

2018 Northeast Asia International Conference
for Economic Development (NICE)
Niigata, Japan
30-31 January, 2018

The Current Status of and Challenges for Regional Development Strategies : The ROK's East Coastal Region

Chung Mo Koo

Kangwon National University
Korean Economic Association

Contents

- I. Introduction
- II. New Economic Climate in Northeast Asia
- III. Recent Development of the ROK's Strategies in Northeast Asia
- IV. Development Strategies of The ROK's East Coastal Region
- V. Conclusion: Policy Recommendations

I. Introduction

General Review

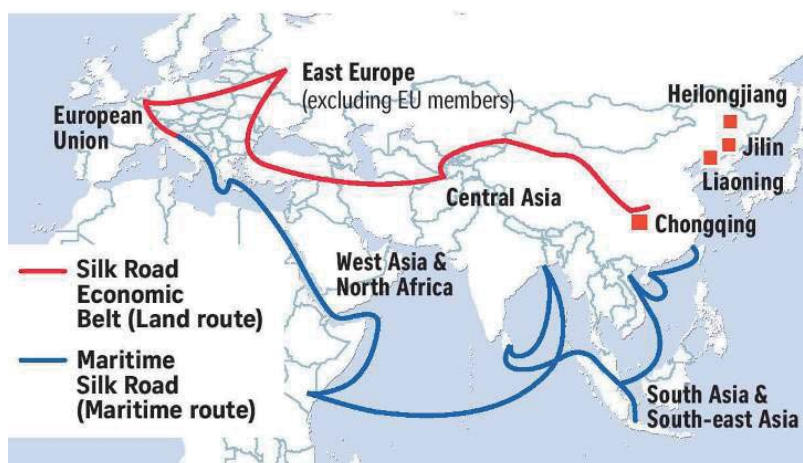
- ▣ In the past more than 20 year history of economic cooperation of east coastal cities of South Korea with neighboring coastal cities in the East Sea/Sea of Japan Rim, there have been many grandiose plans for development of the region but it has often been criticized that few concrete results have been achieved.
- ▣ There is now a need for a fundamental review of the regional development strategies of east coastal cities of South Korea and thus for seeking improved ways to manage the development projects more efficiently.

3

II. New Economic Climate in Northeast Asia

New State-level Strategies in Northeast Asia

China's Belt and Road Initiative



Source: BLOOMBERG STRAITS TIMES GRAPHICS

China's BRI aims to strengthen Beijing's economic leadership through a vast program of infrastructure building throughout China's neighboring regions.

- ▣ Local Strategies

 - Changjitu Project
 - Others

4

II. New Economic Climate in Northeast Asia

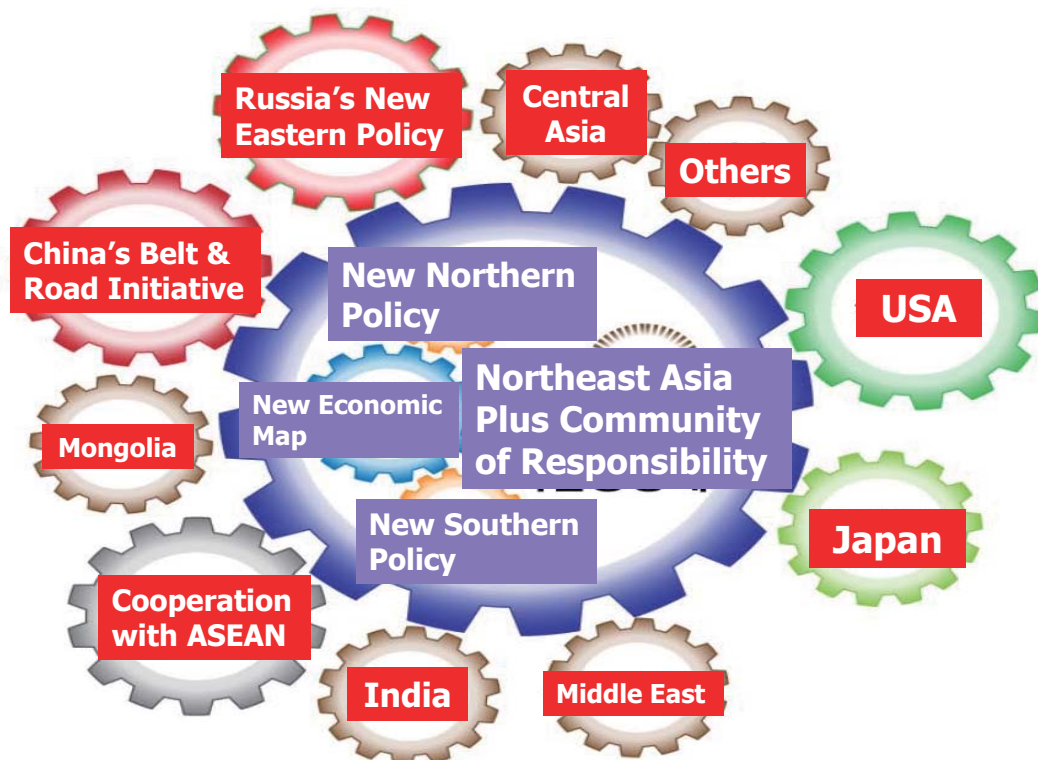
New State-level Strategies in Northeast Asia

