Transportation Corridors in Northeast Asia
- to make the vision become reality
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Vision for Northeast Asia Transportation Corridors
Anticipated change: Japan’s view

Existing main routes:
Bohai bay ports – Pacific coast

Existing local routes:
Bohai bay ports – Japan Sea coast

Proposed additional routes:
Tumen area ports – Japan
Anticipated change: in broader understanding

Inland Northeast Asia

Border section

Oceanic Northeast Asia
Freight Forwarders provide clients (consignees) with a package of transportation services.

Government Institutes
- Customs
- Quarantines
- Safety Inspections, etc.

Other Service Industries
- Custom brokers
- Logistics consultants
- Booking agents, etc.

Transportation Companies
- Railways
- Trucks
- Shipping companies
- Stevedore companies
- Warehouse companies, etc.

Physical Infrastructure
- Railways
- Roads
- Canals
- Ports
- Logistics parks, etc.
## Nested “Supplier-Customer” Structure

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
<th>Customers/Agencies</th>
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<tr>
<td>Ultimate Customers</td>
<td>• Consumers</td>
<td></td>
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</table>
| Primary Customers | • Producers  
• Vendors / Sales Agents | |
| Logistics Services | • Forwarders  
• Brokers | |
| Primary Non-physical Infrastructure | • Transportation Companies  
• Regulatory Authorities | |
| Physical Infrastructure | • Governments  
• Transportation companies | |
Corridor-based Approach

Key measures:
• To identify specific paths with priority as corridors
• To channel political, institutional, financial and human resources to develop them

…… Practices in Europe, Central Asia, SEAsia (GMS) etc.

Strengths:
• Easy to specify issues to be tackled
• Concentration of (limited) resources

Weakness:
• Possible non-standard solutions (⇔ framework approach)
2. What’s the problem
“Egg or Chicken” Dilemma

Even though,
- each government continues to develop the physical infrastructure,
- some BCP and accesses to them have improved recently, and
- transportation companies is launching new (trial) services,
logistics services along the corridors are still underdeveloped. The problem is …..
Efforts should be extended to downstream.

- Ultimate Customers
- Primary Customers: • to be involved.
- Logistics Services: • are underdeveloped.
- Primary Non-physical Infrastructure: • are developing.
- Physical Infrastructure: • has been developed.
Multilateral comprehensive approach is needed.

Construction, Expansion, Improvements, etc

Bilateral Cross-Border Improvements

SCM support, etc

“Last 1 mile”, BCP operation, etc

Unilateral Infrastructure Developments

Multilateral Trade Facilitation
3. To make the vision become reality
To make the vision become reality

3 directions of actions

- Coordination among various branches of government
- Mobilization of public finance, PPP, ODA (for infrastructure development)
- Improvement of legal environment

Active government initiatives

- Establishment of interaction platform(s)
- Market analyses
- Advertisement and information dissemination

Supplier-consumer interactions

- “Trans-Primorye Transit”
- Mongolian coal export project
- Trans-Korean corridors

Promotion of strategic projects
3 directions of actions

• Active government initiatives
  – Coordination among various branches of government like transport ministry, trade ministry, customs, border guards etc.
  – Mobilization of public finance, PPP, ODA for further infrastructure development
  – Improvement of legal environment in unilateral and multilateral ways, including Transit Agreement

• Supplier- consumer interactions
  – Establishment of interaction platforms, like public forum, steering committees for specific corridors etc.
  – International Joint market analyses on current situation and future prospects
  – Advertisement and information dissemination to share recent developments and improvements of the corridors

• Promotion of strategic (flagship) projects
  Strategic (flagship) projects should be identified and promoted,
  – to concentrate resources to the projects
  – to demonstrate advantages of the corridors
  – to involve (less interested) stakeholders

Short-term: “Trans-Primorye Transit” (including DBS Cruise Ferry & Niigata-Zarubino-Hunchun)
Mid-term: Mongolian coal export project
Mid-term(?): Trans-Korean corridors (dependent on the political situation)
“Trans-Primorye Transit”

Mudanjiang Huasheng Guoyun Logistics Co. Ltd. (Mudanjiang, China)

Jilin Province Northeast Asia Railway Group Co.Ltd. (Changchun, China)

JSC Primoravtotrans (Vladivostok, Russia)

DBS Cruise Ferry (Donghae, Korea)

Niigata International Shipping Co. Ltd. (Niigata, Japan)

Others ……..

Northeast China

Primorye

Japan Republic of Korea

Win-Win Logistics !!
“Trans-Primorye Transit” Sea Route Connection

DBS Cruise Ferry

Niigata-Zarubino Shipping
Spiral Development Cycle

- "Active government initiative" will improve the service level directly and indirectly.
- "Supplier – consumer interaction" will change views of both suppliers and customers.
- "Promotion of strategic (flagship) projects" will play as a pump-priming attracting freight and demonstrate potential of corridors to "skeptical" suppliers and customers. Thus, the vicious cycle will change into a spiral development cycle.
Recommended principals in promoting the corridors

• **Step by step (gradual) approach**
  - We have to start with the limited explicit transport demands.
  - On the other hand, there are potential demands.
  - In future, additional demand growth will be expected, as the corridors will promote regional economy.

• **Most efficient usage of existing infrastructure**
  - Under the current demands, the minimum investments can be justified in the private sector. The existing infrastructure, however, is capable certain amount of freight. (ref. Dong Chun Ferry’s achievements)
  - In case of the TPT, efforts should be concentrated to gain competitiveness to the Dalian route.

• **Harmonized developments and improvements**
  - Sequential development of infrastructure in accordance with development stages is needed.
  - Simultaneous development of infrastructure in every sections can rationalize efficiency of investment.
  - Infrastructure developments and non-physical measures together enable to improve transport –logistics service quality.
Summary - Conclusions

• To deepen economic cooperation in the Northeast Asia, realization of the vision of “Northeast Asia Transportation Corridors” has been pursued for a decade.
• Transport corridor is a complex of infrastructure and services with multilayer structure.
• In spite of the tremendous efforts logistics services along the corridors are still underdeveloped.
• To make the “vision” become reality, 3 directions of actions are needed – active government initiative, supplier – consumer interactions and promotion of strategic projects.
• “Trans-Primorye Transit (TPT)” might be a strategic project.
• Further multilateral coordinated efforts based on strong commitment and common understanding of all countries involved are required.
Thank you for your kind attention!

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