

<Program>

☘ **November 8, Friday**

09:00-09:30 **Registration**

09:30-09:55 **Opening Remarks: Prof. HA Yong-Chool**
(Representative, Northeast Asian Community Consortium)

Welcoming Remarks : Prof. OH Yeon-Cheon
(President, Seoul National University)

Congratulatory Remarks : Mr. Oh Sung-Hwan
(Director, International Energy Security Division, Ministry of Foreign Affairs)

10:00-12:10 (Session 1):

The “Northeast Asia Peace and Cooperation Initiative(“Seoul Process”)” and Regional cooperation Process in Northeast Asia

·**Moderator Prof. LEE Chae-Jin** (Claremont McKenna College)

·**Presentator Prof. PARK Inhwi** (Ewha Women’s University)
The Purpose and Process of the “Northeast Asia Peace and Cooperation Initiative” and South Korean Regional Policy

Academician Petr BAKLANOV (Director, Pacific Geographical Institute)
Geographic Factors and Directions for Long-term Development of Pacific Russia

Prof. SUN Hong (Heilongjiang University of Science and Technology)
Chinese Northeast Development and Russia’s Far East Development in Northeast Asian Regional Security Context

Prof. WADA Haruki (Tokyo University)
Abe Regime’s New Policy and Prospect for the Regional Cooperation in Northeast Asia

·**Discussants Prof. CHUN Chae-Sung** (Director, CIS, Seoul National University)

Prof. Donald HELLMANN (University of Washington)

Prof. KIM Byungro (IPUS, Seoul National University)

13:40-15:50 (Session 2):

The Development of Russian Far East and Regional Cooperation in Northeast Asia

·**Moderator Prof. WADA Haruki** (Tokyo University)

·**Presentator Prof. Yan VASLAVSKY** (MGIMO)
Russian Priorities in the Far East: Prospects of Territorial Development and Regional Cooperation

Prof. Anatoly BURYI Deputy

(Director, RF Interregional Association “Far East and Trans-Baikal”)
Expected Prospects for Economic Relations of RFE with the NEA Countries

Dr. MIMURA Mitsuhiro (Director and Senior Research Fellow, ERINA)
Japanese View of the Implications of Russian Far Eastern Development for Northeast Asia and Particularly Korean Peninsula

Academician Pavel MINAKIR (Director, Economic Research Institute)
The Development of Russian Far East and Possible Role of Regional Countries in Northeast Asia

• **Discussants Prof. WANG Fan** (China Foreign Affairs University)

Prof. IWASHITA Akihiro (Hokkaido University)

Prof. Vincent GALLUCCI (University of Washington)

Prof. Beom-Shik SHIN (Seoul National University)

16:00-18:00 (Session 3):

Practical Issues for NEA Regional Cooperation(1): Agro-marine Industries, Transportation and Glocalization

• **Moderator Prof. WANG Fan** (China Foreign Affairs University)

• **Presentator Mr. Yuri AVDEEV** (Director, Asia-Pacific Institute of Migration Process)
Prospects and Variants of Long-term Development of Vladivostok City as an Integration Center in NEA

Prof. SUNG Won-Yong (University of Incheon)
The Russian Far East Development and Cooperation in the Logistics Sphere for the Formation of Transportation Complex in Northeast Asia

Prof. Vincent GALLUCCI (University of Washington)
Commercialization of the Northeast Passage and the Development of Russian Far East in Northeast Asian Context

• **Discussants Dr. JUNG Yeo-Chun** (KIEP)

Dr. Alexey LANKIN (Program Director, Pacific Geographical Institute)

Dr. LEE Sang-jun Director (KRIHS)

☞ **November 9, Saturday**

10:00~12:00 (Session 4):

Roundtable Discussion on North Korean Issue and the Russian Far East Development

·**Moderator Prof. PARK Myoung-kyu**
(Director, IPUS, Seoul National University)

·**Panelists Prof. WANG Fan** (China Foreign Affairs University)
Prof. HA Yong-Chool (University of Washington & SNU)
Prof. WADA Haruki (Tokyo University)
Prof. Donald HELLMANN (University of Washington)
Dr. Ivan TIMOFEEV (Program Director, Russian International Affairs Council)

13:30~15:30 (Session 5):

Practical Issues for NEA Regional Cooperation (2): Energy, Environment and Finance

·**Moderator Prof. Donald HELLMANN** (University of Washington)

·**Presentator Dr. RYU Ji-Chul** (Former Vice-President of KEEI)
Energy Security Challenges in Northeast Asia: Energy Mix and Regional Energy
Cooperation after the Fukushima Nuclear Crisis

Prof. Victor K. TEPLYAKOV (Seoul National University)
On a Few Environmental and Forest-related Issues in Northeast Asia

Prof. DENG Xin (China Foreign Affairs University)
Financial Cooperation among Northeast Asian Countries

·**Discussants Prof. Vincent GALLUCCI** (University of Washington)
Dr. Alexey LANKIN (Program Director, Pacific Geographical Institute)
Prof. Jonathan KANG (University of Washington)

**15:45~17:00 Concluding Remarks : Prof. HA Yong-Chool and Head of Next Hosting
Organization**

Contents

Session 1

The “Northeast Asia Peace and Cooperation Initiative(“Seoul Process”)” and Regional cooperation Process in Northeast Asia

<1st Presentation>

- “ The Purpose and Process of the "Northeast Asia Peace and Cooperation Initiative" and South Korean Regional Policy”..... 3
Prof. PARK Inhwi (Ewha Women’s University)

<2nd Presentation>

- “ Geographical and geopolitical factors and directions of long-term development of the Pacific Russia”..... 15
Academician Petr BAKLANOV (Director, Pacific Geographical Institute)

<3rd Presentation>

- “Chinese Northeast Development Plan and Russia’s Far East Development in Northeast Asian Regional Security Context” 19
Prof. SUN Hong (Heilongjiang University of Science and Technology)

<4th Presentation>

- “Abe’ s Regime and Prospect for the Regional Cooperation in Northeast Asia”..... 25
Prof. WADA Haruki (Tokyo University)

Session 2

The Development of Russian Far East and Regional Cooperation in Northeast Asia

<1st Presentation>

- “Current Status of the Russian Far East Development Plans: A Macro-View From Moscow” 33
Prof. Yan VASLAVSKY (MGIMO)

<2nd Presentation>

- “On Development of Cooperation between the Russian Far East and Trans-Baikal Region and Northeast Asia Countries”..... 39
Prof. Anatoly BURYI Deputy
(Director, RF Interregional Association “Far East and Trans-Baikal”)

<3rd Presentation>

- “Japanese View of the Implications of Russian Far Eastern Development for Northeast Asia and Particularly Korean Peninsula”..... 55

Dr. MIMURA Mitsuhiro (Director and Senior Research Fellow, ERINA)

<4th Presentation>

“The Development of Russian Far East and Possible Role of Regional Countries in Northeast Asia” **61**
Academician Pavel MINAKIR (Director, Economic Research Institute)

Session 3

Practical Issues for NEA Regional Cooperation(1): Agro-marine Industries, Transportation and Globalization

<1st Presentation>

“Prospects and Variants of Long-term Development of Vladivostok City as an Integration Center in NEA” **65**
Mr. Yuri AVDEEV (Director, Asia-Pacific Institute of Migration Process)

<2nd Presentation>

“The development of Transport Infrastructure in the Russian Far East and Transportation Cooperation in NEA” **87**
Prof. SUNG Won-Yong (University of Incheon)

<3rd Presentation>

“Commercialization of the Northeast Passage and the Development of Russian Far East in Northeast Asian Context” **109**
Prof. Vincent GALLUCCI (University of Washington)