Russia’s New Eastern Policy

- Russia seeks to develop the Far East through cooperation among countries in the Asia-Pacific region.
 - Russia pursues the balanced development of its territory by joining the growing market in East Asia and a goal of boosting economic and diplomatic cooperation with the nations in the Asia-Pacific region, including China, South Korea and Japan.
- Regional & Local Strategies
 - National Program for the Socio-Economic Development of the Far East and the Baikal Region
 - Leading Soci-Economic Development District and Free Port of Vladivostok

III. Recent Development of the ROK’s Strategies in Northeast Asia

South Korea’s New Asia-Pacific Policy



III. Recent Development of the ROK's Strategies in Northeast Asia

Northeast Asia Plus Community of Responsibility

- ❖ The new South Korean President Moon Jae-in inaugurated on 10 May, 2017 is seeking installing a new growth engine for the economy and establishing peace on the Korean Peninsula.
- ❖ Amid constant nuclear and missile threats from North Korea, attention turns to whether the so-called "New Northern Policy" revealed last summer within the framework of the Northeast Asia Plus Community of Responsibility
- ❖ To create a "Responsible Northeast Asia Plus Community," there are three tasks to do:

III. Recent Development of the ROK's Strategies in Northeast Asia

Northeast Asia Plus Community of Responsibility



- ❖ building a "Northeast Asia Peace and Cooperation Platform" for multilateral cooperation in Northeast Asia,
- ❖ pursuing the "New Southern Policy" to strengthen relations with ASEAN and India, and
- ❖ pursuing the "New Northern Policy" to enhance connectivity with Eurasia.

III. Recent Development of the ROK's Strategies in Northeast Asia**"New Economic Map" Initiative of the Korean Peninsula**

- ❖ **DETAILS:** With the core concept of 'economic unification is the path to survival' as the basis, the "New Economic Map" Initiative of the Korean Peninsular tops the Moon Jae-in administration's priority in its policy regarding North Korea, which is the vision for economy as well as unification to establish peace on the Korean Peninsula and in Northeast Asia.
- ❖ **CORE AGENDAS:** Inter-Korean economic cooperation does not solely pertain to the economic sector. If South Korea approaches the issue in purely economic sense, this initiative is bound to fail. The functionalist approach has met a dead end owing to North Korea's priority in political and military affairs so far.

9

III. Recent Development of the ROK's Strategies in Northeast Asia**"New Economic Map" Initiative of the Korean Peninsula**

- ❖ The administration should pursue the 'new economic map' to position as a large framework under the belief that deeper inter-Korean economic cooperation will eventually ignite change in North Korea, focusing on marketization in North Korea.
- ❖ South Korea should be poised to implement the initiative even though North Korea does not step up to engage in talks. As the U.S. and Japan may be wary of South Korea's North Korea policy at the preparatory stage, Seoul should sufficiently elaborate the policy to relevant countries.

