Regional Economic Cooperation in Northeast Asia under the Greater Tumen Initiative

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GTI Secretariat
Northeast Asia (NEA), covering China, Mongolia, ROK, Russia, Japan and DPRK, possesses rich resources and huge development potential.
Characteristics in Northeast Asia Region

- Geographical proximity: transport and trade facilitation
- 3rd largest regional economy with fastest economic growth in the world;
- Top ranking foreign exchange reserves in the world;
- Highly diversified economy complemented by resources;
- Intra-regional trade and investment grow rapidly with interdependency;
- Increasing opening-up and reforms in transition economies;
- Ongoing FTA negotiations among China - Japan - ROK.
Northeast Asia Region

- **Challenges for NEA economic cooperation:**
  - Diverse political and economic systems;
  - Different stages of development (EU and ASEAM)
    - Japan: developed country
    - ROK: moderate developed country
    - Russia: Emerging economy, BRIC
    - China: Emerging economy, BRIC
    - Mongolia: landlocked developing country
    - DPRK: relatively backward developing country
  - Historical and territorial disputes;
  - Security concerns at the border areas;
  - Tensions in the Korean Peninsula;
  - Lack of trust among neighbors;
  - …

- *How to realise the potential in a sensitive and complex region?*
What should we do?
Greater Tumen Initiative (GTI), originally known as the Tumen River Area Development Programme, is the only intergovernmental cooperation mechanism supported by the United Nations Development Programme (UNDP) in Northeast Asia, with a membership of five countries: People’s Republic of China, Mongolia, Republic of Korea and Russian Federation.

*DPRK withdrew from GTI in Nov. 2009*

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<tr>
<th>China</th>
<th>Mongolia</th>
<th>Republic of Korea</th>
<th>Russian Federation</th>
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Inception of the Tumen Programme

*Tumen River* is a 520 KM long river centred in NEA, bordering China, DPRK and Russia, and close to ROK, Mongolia and Japan

• Tumen River area

• With its strategic location, the Tumen River area is a historically complex and sensitive region (great power rivalries, mistrust, cultural divides, tension & conflict during 1930s-80s).
• The foundations for cross-border economic cooperation was weak.
Inception of the Tumen Programme

- **Changes** took place post- Cold War (early 1990s).

- **Russia**, after the dissolvent of the Soviet Union, introduced market based reforms - Far East was opening up and Vladivostok declared an open city;
- **Russia** and **China** withdrew their military from the border area, border crossing were opened afterwards.
- **China** continued and accelerated policies of economic reform and ‘Opening- Up’, with increasing attention on NE China.
- **DPRK** and **ROK** were entering into mutual discussions, and Russia and China normalised their relations with ROK
- **Mongolia** was making economic reforms towards a market economy
- **Russia** established an experimental Nakhodka Free Economic Zone, and later DPRK established the Rajin-Sonbong Economic & Trade Zone. China also introduced special border economic zones in Jilin Province.
Inception of the Tumen Programme

• Birth of the Tumen River Area Development Programme (TRADP) - predecessor of the Greater Tumen Initiative (GTI)

• Political & economic changes encouraged regional economic cooperation

• In July 1990, the idea of developing the Tumen area to a golden triangle proposed at the Conference on Northeast Asian Economic and Technical Cooperation, held in Jilin Province, China;

• In 1991, UNDP proposed financial support to a technical cooperation programme to promote economic cooperation in the Tumen area; it was accepted by the countries, initiating the preparatory processes of TRADP.
Milestones of the GTI /TRADP

• TRADP (1991 - 2005)

• **1991**: UNDP launched TRADP as a regional cooperation programme.
• **1995**: People’s Republic of China, Democratic People’s Republic of Korea, Mongolia, Republic of Korea and Russian Federation signed the cooperation agreements on the establishment of the intergovernmental mechanism, aiming at enhancing policy dialogues among member countries and promoting economic growth in this region. UNDP, as the leading force, provides financial, technical and administrative support.
• **1998**: Tumen Secretariat founded in Beijing under the UNDP.
• **2005**: member countries agreed to extend the 1995 Agreements for another ten years, to increase their commitment and to assume full ownership of the programme; TRADP was renamed as the GTI, and five priority sectors (Transport, Tourism, Energy, Investment & Environment) were identified in the *Strategic Action Plan for 2006-2015.*
Milestones of the GTI / TRADP