Session 4

Roundtable Discussion on North Korean Issue and the Russian Far East Development

<Panelists>

Prof. WANG Fan (China Foreign Affairs University)

Prof. HA Yong-Chool (University of Washington & SNU)

Prof. WADA Haruki (Tokyo University)

Prof. Donald HELLMANN (University of Washington)

Dr. Ivan TIMOFEEV(Program Director, Russian International Affairs Council)

Session 5

Practical Issues for NEA Regional Cooperation (2): Energy, Environment and Finance

<1st Presentation>

“Energy Security Challenges in Northeast Asia: Energy Mix and Regional Energy” **115**
Dr. RYU Ji-Chul (Former Vice-President of KEEI)

<2nd Presentation>

“Some environmental and forest-related issues in Northeast Asia” **125**
Prof. Victor K. TEPLYAKOV (Seoul National University)

<3rd Presentation>

“Regional Financial Safety Nets in East Asia: CMIM” **135**
Prof. DENG Xin (China Foreign Affairs University)

The 4th International Conference on Northeast Asian Community Building

**The Development of Russian Far East and
Search for a New Paradigm for
Regional Cooperation in Northeast Asia**

Session 1

**The “Northeast Asia Peace and Cooperation
Initiative(“Seoul Process”)” and Regional cooperation
Process in Northeast Asia**

The Purpose and Process of the "Northeast Asia Peace and Cooperation Initiative" and South Korean Regional Policy

Park Ihn-hwi

Division of Int'l Studies, EwhaWomans University

I. Introduction

Identifying a 'region' requires very specific political, economic and cultural interests. The question about how an individual country sets the category of the region it belongs to as one of its national identity factors is an outcome and declaration of significant strategic consideration and will (Son Yeol, 2008; Kim Sangjun, 2013). Definition of a region is the product of structural and complex socialization beyond a mere geographical concept or understanding. The reason why we identify Korea as a 'Northeast Asian country' in most cases though there can be various alternatives of a 'East Asian country' or 'Asia-Pacific country' refers to the fact there are vital interests to achieve in the category of Northeast Asia region.

For the last two decades of post-Cold War period, Korea experienced two conservative administrations and two progressive ones. As being 'conservative' or 'progressive' is a relative concept in a point of real politics and policy implementation, what directions and contents the previous governments presented can be controversial at diverse aspects and dimensions. Representatively, there were dichotomous approaches toward North Korean nuclear problem, competitive understanding of strategic significance of the relations with the U.S. and China and balance-striking between Northeast Asian regional policy and trans-Northeast Asian global diplomacy seriously debated in a spatial category of Northeast Asia. Based on the experience and lessons of the past 20 years, the Park Geun-hye Administration promotes 'trustpolitik' as a key value of its diplomatic and security policy. The 'Northeast Asia Peace and Cooperation Initiative (the Initiative)' which is the administration's Northeast Asian policy is expected to embrace a comprehensive concept of trustpolitik.

President Park Geun-hye basically identifies the international reality of Northeast Asia (East Asia in large) where economic, social and cultural interdependence fails to be transformed into mutual trust as 'Asian Paradox' and emphasizes that peaceful and prosperous Northeast Asia is impossible without overcoming the extreme division between so-called 'high politics' and 'low politics.' Meanwhile, 'trust' is a value-oriented concept with strong interdependence among actors. Therefore, to apply trustpolitik in Northeast Asia where political, security and historical interests are acutely conflicting more than any other region, very sophisticated and strategic conditions need to be fulfilled accordingly. In this regard

there are possible doubts whether Korea can lead the move. The Initiative was born in these complicated backgrounds as a kind of community-based approach aiming to build a culture of cooperation and co-existence among severely conflicting countries in Northeast Asia.

II. Trustpolitik and the Park Geun-hye Administration's Regional Policy

1. Trustpolitik: Significance and context

The Park Geun-hye Administration has presented the 'Trust-building Process' for the Korean Peninsula, 'The Northeast Asian Peace and Cooperation Initiative' for the Northeast Asian region and 'Global middle-power diplomacy' for the international community. These three policies have in common that they place 'trust,' a value oriented principle are the core of foreign policies. On the global diplomatic stage characterized by unlimited competition, the abstract value of trust as a principle of diplomatic policy has been subject to controversies whether it is realistic or feasible to apply to none other than North Korea. The type of 'trust' emphasized by the Park administration does not refer to trust in a general sense, but to a trust in reference to strategic consideration and diplomatic relationships. In particular, trust in the inter-Korean relations specifically refers to 'enforcing trust' reflecting the distinct security situation surrounding the Korean Peninsula. According to an article in *Foreign Affairs*, trust is defined as the power to force an agent taking part in diplomatic relations to choose institutionalized relations to seek out more benefits.¹ The context of President Park's philosophical perception lies in her philosophical perception of the current situation in the global diplomatic environment. The diplomatic environment in the 21st century is on in which the traditional diplomatic measures such as force, coercion, persuasion and appeasement is insufficient to achieve global peace and stability. Instead, new diplomatic measures and principles such as trust, mutual understanding and reciprocal interests are contributing to regional and global peace as well as the peace of individual states.

Thus the trustpolitik envisioned by the Park administration is not a naïve diplomatic principle that calls for blinded trust or mercy towards South Korea's counterparts. Rather, it is based on an increasingly common recognition that a new principle is needed to address diplomatic relations among states in today's complex global diplomatic environment, a primary example being the value of 'trust.' Because 'trust' contains strategic implications, the practice of trustpolitik can be applied flexibly depending on how it is applied to certain regions. In other words, trust at the level of the Korean Peninsula, trust at the regional level of Northeast Asia and trust at the global level have different strategic emphasis and characteristics. The following figure shows the different policy tools of the Park Geun-hye administration in terms of different regional level.

¹Park Geun-hye, "A New Kind of Korea: Trust-Building between Seoul and Pyongyang," *Foreign Affairs*, Sep/Oct 2011.

<Figure 1. Park Administration’s foreign strategies by regions and means>²

Policy Levels	Policy Areas	Policy Means
Korean Peninsula	Developing inter-Korean relations	‘Trust-building Process on the Korean Peninsula’
Northeast Asia	Traditional bilateral diplomacy	ROK-U.S. alliance, ROK-China, ROK-Japan, and ROK-Russia relations
	North Korea’s nuclear issue	Six-Party Talks (acquiring limited independent flexibility)
	Major pending issues	Mini-multilateralism
	Overcoming the Asia Paradox	Northeast Asia Peace and Cooperation Plan
International community	Multilateral diplomacy	Middle-power diplomacy, ODA and Cultural diplomacy
	Economic diplomacy	Respecting existing FTA, “Economic-friendly diplomacy”

2. The Four Types of Northeast Asian Policy

Park Geun-hye Administration is known to put a lot of efforts in securing stability and peace in Northeast Asia. The <figure 2> categorizes the future directions of diplomatic policies to be employed at the level of Northeast Asia. First of all, there is ‘bilateral diplomacy’ oriented policies centering on the ROK-US alliance and the relation with China. The bilateral diplomacy targeting each country is very important in Northeast Asia which doesn’t have an institutionalized multilateral diplomatic framework unlike Europe. President Park Geun-hye recognized the significance and has emphasized the need to approach the enhancement of the ROK-US alliance and the development of the relation with China as reciprocal interests and not as confronting ones.

The second category is ‘the six-party talks’ related policy area which deals with a very limited security issue of North Korean nuclear problem. Though the six-party talks haven’t been held for almost five years and their institutionalization level is not very high as a multilateral dialogue window, no one would deny that it is the only existing framework to discuss the urgent security issue of North Korean nuclear program in Northeast Asia. The Park Geun-hye Administration also expresses the support for the resumption of the six-party talks in principle. Given that North Korean nuclear program is one of urgent and pressing international security issues, we need to recognize the benefit of the talk’s multilateral approach.