10

III. Recent Development of the ROK's Strategies in Northeast Asia

"New Economic Map" Initiative of the Korean Peninsula



III. Recent Development of the ROK's Strategies in Northeast Asia

New Northern Policy

- ❖ The "New Northern Policy" was announced by President Moon Jae-in in his keynote speech during the third Eastern Economic Forum that kicked off on September 7, 2017 at the Far Eastern University in Vladivostok, Russia.
- ❖ The term "Northern Policy" was coined by the Roh Tae-woo government in South Korea back in 1988. Seoul has since stressed the importance of cooperating with the North. Unfortunately, the policy has produced no substantial results due to the North Korean nuclear crisis and international sanctions on Pyongyang.
- ❖ Lately, South Korea has begun to emphasize the need to secure a future economic growth engine, stabilize regional security, and diversify its diplomacy. This has brought about a renewed interest in the Northern policy.

III. Recent Development of the ROK's Strategies in Northeast Asia

New Northern Policy vs New Eastern Policy

- ❖ The new vision seeks to create a Eurasian economic community that would expand from the Korean Peninsula and the Russian Far East to Northeast Asia and Eurasia.
- ❖ For economic cooperation sought between South Korea and Russia, a proposal was made placing nine bridges between the two nations, that is, referring to natural gas, railroads, seaports, electricity, Arctic shipping routes, shipbuilding, labor, agriculture and fisheries.
- ❖ Under its "New Eastern Policy", Russia seeks to develop the Far East through cooperation among countries in the Asia-Pacific region particularly since 2012. The policy is similar in many ways to South Korea's "New Northern Policy".

13

III. Recent Development of the ROK's Strategies in Northeast Asia

New Northern Policy vs New Eastern Policy

- ❖ The "New Eastern Policy" has a goal of boosting economic and diplomatic cooperation with the nations in the Asia-Pacific region.
- ❖ Russia hopes to reassure its status in the region by developing the relatively less developed Far East area. South Korea, on its part, wants to expand economic cooperation in Northeast Asia through joint projects with the northern region.
- ❖ The two policies share a similar goal, and there is a high possibility that the two nations will expand their cooperation.
- ❖ But the problem is that risk factors always reside in this volatile region.

14

III. Recent Development of the ROK's Strategies in Northeast Asia

New Northern Policy vs Belt and Road Initiative

- ❖ South Korea and China recently showed interest in returning to their original economic-oriented partnership, which might have gotten reconfigured over the last few years.
- ❖ Emphasis was given to expand the mandate of the China-South Korea Free Trade Agreement that was signed in 2015.
- ❖ South Korea endorsed China's Belt and Road Initiative, and views were exchanged on how South Korea could find consonance between China's BRI and South Korea's New Northern Policy, a very important aspect of South Korea's newly proposed Northeast Asia Plus Community foreign policy.

15

III. Recent Development of the ROK's Strategies in Northeast Asia

New Southern Policy

- ❖ The "New Southern Policy" aims to better connect South Korea to the Association of Southeast Asian Nations (ASEAN) grouping and India, and thus expand the economic influence of Asia's fourth-largest economy in the region home to more than a couple of billion people.
- ❖ Korean diplomacy and economic cooperation in Asia has been more toward Japan, China and Russia. Yet South Korea expect to expand to new horizons and thus dramatically strengthen cooperation with ASEAN and India.
- ❖ The policy will mirror the "New Northern Policy" aimed at expanding cooperation with China, Japan, Russia, and Mongolia.

16

IV. Development Strategies of the ROK's East Coastal Region

Busan's Status and Role

- ❖ Busan's Status and Role in the Northeast Asian Economic Cooperation
- ❖ The largest port of Korea with advanced infrastructure and geographical advantage: the world's third largest container port in 2000
- ❖ Located at the nodal points of the Yellow Sea Rim and the East Sea/Sea of Japan Rim
- ❖ Northeast Asia Logistics Hub
- ❖ East gateway to the Eurasian silk road

IV. Development Strategies of the ROK's East Coastal Region



IV. Development Strategies of the ROK's East Coastal Region



19

0 150 NM

IV. Development Strategies of the ROK's East Coastal Region

Busan's Development Strategy

❖ **Realization of Cross-Border Economic Community in Northeast Asia:**

- ❖ Integration of the Busan-Fukuoka cross-border economic community in to the Busan-Tumen Area cross-border economic community

❖ **Establishment of Logistic Clusters combining Transportation and Industrial Production:**

- ❖ Expansion of industrial infrastructure through clusters consisting of industrial facilities, port facilities, logistic centers and road networks, which can meet diversifying transportation needs in Northeast Asia