• GTI (2006 - 2012)
  • **2007 – 2010**: intergovernmental sectoral Board/Committee in the five sectors established to coordinate the sectoral cooperation activities.
  • **2008**: GTI Common Fund created as a UNDP Trust Fund to finance the operation of the Secretariat, contributed by the members.
  • **2009**: GTI became a member-driven cooperation mechanism and member countries established the rotation system of Chair and Chair Country. UNDP continued to support GTI as an important international partner. In November 2009, DPRK withdraw from GTI.
  • **2010**: the process of transforming the GTI Secretariat from a UNDP led office to an independent legal entity owned by the GTI members initiated.
  • **2011**: NEA Local Cooperation Committee established among NEA local governments (including Japan), to strengthen local economic cooperation; a Special Project Account created with voluntary contributions from members.
  • **2012**: the *Cooperation Agreement* with GIZ concluded; the Association among GTI EXIM/development banks created to support future projects; *Strategic Action Plan for 2006-2015* revised to reflect the changing context and to more pragmatically direct the GTI cooperation for 2012-2015.
Current Status of the GTI

**GTI’s Vision - building a great partnership for common prosperity between neighbours**

- An intergovernmental platform for economic cooperation in NEA, in particular the Greater Tumen Region (GTR), that endeavors to:
  - Expand and foster policy dialogue and improve the business environment of the region;
  - Help strengthen economic and technical cooperation for mutual benefits, contributing to regional peace and stability;

- The GTI -
  - institutionalises at inter-national level, while focusing on the GTR;
  - is owned by the members and supported by the UNDP;
  - in transition towards becoming an independent legal entity.
Current Status of the GTI

Priority sectors - Transport, Tourism, Trade & Investment, Energy and Environment

• Transport Sector: to develop key regional transport corridors, connecting through major ports, railways and roads in the region.

• Tourism Sector: to create an environment that facilitates increasing the number of cross-border visitors to the region.

• Trade & Investment Sector: to provide a platform for the facilitation of trade and promotion of investment in the region.

• Energy Sector: to establish an institutional framework for consultation and policy support in the energy sector at the level of member governments.

• Environment Sector: to coordinate regional activities and promote environmental sustainability in the region as a cross-cutting sector of the GTI.
Current Status of the GTI

• Key activities

• intergovernmental consultation, policy dialogue and coordination;
• technical advisory and planning;
• capacity development for regional stakeholders;
• research & studies in the priority areas;
• knowledge sharing and promotion.
## Current Status of the GTI

<table>
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<th>List of ongoing Priority Projects</th>
<th>Sectors</th>
<th>Years</th>
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<td>Integrated Transport Infrastructure and Cross-Border Facilitation Study for the Trans-GTR Transport Corridors</td>
<td>Transport</td>
<td>2011-2013</td>
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<tr>
<td>Evaluation Study of the Sea-land Routes in NEA</td>
<td>Transport</td>
<td>2013</td>
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<tr>
<td>Multi-Destination Tourism Project</td>
<td>Tourism</td>
<td>2011-2013</td>
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<td>GTI NEA Tourism Database</td>
<td>Tourism</td>
<td>2013</td>
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<tr>
<td>Promotion Centre for the Multi-Destination Tourism Project</td>
<td>Tourism</td>
<td>2013</td>
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<tr>
<td>International Capacity Building Programme on Trade Facilitation for NEA Countries</td>
<td>Trade &amp; Investment</td>
<td>2011 onwards</td>
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<tr>
<td>Comprehensive Visa Facilitation Study</td>
<td>Cross sectors</td>
<td>2013-2014</td>
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<tr>
<td>Capacity Building Training Program on Energy</td>
<td>Energy</td>
<td>2010-2013</td>
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<tr>
<td>Capacity Building for NEA Local Governments</td>
<td>Cross sectors</td>
<td>2011-2013</td>
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GTI Institutional Structure

- **GTI Consultative Commission Chair and Consultative Commission (CC)**
  - The decision-making institution of GTI
  - Held annually
  - Approves next year’s plan and activities