Third, the diplomatic policy category of ‘mini-multilateralism’ highlighted after the inauguration of the Park Geun-hye Administration is worth the consideration. The diplomatic policy framework in relation with mini-multilateralism seems not to be fully settled yet due to the limited time after the inauguration. Still the facilitation of mini-multilateralism among key party states is certainly valued as a tool for effective discussion on various possible issues taking place in the region. The move to

²For more specific discussion regarding this subject, please see Park Ihn-hwi, “Northeast Asian Peace and Cooperation Initiative: Issues and Roadmap,” International Conference organized by Sejong Institute, Sep 5, 2013

facilitate mini-multilateralism is considered to be a product of strategic consideration to increase the efficiency of problem solving process not disadvantaging those non-participating countries.

Last, the policy area of the Initiative aiming to confidence building among Northeast Asian countries can be pointed out. The Initiative can be understood as an approach valuing the process itself creating a culture or habit of cooperation and co-existence centering on soft issues relatively. It is not aiming to establish a multilateral body with high institutionalization level in a short time.

<Figure 2.Types of Northeast Asian Policy of the Park Geun-hye Administration>

Policy types	Aims / Strategies / Policy areas
(Conventional) bilateral diplomacy	Enhanced relations with major countries / conventional bilateral diplomacy improvement / the ROK-US alliance, relations with China, Japan and Russia
The six-party talks	The denuclearized Korean Peninsula / North Korean participation, control & resolution of North Korean nuclear problem / military security
Mini-multilateral talks	Addressing major current issues / facilitation of dialogues among stakeholders (including Track 1.5) / hard & soft security issues
The Northeast Asia Peace and Cooperation Initiative	Mutual confidence of peace and cooperation / concurrent efforts among governments-non government actors, coalitions among Northeast Asian countries and actors, regularization of talks, declaration / human security, soft security issue-based approach

3. Cognitive Approach toward Northeast Asia Problems

Here we need to ask what the cognitive foundation of the Park Geun-hye Administration’s approach toward Northeast Asia problems are. Three significant characteristics can be identified. First, there is a question on the connectivity between high politics and low politics. In particular, it questions why functional spill-over effect is not found in Northeast Asia compared to the experience in Europe. Of course it is true there have been academic studies on the issue for a long time (Chun Jae-sung 2006; Gu Gap-woo and others 2005; Choi Young-jong 2003; Wednt 1994). However, more fundamental awareness of problem on functional transition may have been raised as acute conflicts revealed among countries in the Northeast Asian region around 2012.

Second, it seems that a functional approach of addressing easy thing first and difficult thing later is considered to secure the stability of the region. That is to say, sensitive and difficult issues in relation with counterpart country’s national interest are to be delayed to discuss as long as possible while economic and social security issues including human security which easily attract common interest are to be addressed first. Though the functional cooperation based on easy thing first approach can be a meaningful start, more sophisticated vision and program must be arranged to aim the ultimate goal of ‘interpersonal binding’ among countries and citizens in the Northeast Asian region.

Third, the Park Geun-hye Administration fully recognizes that the Korean Peninsula problem and Northeast Asia problem are affecting and driving each other. It is expected that the Initiative will not directly address the Korean Peninsula problem at this point but it is highly likely that ultimately the

goal of denuclearization and normalization of North Korea will meet that of peace and prosperity of Northeast Asia at certain level and stage in the future. Of course it will be better for the Initiative to avoid direct linking with North Korean problem until it achieves a certain level of development as North Korean issue-related agenda setting is closely related with acute national interests of Northeast Asian countries and Korean government doesn't seem to have the full strategic autonomy in this issue yet.

III. Theoretical Discussions of the Northeast Asia Initiative

1. Trustpolitik and Confidence-building Measures

It is highly difficult to explain Trustpolitik with a specific framework for theoretical analysis. One must also be cautious in attempting to identify the theoretical background of trustpolitik. However, the Trust-building Process, which is the application of trustpolitik to the Korean Peninsula, is comparably easy in terms of identifying the framework for theoretical analysis. This is because unlike regional or global diplomacy, there is a single subject, which is North Korea, and because it concerns inter-Korean relations, South Korea's political and theoretical flexibility is somewhat respected. From this perspective, the discussion on the theoretical context of trustpolitik will be limited to an explanation of the theoretical context of the 'Trust-building Process on the Korean Peninsula.'

It can be said that the primary theoretical foundation of the Trust-building Process is the Confidence-building theory. If prior confidence-building theories developed with focused on the military aspect, trustpolitik tends to be relatively more relevant in explaining complex and multi-faceted fields so that it can be applied to the Korean Peninsula, Northeast Asia, and the international community.³

The core argument of the confidence-building theory that emerged in Europe is that among agents who harbor mutual animosity and benefits, cooperative measures in the field of military can be formed, which will then become the basis to deter military actions. In the long run, such deterrence mechanism will lead to trust among the agents. Therefore, an important policy measure to foster peace, in the confidence-building sense, is to focus on the military aspect of inter-state relations. In particular, because it was this theory was built up during the Cold war, it is aimed mainly at transforming hostile military operations to predictable situations and thereby weakening or terminating belligerent intentions. Thus, the confidence-building theory states that prediction mechanism on the counterparts' behavior operates to minimize the expected advantages that might result from military measures, ultimately facilitating trust. As such the confidence-building Theory is one theoretical tool to explain various political efforts to transfer a bipolarized Cold-War system into a cooperative international system.

Given that the confidence-building theory focuses on turning hostile forces to co-existing forces and maintains 'peaceful co-existence' as its ultimate objective, it is necessary to devise a more comprehensive and sophisticated theoretical tasks to achieve Korean unification and Northeast Asia's communal trust as well as the co-existence in this region. Compared to the confidence-building theory, the Trust-building Process has the premise that the mechanism for establishing peace is more multi-

³Confidence-building theory(or confidence-building measurements theory) is one of the major theories of international cooperation, which developed in the context of the Cold War. Refer to Robert Axelrod, *The Evolution of Cooperation* (New York; Basic books Inc., 1984); Kenneth A. Oye, "Explaining Cooperation under Anarchy: Hypotheses and Strategies", *World Politics*, Vol. 38, No. 1 (October 1985), pp.1-24.

faceted. This has two implications. One is that the participants nurturing trust must be more multi-dimensional to include government, civilian, civil society, individuals, international organizations as well as regions like the Korean Peninsula, Northeast Asia and the international community. Once the development of the inter-Korean relations reaches a certain level with the governments taking initiative, the extent of participants should be broadened to take advantage of the momentum. Additionally, the division of Korea has been influenced indispensably by the external factors, which requires the interactive structure between Korea and Northeast Asia and between Korea and the international community in the course of trust-building.

2. Trustpolitik and Functionalism

Theoretically, on a spectrum of trust, on one end there will be functional cooperation while on the other end there will be interpersonal binding. On the first level of trust creation, cooperation and mutual dependency is developed in terms of functionalism and gradually this phenomenon will move to the level of interpersonal binding. That two different identities can build trust through functional cooperation and eventually move to the level of interpersonal binding may be possible theoretically, but it will be a very difficult task in reality. For example, functionalism became an important theory in international politics after World War II, through the European experience of regional integration. It is well known that for the cases of European integration, various political efforts were continuously needed to connect the economic, social, and cultural spheres to military-political security spheres and it must be understood that much effort is needed to create such connection.

