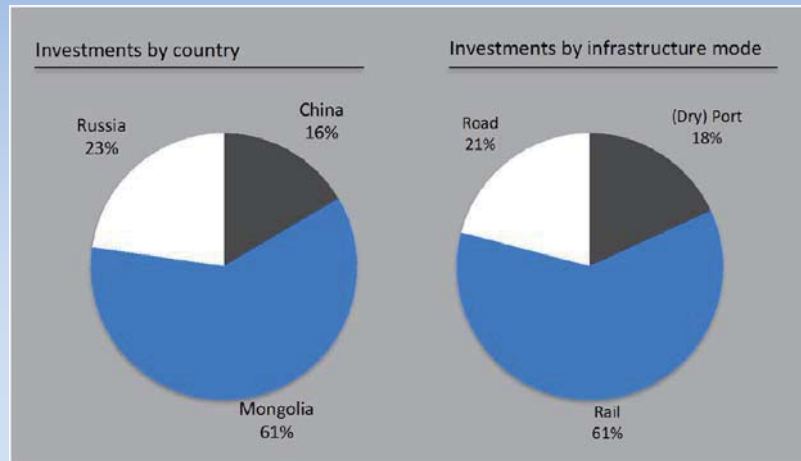
- Compiling the analytical report is under way, which would contain valuable facts and lessons learned through this pilot project.
- The results to be submitted to the GTI member governments (LSC, Transport Board, Customs Committee) and private sector, so that they can further investigate vital problems and develop measures to solve them.
- Outreach to business society (shippers) is important to break their reluctant attitude, underlining the real feasibility of the transit routes and potential transport time reduction.
- A business directory may be developed gathering company profile of forwarders, carriers and other service companies that are engaging or ready to engage in the multimodal transport through Russian ports.

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Financing Transport Infrastructure

- The finance need is estimated at around USD 3 billion for developing and improving transport infrastructure with a regional impact.
- The majority of the suggested investments concerns railway projects (61%) and to a lesser extent road infrastructure (21%) and port infrastructure (18%)



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NEA Exim Banks Association

Background

- Established in Sep. 2014, as an effective resource mobilization mechanism to expedite and co-finance hard projects in GTR
- Members: China EXIM, Korea EXIM, Development Bank of Mongolia (DBM) and Vnesheconombank (VEB)



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NEA Exim Banks Association

Progress

- Held 6 Working-Level and 2 High-Level meetings (Nov 2014-Nov 2016)
- Discussed 11 project proposals and selected “Zarubino Port Project” as 1st Joint Project of the Association
- Agreed to adopt the “Construction of the Specialized Grain Terminal” as the essential and top-priority part of the entire “Zarubino Port Project”

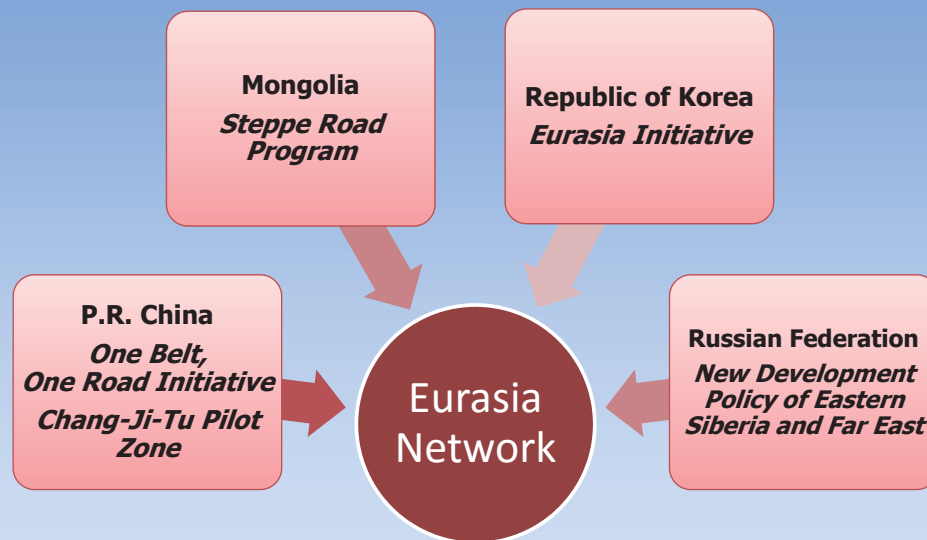
Next Steps

- 7th W-L meeting before the 17th CC Meeting scheduled for April 2017
- Accomplish a concrete outcome of project implementation
- Formulate more concrete action plans for financing the Joint Project
- Expand the cooperative area by exploring additional Joint Projects
- Project office within the GTI Secretariat?

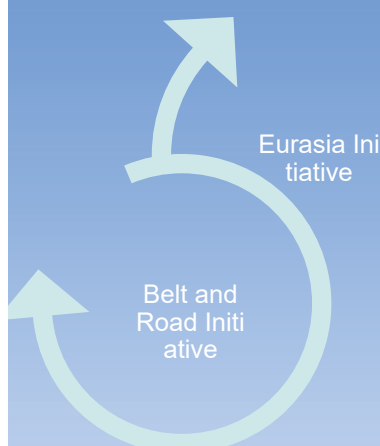
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Policy Directions and Initiatives of the GTI Member Countries



GTI and Initiatives (Way Forward)



► Identify Common Area of Interest

- Sharing experience and knowledge
- Joint project or policy improvement

► Strengthen Communication with Stakeholders

* Private enterprises (NEA National Chambers Association), Local governments (GTI Local Cooperation Committee), etc.

► Expanding Partnership

- UNDP, UNESCAP, ADB, GIZ, Regional Initiative (e.g. AIIB), etc.

Political Support

► Summits' interest in GTI as an important cooperation platform

- Korea Republic-P.R. China Summit Talks (June 2013)
 - Korea Republic-Russian Federation Summit Talks (November 2013)
- ✓ GTI was emphasized as an important multilateral framework to jointly advance greater regional economic cooperation
- ✓ GTI was cited as one of various Asian regional economic integration platform

► Member States' Government Support for Development in NEA

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Eurasia Network with GTI

Synergy House

Balance

• **Cooperation Mechanisms of Initiatives for Eurasian Connectivity + GTI**

Supplementation

1. *Co-planning & implementation*
- **Information, knowledge, and experience in GTR (e.g. GTI Corridor Study) + AIIB**
2. *Co-financing*
- **NEA Exim Banks Association + AIIB**

Communication

* *Mutual exchange of information*

Regions/Cooperation Mechanisms of Initiatives for Eurasian Connectivity+GTI Sectoral Committees & Affiliated Bodies of GTI

✓ **Strong political support from Member States' governments**

✓ **Growing interests in GTR**

(e.g. EXIM Banks Association, ICC Logistics Committee, etc.)

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Supported by United Nations Development Programme



Thank you very much !

Greater Tumen Initiative Secretariat

Tel: +86 10 6532 5543

<http://www.tumenprogramme.org>

***1-1-142 Tayuan Diplomatic Compound, No.1 Xindong Lu, Chaoyang District
Beijing 100600, P.R. China***