- **National Coordinators**
  - National focal points for GTI (held 3 times a year)

- **Tumen Secretariat**
  - Executing body of the Consultative Commission
  - Coordinating GTI activities and implementing CC decisions
  - Operation under the administrative support of the UNDP

- **Sectoral Board/Committee**
  - Composed of senior officials from relevant ministries
  - Specific cooperation activities and project promotion in key sectors
Consultative Commission (CC) Meeting

8th Consultative Commission (CC) Meeting, Changchun, China in 2005
- Extended the 1995 agreements for another successive 10 years
- Adopted the Strategic Action Plan 2005-2015, identifying key sectors
- UNDP shifted from the leading force to a support partner
- Established the mutual fund

9th Consultative Commission (CC) Meeting, Vladivostok, Russia in 2007
- Approved to establish the Business Advisory Council
- Approved to establish the Energy Board
- Approved to establish the Tourism Board
- Approved the signing of the Memorandum of Understanding regarding the mutual fund

10th Consultative Commission (CC) Meeting, Ulaanbaatar, Mongolia in 2009
- Established the Transport Board
- Approved to hold the Local Cooperation Form
- Advocated to establish the Trade Facilitation Committee
- Finished the transition, achieve the full ownership of member countries and establish the rotating presidency
- Enhanced the PPP cooperation and held the first joint session of CC and BAC
- Achieved consensus on “Fast Track”
Consultative Commission (CC) Meeting

11th Consultative Commission (CC) Meeting, Changchun, China in 2010
- Agreed to enhance the cooperation mechanism
- Agreed to strengthen local government’s cooperation
- Established the Trade Facilitation Committee
- UNDP reaffirmed its commitment on GTI
- Announced that the Memorandum of Understanding would take effect on Nov.5, 2009
- The second joint session of CC and BAC
- Held the first Local Cooperation Forum on Sep. 2, 2010
- Elected the Republic of Korea to take the next rotating presidency

12th Consultative Commission (CC) Meeting, Pyeongchangn, Republic of Korea in 2011
- Decided to establish the GTI NEA Local Cooperation Committee—held the first joint session of central governments and local governments
- Approved the allocation plan for the mutual fund
- Approved the Strategic Deliberation Report
- Approved the Transport Corridor Research Project
- Approved the Multi-destination Tour Project, etc.

13th Consultative Commission (CC) Meeting, Vladivostok, Russia in 2007
- Consensus on Legal transition
Attracting Investment for Growth in the Greater Tumen Region and Northeast Asia

Changchun, China 2–4
“大图们倡议”第十一次政府间协商委员会会议

Meeting of the Consultative Commission
24

ALPENSIAC Convention Centre

12th GTI Consultative Commission Meeting
September 26~28, 2011, Alpensia Resort, Gangwon Province, Republic of KOREA
Challenges Facing the GTI Cooperation

- **Regional context** – challenges due to political and economic complexities in NEA are hardly changeable in a short term.

- **GTI-specific challenges**
  - Lack of higher level political support and leadership;
  - Need for more confidence, common understanding and mutual trust;
  - Diverse political Interest and priorities of the members;
  - Disparities of national and local (GTR) priorities;
  - Insufficient infrastructure and level of connectivity for economic activities;
  - Limited resources for projects and expansion of institutions; no substantial support from major regional financing institutions (e.g. ADB);
  - Membership issue: absence of Japan and re-engagement of DPRK;
  - Coordination issue (inter-countries, inter-ministries, central-local);
  - Need to avoid unrealistic goals and too high ambitions, focusing on priorities;
  - Duplication of activities with other multilateral cooperation platforms;
  - Insufficient institutional capacity and lack of effective monitoring

- A step-by-step approach is more feasible and practical for positive changes.
How to Overcome Difficulties
-Five Combinations

- Combination of resources in and out of the region
- Combination of member-driven and international partners (UNDP, UNESCAP, Asian Development Bank, German International Cooperation Agency)
- Combination of central and local governments
- Combination of public and private sectors (PPP, BAC)
- Combination of high-level dialogues and specific projects
Major Achievements

- Enhanced institutional capacity and normalisation of programme operation (e.g. CC+NC+Boards+TS).

- Increased member countries’ confidence, ownership and (political & financial) commitment.