Most of the Northeast Asian (even East Asian) regionalism has been all based on functionalism. There is a strategic decision that economic cooperation, socio-cultural exchange, and various personal exchange and visits will lead to members of the region needing each other continuously, therefore ultimately lead to military-political interdependence. However, despite the many positive aspects of the 'functionalist approach', military-political trust was not made among the Northeast Asian countries. In result, the Northeast Asian countries' regional policies failed to bring functionalist success. The Park administration's Northeast Asia initiative also is somewhat relying on the theoretical frame of functionalism. This is because the initiative perceives that mutual interdependence among the Northeast Asian countries is a task that cannot be achieved within a short period of time. Also it suggests building trust through initiating soft-security subject which is humanitarian aid, communication, climate change, etc.

Then there is a need to examine the barriers the Park administration's Northeast Asian initiative must overcome to transcend the limitations of functionalism. One possible option is a development of a 'modified functionalism.' For example, a strategy may be thought of that ties political-mutual respect as the ultimate goal with general development of relations tied from the start. Normally, the development of the regional peace and cooperation can be seen as being centered around the 'political problem' and divided between the military security domain and the socio-economic domain that deals with economic cooperation and social exchange domain. There must be a departure from the traditional perception of functionalism that there will be a spill-over effect to the military security domain if the socio-economic problem is solved. There must be a policy that ties the goals of 'peace and cooperation' and 'improvements among Northeast Asian countries' relations' from the start and carries the policy out

as a 'complex' policy towards building a sense of 'Northeast Asian community.' Theoretically, it will be a kind of a modified functionalism, and on the other hand it will mean pushing for a more active interpretation and application of the theory of confidence-building measurement that was limitedly applied only in the military sphere.

IV. Characteristics and Directions of the Initiative

As mentioned above, the Initiative doesn't seek for solutions or responses against the current security issues but aims to create a new framework and foundation of cooperation by building the culture of confidence, the habit of cooperation and the new identity among diverse regional stakeholders. In detail, the Initiative aspires to move toward the future beyond the past by aiming to create universal value-based new orders, promote the relation where benefits, responsibilities and rights are distributed and shared equally and harmoniously and achieve collective, cooperative and inclusive security.

First, the Initiative intends to attain happiness for all by realizing universal values not the balance of power. In other words, it aims to create the regional community where values such as freedom, democracy, human rights and market economy are realized. The determination to go beyond cooperation on mere direct benefits is reflected in the Initiative. Of course, there can be stakeholders who have different understanding of the above values. Still, no one would deny or reject those values such as freedom, democracy and human rights are universal to every human being. The question is how to integrate these universal values in unique characteristics of Northeast Asia and generate practical orders to meet specific features and conditions of the region.

Second, the Initiative seeks for a win-win situation where no small or one country dominates and every member state of the region shares the responsibility and enjoys the benefits equally. It can be interpreted that the Initiative aims to minimize the possibility of free riders through striking the balance between responsibility and benefit and increase and develop common denominators in intra-regional relations by expanding common responsibility. The pace and prosperity in the Northeast Asia region cannot be guaranteed by a small or one country's efforts. It is possible only when the spirit of responsibility sharing is rooted. Therefore every member state needs to work to expand shares of common benefits and increase the total volume of benefits with the spirit and framework of cooperative pursuit of benefit not exclusive pursuit of benefit. At the same time in the process, a genuine regional community building should be realized through balanced allocation, distribution and participation of responsibility. In a nutshell, the Initiative intends to construct a non-zero sum relation where each regional member share the responsibility and benefit equally on the basis of 'regional commons.' The question here is how to set fair shares. It is required to take account in national power gap within the region and cultivate common sense of responsibility sharing without free riders.

The third characteristic and direction of the Initiative is suggesting a process to establish new order, norm, habit and identity through consultation and consensus based on mutual confidence and respect. It rejects physical power or logics of power determine or biased inter-states or inter-conditions relations. Furthermore, it aims to solidify the cognitive foundation for cooperation. Therefore, it doesn't try to force one party's idea or goal to the other but intends to enhance cooperation in creating a new cooperative framework and norm in line with new temporal and spatial situations. It is why the Initiative highlights the need of much more contacts and dialogues at the diverse level to eliminate

doubts and misunderstanding, expand common recognition, build mutual confidence and strengthen the foundation of cooperation. In this regard it is expected that cognitive foundation will be solidified and consistency and scalability of policies can be guaranteed by promoting confidence-based cooperation beyond specific issue-based functional cooperation. It is important to note that not the cooperation itself but the cognitive foundation of cooperation should be enhanced.

Fourth, the Initiative is about overcoming the past and moving forward the future beyond the present. Northeast Asia is still trapped in the past which hinders the region from moving toward the future. The Initiative is therefore understood as promoting cooperation among states and key actors for co-existence and shared prosperity of future by overcoming the past which regulates and restrains inter-states relations. It intends to build a new order of peace and prosperity beyond mere stable maintenance and control of the situations. The Initiative is not a completed one as it hasn't presented a vision of the 'desirable end state' clearly yet although it is important to decide what will be the desirable end state. However in a sense that the Initiative is about the on-going process, it can be understood as a way to detour possible obstacles due to discordance of the end state. In other words, the process that each stakeholder identifies the other's intention and finds the room to agree through consultation can be meaningful in forging common norms and patterns of behavior rather than judging situations. In this regard, it is possible to see the Initiative considering the approach to construct a framework and form of cooperation through the process.

The feature that the Initiative takes different understanding on security compared to conventional concept is already mentioned above. Of course the terms and concepts of collective security, cooperative security and inclusive security are not new. They were introduced and integrated in a few previous administrations. In developing the Northeast Asia Peace and Cooperation Initiative, the Park Geun-hye Administration also promotes inclusive security which encompasses both of the conventional and non-conventional securities by expanding the security sphere given changing situations and challenges while presenting collective security in seeking for cooperation centering on issues affecting all of the regional members. The Initiative is also based on cooperative security in emphasizing each member's responsibility and contribution. Furthermore it is estimated to have the potential and scalability to evolve into a new concept of complex security in aiming non-zero sum status where various aspects of security and diverse measures of addressing them are converged to work effectively.

Last but not least, the Initiative is not limited to states or governments-oriented cooperation. It encourages different non-state actors to cooperate in various fields and levels. It is considered that the Initiative finds a variety of actors play an important role in leading or facilitating inter-governments cooperation in the 21st century. In this regard, the Initiative can be seen to seek for creation of complex cooperative network and culture in line with the emergence of the new Northeast Asia era by promoting consultation and cooperation among various actors in diverse fields and levels transcending lineal inter-governments cooperation framework.

V. Key Principles and Issues of the Northeast Asia Initiative

1. Key Principles to implement the Initiative

The Initiative consists of the policy task No. 127 “to promote the Northeast Asian Peace and Cooperation Initiative and expand cooperation with Eurasia” of <strategy No. 13>trustpolitik presented by the 18th Presidential Transition Committee on February 22, 2013 (the report of the 18th presidential transition committee). The Initiative is the long term task which will be promoted beyond the Park Geun-hye Administration tenure. However, in this paper, I will prospect which roadmap with emphasis on which issues need to be based in practice. First of all, in order to actualize the Initiative, policy attitudes toward the following key principles should be established.

1) The process-oriented approach

- The ‘process-oriented’ approach valuing accumulation of outcomes step by step; setting long-range goals
- Gradually evolving the level of institutionalization according to phased outcomes without predetermination of the end state of institutionalization
- ‘Risk management mechanism’ to prevent risks from spreading is vital in the process of the Initiative as risks at the level of bilateral and multilateral relations can take place at any time in the region.