IV. Development Strategies of the ROK's East Coastal Region

Busan's Development Strategy

- Realization of East Gateway to the Eurasian Silk Road:** Pursuit of local approach to be integrated into the New Northern and Southern Policy and thus to expand cooperation with China's BRI and Russia's New Eastern Policy



IV. Development Strategies of the ROK's East Coastal Region

Gangwon-do's Improved Transport Connectivity

- Improved Domestic Transport Connectivity:**

Shortened physical and psychological distance between Seoul and Gangwon-do's east coastal cities after hosting the 2018 PyeongChang Winter Olympics

- Seoul-Gangneung Bullet Train**
- Seoul-Sokcho Bullet Train (2024)**
- East-West Highways**
- East Coast Highways**

IV. Development Strategies of the ROK's East Coastal Region



IV. Development Strategies of the ROK's East Coastal Region

Gangwon-do's Improved Transport Connectivity

- **Improving Outward Transport Connectivity**
- Expansion of logistics clusters combining Donghae port facilities and industrial facilities through three phases of the development plan
- Establishment of the Olympic routes in Northeast Asia (2018: PyeongChang, 2020: Tokyo, 2022: Beijing)
- Short-term: Connectivity of Seoul-Gangwon Ports-TSR and Seoul-Gangwon Ports-JR for the railway-maritime composite transportation
- Mid-term: Connectivity of Gangwon-TKR-TMR/TSR for the railway transportation

IV. Development Strategies of the ROK's East Coastal Region

Gangwon-do's Strategy

Establishment of the Olympic Routes

Short-term: Seoul-Gangwon Ports-TSR/JR
 Mid-term: Gangwon-TNKR-TMR/TSR



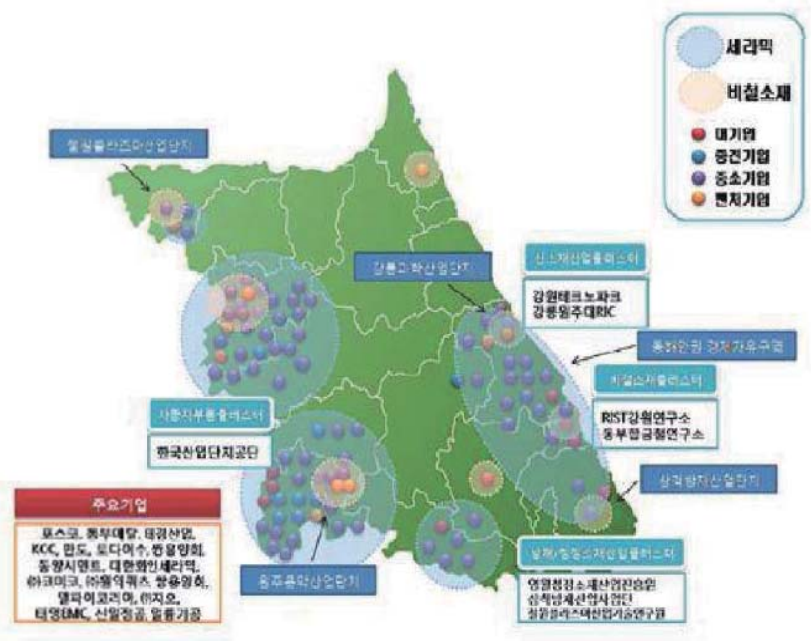
IV. Development Strategies of the ROK's East Coastal Region

Gangwon-do's Development Strategy

Evolution of Gangwon-do as a Potential Key-player

- Easy access to east coastal cities from Seoul
- Establishment of industrial infrastructure through clusters consisting of industrial facilities, port facilities, logistic centers and road networks in east coastal cities
- Access to abundant natural resources particularly in the Russian Far East and more efficient transportation and shipping routes through the East Sea/Sea of Japan
- A rising role as an optimal hub for energy and resources cooperation in Northeast Asia in non-ferrous metal industry

IV. Development Strategies of the ROK's East Coastal Region



V. Conclusion

Policy Recommendations

Functional Aspects of the ROK's East Coastal Region

- Need of Clear Long-term Vision and Goals
- Deepening of Business Sector Involvement
- Deepening of Local Government Involvement in the New Northern Policy
- Expanded Cooperation with Other Localities in the East Coast
- Enhanced Efforts for Fund Raising



Thank you
for your attention!