- Successful implementation of a number of priority projects.

- Improved policy environment for economic development and enhanced mutual understanding among neighbors.

- Enlarged funding base (e.g. EXIM backs association) and expanded partnerships (GIZ, ADB, etc).

- Enhanced participation of NEA local governments (e.g. LCC).
Support from International Partners

- **UNDP**
  - Initiator and supporting partner; Northeast Asia Cooperation Project

- **GIZ**
  - Involvement in various activities (Local Cooperation Forum, tourist brochures, the project application procedures, Capacity Building Programme); On Jan. 5, 2012, GTI signed the Cooperation Agreement with GIZ.

- **ADB**
  - Financial and technical Support (local Capacity Building Programme + Trade Facilitation training programme)

- **UNESCAP**

- **EU, Japan and the AusAID**

Intellectual support and active participation in many activities
Support from Member Countries

- **China**
  - Secondment of Chinese official to work for the Secretariat
  - Support local Development Forum
  - Support local Capacity Building Programme
  - Additional financial support to special account

- **Republic of Korea**
  - Korea Fund (Strategic consideration of the report, seconded staff)
  - Support transport corridor project
  - Support energy Capacity Building Programme

- **Mongolia**
  - seconded staff
  - double its common fund

- **Russian Federation**
  - Common fund
Support from Local Governments

- Jilin, China
- Gangwon, Republic of Korea
- Donord, Mongolia
- Primorsky Territory, Russian Federation
- Japan
- Transport Expert Seminar
CC Meeting in Gangwon, ROK
CC Meeting in Gangwon, ROK
Lessons Learnt

- Ownership and political commitment of the members on the top of the cooperation process.
- Including proactive participation, financial contributions, regular dialogues, support to the Secretariat, etc.
- Donors’ role is important but should not dominate the process.
- Higher level attention and intervention is critical for effectiveness.

- Stable funding should be secured to ensure the sustainability
- Creation of the Common Fund; ROK Trust Fund; Special Project Account.
- Introduction of regional development financing mechanism.
- Attraction of further external support.
Lessons Learnt

• Setup of clear vision, realistic objectives and priorities.
  • Members’ interest and priorities should be carefully reviewed and reflected in agenda setting.
  • Developing realistic and achievable objectives based on the current policy environment, capacity and resources.
  • Defining priority areas and projects to generate prompt results, otherwise risking a loss in confidence and credibility.

• Development of GTI stakeholders’ capacity should be continued with inputs from members and support from partners.
  • Organizing capacity development training in priority areas.
  • Improving the capacity of the Secretariat for implementation.

• Expansion of the partnerships with international donors, and increase the participation of NEA local governments to generate synergy for regional development
The Way Forward

- To complete the transition of the GTI (Secretariat) into an independent legal entity/organization, ensuring the full ownership by members;

- To upgrade GTI cooperation at a higher political level (e.g. PM level), enhancing the coordination and effectiveness of implementation at both sub-regional, national and local level;

- To enlarge the funding base of the GTI, encourage more contributions for project activities by members and donors (in particular financing institutions), and participation of the business sector;

- To encourage the participation of Japan and re-engagement of DPRK, moving forward future NEA regional economic integration
The Greater Tumen Initiative (GTI) is a joint mechanism of the four member countries: China, Mongolia, the Republic of Korea and the Russian Federation. It is supported by the United Nations Development Programme (UNDP) and other donors.

The GTI introduces a unique multilateral forum for the member countries to identify and implement regional initiatives that encourage economic growth, improve living standards and contribute to peace and stability in Northeast Asia.

Common Vision: All GTI member countries share a

UPCOMING EVENTS
- GTI Develops Capacity Building Programme for Local Governments in NEA

GTI NEWS
- Inaugural Meeting of the GTI Trade Facilitation Committee Convened
- 12th GTI Consultative Commission Meeting Concluded
- GTI NEA Economic Cooperation Forum and Local Development Forum
- The 4th GTI Tourism Board Meeting Held in Ulaanbaatar
- Appointment of the GTI Secretariat Director, Mr. Choi Hoon
- Kubuqi International Desert Forum to Address the Global Issue of Defr...
Thank you!

www.tumenprogramme.org