2) Defining goals

- The long-term and short-term goals need to be defined at the same time.
- The long-term goal: building a culture and convention of cooperation among countries in the Northeast Asia region
- The short-term goal: promoting a ‘Northeast Asia Summit’ or ‘Northeast Asia Peace Declaration’ in the next five years
- Accompanying ‘result-based’ efforts primarily in areas benefiting for all of Northeast Asian in realizing the short-term goal
 - ☞ e.g.) Cyber security convention, protect-the-environment convention or collective relief measures for natural disaster
- In the process, a certain level of institutionalization can be promoted to address a comprehensive or specific issue based on consensus of relevant party states (e.g. establishing a secretariat in Seoul)

3) Promoting Two Track Approach of ‘States – Civil Societies’

- Needs to recognize government-led efforts are not enough to achieve peace and cooperation in the Northeast Asian region given the complexity of global diplomatic environment and consequently promote two track approach where states and civil societies (or non-state actors) work together.
- Needs to keep in mind that the two track strategy can be an obstacle in implementing the Initiative as there are different levels of civil societies and their possible roles in countries while it is relatively easier to assume the possible level of cooperation among state actors.

4) Participants

- Official members: seven Northeast Asian countries (South Korea, North Korea, the US, China, Japan, Russia and Mongolia)
- Different levels of membership including observers: Major Southeast Asian countries (including Indonesia and Vietnam), Australia, Canada, the EU as well as international organizations such as the UN
- Though the Initiative aims to attract the seven countries to participate, at its early stage, the process itself can be launched without the participation of a few countries including North Korea.

5) Recognition of the Present Northeast Asian Situation

- The present strained relations between Korea and Japan and between China and Japan may become an obstacle in the Initiative.
- At the same time, the more the bilateral relations among major states in the region tensed, the more the need and legitimacy of the Initiative are agreed.
- Continuous efforts to improve the relation between Korea and Japan at the government level and civil society are required.
- Meanwhile, tasks which are not conflicting with neighboring countries' regional strategies need to be defined by analyzing Northeast Asian policies of the U.S., China and Japan.
- Considering possible concerns on how to strike up relationship with the 'Trilateral Cooperation Secretariat' of Korea, China and Japan, a positive mindset that establishment of multi-level and multi-dimensional interdependence in the region will basically contribute to building a culture of peace and cooperation is required.

6) North Korean Issues

- It is desirable for the Initiative not to seek for direct connectivity with North Korean issues (denuclearization and normalization) at the early stage as each country in the region has different interest in the issue and some may feel uncomfortable in joining the Initiative due to the issue.
- Korean government needs to establish an internal strategy to integrate the Initiative with 'denuclearization and normalization of North Korea' strategy.
- At the point of launching, 'the participation of North Korea' is to be officially requested as mentioned in the section of participants.
- Meanwhile, Korean government should be aware of the possibility that launching the Initiative without North Korea's participation and any progress in denuclearization can give the impression of focusing on only soft issues while putting off difficult agendas on the backburner.

2. Key Issues

The issues to implement the Initiative are defined based on the following principles. First, it is important to focus on relatively soft issue-oriented cooperation emphasizing the facilitation of low politics rather than conventional hard security issue. However, in a sense that the Initiative is not

predetermining an end state of institutionalization, it is differentiated from a conventional functional approach which starts from soft issues and seeks to gradually evolve into cooperation on hard issues.

Second, the Initiative should not try to replace existing bilateral diplomatic relations or undermine a momentum of recently emerging multilateralism in East Asia. On the basis of understanding that any form of multiple regional networks will be contributable to peace of Northeast Asia, we need to define the goal and relevant issues to build up a 'culture of cooperation and co-existence' which relatively lags behind in the region.

Third, we have to develop appropriate agendas which participating states will find acceptable, that is, in line with both of the individual country's interest and the entire region's interest by analyzing and considering Northeast Asian strategies of the countries in the region.

VI. Conclusion

In most of cases, a political leader who won the election is expected to establish policies and design national strategies toward a direction to maximize his or her political asset. President Park Geun-hye must have found that the values such as confidence, promise and consistency which are her political assets in the universal aspect should be embedded in her administration's national strategies. 'The Northeast Asia Peace and Cooperation Initiative' is considered to be a product of reflecting her administration's identity and merits as well. In other words, the Initiative can be understood as an approach to realize her belief in policies that numerous issues facing the Northeast Asian countries can be solved when a culture of confidence and trust is built.

In this regard, the Northeast Asia Peace and Cooperation Initiative is born in combination of various factors such as proactive reactions toward Asia Paradox, Korea's identity as a Northeast Asian country, Korean government's limit of autonomy in newly emerging power hegemony of the U.S. and China and dynamics of Korean civil society. There are a lot of challenges on the road to realize the roadmap identified in this paper. Therefore, more sophisticated policy development is critical in successfully implementing the Initiative while the creative and strategic efforts of the Park Geun-hye Administration to apply the value of trust in diplomatic relations are highly appreciated.

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Geographical and geopolitical factors and directions of long-term development of the Pacific Russia

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At present economic-geographical gravitation of the eastern territories of Russia to the Pacific Ocean is becoming stronger. By the level of gravitation and preconditions for the development of the marine economic structures one can allocate three groups of the territories. 1 - seaside subjects of the Russian Federation (Chukotsky national district, Kamchatka, Primorskii and Khabarovsk kraia, the Sakhalin and Magadan oblasts). 2 - Yakutia, Amurskaya and Evreiskaya autonomous oblasts do not enter the Pacific Ocean directly, but economically gravitate to its resources, transport potential and the development of external relations through the Pacific Ocean. 3 - the Baikal region (Buryatiya, Transbaikalsky Krai, Irkutskaya Oblast) also economically essentially gravitates to external relations through the Pacific Ocean. The Baikal-Amur main railway (BAM), the main oil pipeline: «the Eastern Siberia – the Pacific Ocean» go out from this region to the Pacific Ocean. However, the districts of the 1st and 2nd groups experience the greatest gravitation to the Pacific Ocean.

The Russian sovereignty spreads on all sea resources within a sea 200-mile economic zone adjoining to a dry land. But in order to develop them effectively, it is necessary to construct the coastal bases and ports as well as to interact with them closely.

Thus, the Far Eastern region within the limits of Far East Federal district, and also a 200-mile sea economic zone adjoining to it (about 5 million km²) and the Russian eastern part of the Arctic shelf (about 1,5 million km²) form the largest Russian macro-region which can be called as the Pacific Russia (PR). Geographical factors of its long-term development are geographical and economic-geographical position; natural-resource potential of a dry land and the sea, its distribution and dynamics; natural conditions, their differentiation, extreme natural phenomena; and also the developed territorial social and economic systems, their inertia and dynamics.

Geopolitical position of macro-region, its wide exit to the seas and the Pacific ocean, to the largest countries of the world, and also its multilevel trans-boundary features - from the North Pacific trans-boundary basin to the trans-boundary basins of the seas of north Pacific (Bering, Okhotsk, Japanese - East, Yellow) and trans-boundary basins of the rivers, for example the Amur, the Tomen and other rivers should be referred to geopolitical factors of the PR long-term development.

The peculiarity of action of geographical factors is their spatial differentiation and dispersion. So, natural-resource potential of the territory, as the geographical factor of the regional development, operates through the nature-resource space. In the last the whole combination of natural resources of the territory (raion) with spatial-temporal attributes, and also with inter-resource relations and interfaces is presented. The primary geographical factor - an environment - through the geographical space renders the same spatially dispersed action.

A geographical and economic-geographical position and the territorial organization of a society have spatially dispersed influence on the regional development. Thus, the physical-geographical position operates through geographical space, whereas an economic-geographical position - through the natural-resource and social and economic space of the territory (water area), area.

The first one reflects the position of the region (a certain territory, a water area) in more general natural geographical space, and the second - also the position of the region in more general natural-resource and social - economic geographical space. For example, the important components of these geographical factors are an exit (or its absence) of the region to the seas, the rivers, the developed regions, transport highways, the large economic and power centers, etc.

The position of the region in relation to the markets and market zones is a major characteristic of its economic-geographical position. We mean external resource markets for the area and the markets for realization of finished goods and services. Such markets can be the basic or additional ones for the home markets of the area which will be developed, diversified and extended in the process of its economic development.

Within PR there are various natural land and sea resources. It is necessary to lead up their complex estimations to those of territorial and aqua-territorial combinations of natural resources. On the basis of such combinations the development of various regional systems of nature management occurs. Extreme natural processes and their territorial combinations are an important peculiarity of an environment, which has a great influence on the regional development.

The approaches to functional zoning of territories and coastal water areas have been developed by the Pacific Geographical Institute of the Far Eastern Branch of the Russian Academy of Sciences. The prior and admissible types of nature management for the certain sites of territories and water areas are allocated on the base of estimation of territorial and aqua-territorial combinations of natural resources and restrictions.

At the end of March the Government of the Russian Federation has confirmed the Governmental program of the Russian Federation «Social and economic development of the Far East and the Baikal region». This Program consists of 12 sub-programs:

- Increase in efficiency of economy;
- Development of a mineral-raw complex;
- Development of a transport infrastructure;
- Development of a power infrastructure
- Development of a fishing complex;
- Development of a timber industry complex;
- Development of agricultural complex;
- Tourism development;
- Maintenance of ecological safety and environment conservation;
- Creation of conditions for comfortable life of the population;
- Research capacity
- A providing sub-program.

The program as a whole is calculated until 2025. The total amount of financing is 10, 7 trillion rubles, including 3,8 trillion rubles - the federal budget, 6,6 trillion rubles - private investments and 0,3 trillion rubles – the budgets of the subjects of the Russian Federation.

The basic problems of regional development are allocated:

- Insufficient development of the industrial, logistical and social infrastructures;
- Population reduction, including at the expense of migratory outflow;
- A high level of a tariff component in a production cycle;
- Ageing of material-technical base of economy;
- Unfavorable natural-climatic conditions, including frequent repeatability of extreme natural processes (flooding, earthquakes, typhoons, etc.).

Two main objectives of the Program are defined:

1. To establish conditions for the accelerated development of the Far East having transformed it in the competitive region with diversification economy. It should be based on hi-tech manufactures with a high share of the added cost.

2. To improve cardinally a socially-demographic situation in the region, to establish conditions for resident population and to maintain a migratory growth, first of all at the expense of qualified experts. To provide for population the European standard level of life on the territory of the macro-region.

Priority directions of the long-term development of the Pacific Russia are:

1. The development of various marine economic structures, including extraction and deep processing of fish and seafood, mariculture, shipbuilding and ship repair, manufacture of the various equipment and devices for the development of resources of the ocean, including independent underwater vehicles. The development of sea transport, including the North sea way.

2. Extraction and processing of ores of metals, including black, non-ferrous, polymetals, rare-earth metals.

3. Extraction of oil and gas, their transportation and processing with recovery of liquid natural gas, various oil products, products of petro-chemistry and gas-chemistry, including for export.

4. The development of timber industry structures, including deep processing of low-grade wood, artificial forest recovery.

5. Tourism development, including ecological, sea and northern.

6. The development of scientific-educational cluster.

7. The development and modernization of a transport infrastructure, including trans-boundary.

In the Program 23 complex investment projects are allocated in all subjects of macro-region. For example, the complex development of south Yakutia, Mineral-raw cluster on the basis of the Udokansky deposit, Kosmichesky (space) cluster in the Amur region, the Vanino-Sovetsky-Gavansky transport-industrial knot, the development of a tourist cluster of Kamchatka, Fuel and energy cluster of the Sakhalin Oblast, Vladivostok - as the international centre of cooperation in the Asian Pacific region and others. Realization of all these projects will provide 2/3 increase in gross regional product (GRP) of macro-region.

The basic target indicators of the Program are the following. An increase in GRP in macro-region by 2025 relative to 2011 will make up 218 %. The macro-region share in gross domestic product of the Russian Federation will make up 8, 8 % (in 2011 - 8, 6 %). - As it is supposed, the population will increase from 10, 8 to 11, 9 million persons. The average life will increase from 66, 5 till 72,5 years. The average salary in macro-region will exceed the middle Russian level by 25 %. Macro-regional international contacts, first of all with the countries of Northeast Asia will essentially increase.

Chinese Northeast Development Plan and Russia's Far East Development in Northeast Asian Regional Security Context

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In the sense of space philosophy, region has a dual nature: “on one hand, it has physical nature, which is objective, constant, and independent from the space where human beings carry out social practices; on the other hand, it has social nature, and it is a social space, and it is the outcome of human being's social practices and social relations.”⁴ For international studies, region is a social construction that is constrained by geographical factors.

When it comes to NE Asia, geographical adjacency makes states in this region could not separate their security concern from each other. Although in the post cold war era, the bilateral economic relations have made progress rapidly, some parts of NE Asia especially NE China and Far East of Russia have been left out of this process, the reason behind which is that these two areas are not the focus of regional economic exchanges. However, in the past several years, China has put forward a plan of Revitalizing the Old Industrial Base in NE China and Russia has put forward the strategy of developing Far East, both of which bring a new opportunity and a scare impetus for NE Asia to carry out a new round of economic interaction. This might be a type of multi-lateral economic interaction, and would bring regional multi-lateral organizations and institutions. If regional multi-lateral organizations are established, it would work as a triggering mechanism of constructing a regional community.

I. NE Asia: A Region with the Most dynamic Economies within it and Its Unbalanced Development

NE Asia includes the NE Asia, China, ROK, Japan, DPRK, and Mongolia. As to the social construction of NE Asia, geopolitical concerns are the most important variable that influences the regional economic cooperation, and in the cold war era, constrained by the bi-polar structure, most states in this region securitized others, and the economic transaction within this region was limited. Since the Cold War was over, NE Asia has become one of the most dynamic regions, and by 2010, the sum GDP of China, RoK and Japan, takes up 19.6% of the total of the world. And meanwhile the economic relations within NE Asia have made great progress, it takes 30years (1972-2002) to increase the volume of trade between China and Japan from 1billion US dollars to 100 billion US dollars, however it takes only four years to increase the amount from 100 billion US dollars to 200 billion US dollars. Since diplomatic relations was formally established, the trade volume between ROK and Japan has increased 40 times, from 6 billion US dollars in 1992 to 240 billion US dollars.

Although to some extent close economic interdependence has formed within NE Asia in post cold war era, the constellation of economic regional economic interdependence has been affected by the development policies of China and Russia.

⁴ “国际关系理论研究的‘空间转向’刍议”，《教学与研究》，2013年第7期，第95页。

In the early stage of implementing the Open and Reform Policy, China's focus was in the eastern coastal areas, therefore both China-RoK and China-Japan bilateral economic cooperations focus along the coastal areas, including the coastal city of DaLian, which locates in NE China. Once this constellation has developed, it would form a momentum, which is very hard to change. To change it needs new grand opportunity and new points of regional economic cooperation. Since most parts of NE China are hinterland, so they don't have deep economic exchange with RoK and Japan. On September 30, 2003, China put forward the strategy of revitalizing the old industrial base in NE China, which might become a new engine and cooperation point for NE Asia.

When it comes to the Far East of Russia, it was originally a immigrant area and reserve base, and during the period of cold war it became a strategic military base, which made it almost an isolated area.⁵ In the post cold war era, Although Russia has put forward some concepts of Far East, those concepts have never been implemented comprehensively and effectively, because Russia experienced nearly ten-year's unstability and recession, and it spent nearly another ten years to develop close energy economy relations especially with Europe states. All these made Far East of Russia far from the regional economic cooperation within NE Asia. Although Russia has immense territory in NE Asia, it has been a marginal actor for most time, "the total trade volume among RoK, Japan and China takes up 90% of the regional international trade"⁶. The trade volume of Sino-Russia is also far less than that of Sino-RoK's or Sino-Japan's economic exchange. Under the first and second presidency of Putin, Russia has achieved stability and prosperity—it has become a member of the BRICKS club. In his third presidency, President Putin decided to implement the strategy of developing Far East. To develop Far East is of great significance to Russia. It concerns whether Russia can achieve the goal of becoming one of the Top 5 economies of the world by 2020; concerns whether Russia can become a real player in economic activities of NE Asia, and concerns whether Russia can effectively face the security challenge that comes from America shifting its strategy focus to the Asia-Pacific.

II. The Present Economic Exchange between NE China and Russia's Far East and The Potential for Integrating Them

1. The Present Economic Exchange Between NE China and Russia's Far East

NE China has nearly 3000-kilometer border with Russia Far East, and by July 2008, all their border of over 4300 kilometers has been formally settled, which would make the two sides become more confident to carry out economic cooperation.

However, at present, the economic exchange between the two sides is of low level, and the trade structure is simple. What Far East exports to NE China is resource-intensive products, and what NE China exports to Far East Russia is labour-intensive products, including a large variety of light industrial products, such as clothing, knitting, bedding, shoes and hats. However, light industry is not the advantageous industry of NE China, which makes the local light industrial product of NE China have no price advantage and technology advantage, and most of the light products above mentioned are from other provinces of China. And additionally, the population scale of Far East of Russia is small, which means the market potential for light industrial product is limited.

Because the Far East of Russia has been undeveloped, the two sides haven't completely taken the advantage of their intra-industry complementary and inter-industry complementary. And although ten years has past since China put forward the strategy of revitalizing the old industrial base in NE China, the potential of economic cooperation between the two sides still has not been fully developed. The main reason behind it is that Russia's plan of developing Far East has not been really implemented.

2. The Potential for Integrating Developing NE China with Developing Russia's Far East

⁵ 刘清才 高科等著,《东北亚地缘政治与中国地缘战略》,天津,天津人民出版社,2007年,第203页。

⁶ 陆南泉,“对当今推进中俄经贸合作战略意义的分析”,《俄罗斯学刊》,2012年第4期,第23页。

Nevertheless, with Russia beginning to implementing the plan of developing Far East, there comes some strategical coupling between China's strategy of revitalizing the old industrial base in NE China and Russia's strategy of developing Far East. This makes it feasible to promote and deepen economic cooperation between the two sides.

For Russia, the richful natural resources is of both economic significance and political significance. The plan of developing Far East concerns the renaissance of Russia. Three hundred years ago, Europe was the economic and political center of the world, a modern St. Petersburg constructed by Peter the Great, not only worked as "a window to observe Europe", but also played the role of leading a process of Russia's transforming to a modern country, which made Russia become a real player of European politics and economy, although Russia locates in the periphery of Europe.⁷ And in the 21st century, Asia-Pacific has already become one of the economic centers of the world, which makes Asia-Pacific more important in political affairs of the world. Were Russia to play a role of marginal participant of the economic activities of NE Asia, Russia would not be a real player in the economic activities in NE Asia. Therefore, for Putin's third presidency, it is necessary to construct one or several eastern "St. Petersburg" that functions as a window to Asia and plays the role of a center for developing and modernizing Far East. And it seems that this process has begun. In May 2012, Putin issued an executive order to establish a ministry of Far East development, which locates in Khabarovsk, a Far East city. and in September 2012, Russia held the APEC summit in Vladivostok, during which Putin said that "in the past Russia didn't pay much attention to Far East and Siberia, and from now on Russia will actively carry out more cooperation with other economies of Asia-Pacific". And Russia invested 22 billion US Dollars for upgrading the infrastructure of Vladivostok and building other construction projects. Mackinder said, "if a city has accesses to both seaway and landway, its significance is manifest, because it would become a place for transporting passengers and goods".⁸ Vladivostok is such a city, it is surround by sea on three sides, it is the terminal of the Seberian Railway, and it is where the Seberian Railway connects with the railway of NE China.

China's plan of revitalizing NE and Russia's plan of developing Far East provide huge opportunity for each other to carry out economic cooperation.

Although NE China and Russia's Far East have similar structure of natural resources, similar soil structure, similar climate, they differ a lot in development. Before implementing the policy of Open and Reform, NE China worked as the most important heavy industry base. The main types of mineral resource make up the industry structure of NE China⁹, and industry-featured cities formed around related industry. Some of these cities feature resource exploitation, such as steel city, An Shan; coal city, Ji Xi; oil city, Da Qing. Other cities, such as HaRBin, Chang Chun, QiQi Har Er, feature heavy machinery, numerical control machine, complete set of equipment, delicate instrumentation, and automobile. In addition, NE China has vast fertile SongNen Plain and San Jiang Plain, and the total amount of farmland is about 21,450,000 hectares, which is about 17.6% of the total of China¹⁰, and NE China is the most important commodity grain base.

Around its economic structure of heavy industry and agriculture, NE China, has developed a complete and developed educational system and research system. Northeast Petroleum University, Northeast Agricultural University, Northeast Forestry University, serve the goal of both cultivating talents and providing scientific and technological supports for the development of petroleum industry, agriculture and forestry. And of course, there are also some universities features cultivating high-tech talents, for example, Jin Lin University and HaRBin Institute of Technology are both the top universities in China.

⁷ 索尔·科恩著, 严春松译, 《地缘政治学: 国际关系的地理学》, 上海: 上海社会科学出版社, 2011年, 第221页

⁸ (英) 哈·麦金德著《历史的地理枢纽》林尔蔚、陈江译, 北京: 商务印书馆, 2011年, 第37页。

⁹ 相伟、千庆兰等, "西部大开发"与"振兴东北老工业基地"战略的比较思考——兼论国家制定地区发展战略的科学内涵与内容范畴, 《经济地理》, 2006年第6期, 总第26期。

¹⁰ <http://www.stats.gov.cn/tjsj/nds/2012/indexch.htm>

For China, one important task of revitalizing NE China, is to activate more vigor of the established energy industry and heavy machinery industry as well as those derived industries. Nevertheless, for Russia Natural resource exploitation would be the No.1 drive for developing Far East. In energy sector, the two sides have the potential to carry out comprehensive economic cooperation, including not only investment technology, machinery, technicians and labours, but also related research and development.

Although resource exploitation is the first drive for developing Far East, the plan of developing Far East might have more aspects, such as, agriculture and forestry, high-tech industry, as well as service industry. And only by this way could Far East attract more immigrants from other parts of Russia, which is of significance to Russia's Far East. When it comes to agriculture, there are 6,700,000 hektare farmland in Russia's Far East, and at present 1/3 is still idle cropland, which causes an odd phenomenon that Far East has vast farmland, but it can't be self-sufficient in most agricultural produces, for instance, it can only provide 20% of the fruits it needs,¹¹ and most fruits are imported from elsewhere, which makes the cost of living in Far East is much higher than other parts of Russia. NE China has similar soil conditions, climate conditions with Far East Russia, which means that it is easier for the two sides to carry out agricultural cooperation.

III. The Potential for Multi-lateral Regional Economic Cooperation and Regional Interdependence in Far NE Asia

Although due to geophysical adjacency and similarity in natural conditions, NE China and Far East Russia have great potential for cooperation, to develop these two areas suggests opportunity of multi-lateral regional economic cooperation. When it comes to energy exploitation, it would invoke immense demands for investment and technology, as developed economies RoK and Japan have advantage in these aspects. And NE China has the experience and technology of exploiting in similar natural conditions with Far East. Therefore, it is possible for Russia, RoK, Japan and China to carry out multi-lateral cooperation in energy exploitation in Far East. Most important of all, RoK, Japan and China, are all dependent upon imported energy, and to develop Far East would release huge energy supply capacity, which would diversify these three countries' structure of importing energy. Meanwhile it would also diversify Russia's exporting structure of energy. Then here comes relations of interdependence.

To take energy industry as the key link would bring along the development of derived industry, such as petrochemical industry and daily chemical industry. The former would produce means of production, such as fertilizer and plastic, to support the development of other fields, such as infrastructure construction, agriculture and automobile industry, both for Far East and other areas. And the latter means producing daily chemicals and means of livelihood, of which RoK and Japan have advantage.

To take agriculture as another key link would also develop another diversified economy system, including grain-processing, grain-storage, feed production, and so on, which would make Russia's Far East become an important supply base of grain and other agricultural produces, not only for Far East itself, but also for other economies of NE Asia, because most of other economies in NE Asia are grain-importers, for example, the self-sufficiency rate of grain of Japan is less than 25%.¹²

The development of energy industry and agriculture as well as the derived industries of these two industries, needs investment, scientific and technological support, which broadens the space of cooperation for all sides. In addition, for revitalizing NE China and developing Russia's Far East, to develop high-tech industry and service industry is also of great significance, and as developed economies in NE Asia, RoK and Japan have an edge at these industries.

In general, to revitalize NE China and to develop Russia's Far East might bring a scene of interdependence among the economies of NE Asia. There might be a troika of NE Asia cooperation, energy industry and its derived industry, agriculture and its derived industry, and science and technology sector.

¹¹ http://www.hljagri.gov.cn/nydt/gj/200705/t20070524_129001.htm

¹² http://news.xinhuanet.com/fortune/2008-04/11/content_7958662.htm

IV. Multi-Lateral Economic Cooperation Might Trigger A Process of Building a Regional Community of NE Asia

If there comes a scene of multi-lateral economic cooperation in NE Asia, it means “ there are various channels for communication, including the formal and informal contacts among elites of governments, the elites of enterprises of each sides and MNC”¹³ With the development of such a interdependence, it is necessary to establish regional organizations and institutions to solve and manage the problems that emerge during the process of cooperation. and regional organizations and institutions are important places for social learning, “during their transactions and social exchanges, people communicate to each other their self-understanding, perceptions of reality, and their normative expectations.”¹⁴

Building a regional community might be the target of NE Asia regional construction. The social construction of a community is a path-dependent social process, and once a path starts, it would form a process of self-reinforcement. Path-dependence means, “initial choices, often small and random, determines future historical trajectories.....initial choices persist because individuals and social groups come to identify and benefit from past, and because the cost of change become more significant over time”¹⁵. Therefore, the initial choices might work as a triggering mechanism to cause a process of community building. Due to the diverse disputes over islands and territorial seas in NE Asia, the possible triggering mechanism of NE Asia might be in economic fields. Just as discussed above, to revitalize NE China and to develop Far East Russia might demand for regional organizations to coordinate economic activities. It would cultivate the habits of regional coordination in NE Asia, which is critical for crisis management and preventative management in NE Asia.

V. Conclusion

There is some compatibility and complementarity between revitalizing NE China and developing Russia's Far East, and this means they have huge potential for cooperation. However, this cooperation might cause a series of multi-lateral cooperation, which would bring benefits for all sides of NE Asia. For Russia, to develop Far East would make it develop close economic relations with other economies in NE Asia, and it would also make Far East become prosperous and modernized, which is a key to attract more Russians to immigrate to Far East. For NE China, to participate in such a multi-lateral cooperation means having another drive to activate the production capability of established traditional industry, and means having more more opportunities to optimize and diversify its economic structure. For RoK and Japan, to participate in such a multi-lateral cooperation means more opportunities for diversifying their sources of importing petroleum and grain. And even for the two economies that are almost marginalized in NE Asia economic activities, Mogolia and DPRK, because of their neighboring with NE China and/or Russia's Far East, the development of NE China and Russia's Far East might offer them an opportunity to integrate in to economic activities of NE Asia.

If such a multi-lateral regional cooperation would start, it would powerfully drive states of NE Asia to form complex interdependence and to establish regional multi-lateral organizations, which might trigger a process of building a regional community that has common interest initially, and then has common way and common sense. If such a process starts, the social structure of NE Asia would be changed. The past social interaction among each side of NE Asia determines the today's social structure of NE Asia, and today's social interaction would determine what NE Asia's social structure of tomorrow.

¹³ 罗伯特·基欧汉著，门洪华译，《权力与相互依赖》（第三版），北京：北京大学出版社，2002年，第24页。

¹⁴ Erving Goffman, *Relations in Public* (New York: Basic Books, 1971).

¹⁵ Emanuel Adler, edited, *Security Communities*, Cambridge University Press, 1998, p. 49.

Abe' s Regime and Prospect for the Regional Cooperation in Northeast Asia

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I. Mr. Abe' s background

Mr. Abe, Abe Shinzo is Prime Minister who has come back to his post after five years' absence. It is a rare case in the Japanese political history.

Mr. Abe is born in 1954 and finished Seikei University in 1977. After two year stay at Southern California University, he entered Kobe Steel Ltd. When his father Abe Shintaro became Minister of Foreign Affairs in 1982, he began to work as a father's secretary and when his father died in 1991, he inherited father's political resources and was elected to the House in 1993. But then the Liberal-Democratic Party was defeated in the election and ceased to be a ruling party for the first time in 38 years from 1955. As a member of oppositionist party Mr. Abe entered the Diet, where non-LDP Prime Minister Hosokawa was elected. New Prime Minister stated clearly in his first press conference that the past war was a war of aggression.

Though the last LDP cabinet headed Miyazawa managed to issue a historical Chief Cabinet Secretary Kono' s statement on the comfort women problem (August 4, 1993), most members of the LDP raised their indignant voices against Prime Minister Hosokawa's new utterings about the war. Mr. Abe, a fresh man was among active protestors. In 1994 Murayama Cabinet was born on basis of coalition of LDP's liberal wing and JSP. New cabinet began to make every efforts to establish a new understanding of war history and take measures for atonement to war victims. In the LDP a strong organization of LDP Diet members was formed to resist a national expression of apology and remorse about the Japanese war history. An old politician Okuno Seisuke, a true right-winged man headed this organization and young Abe was appointed its deputy chief secretary. Mr. Okuno stated openly that Japan fought a great war for "Self-survival and Self-defence", for "Liberation of Asia". No apology can be permitted and no remorse is to be tolerated, he said.

But this organization could obstruct neither a Diet resolution of apology (June 9, 1995) nor Prime minister Murayama statement of apology (August 15, 1995). New public standard of historical understanding was formulated at last in the fiftieth anniversary of Japanese military defeat and moral rebirth. On this day, on August 15, 1995, semi-state organization, Asian Women's Fund started its activity of apology and atonement to former comfort women.

In 1997 young dissidents of the LDP headed by Nakagawa Shoichi and Abe Shinzo started to raise voices against the writing in middle school history textbooks about the comfort women and Kono statement. They attacked Kono statement as a document lacking historical basis and creating state disgrace. Notwithstanding their active and persistent protests LDP Prime ministers Hashimoto, Obuchi, Mori, and Koizumi continued to sign letters of apology for those comfort women who accepted atonement money from AWF. From then Mr. Abe's passion for historical revisionism grew to be his political backbone.

From the end of 1990s Mr. Abe began to join the activities for victims of North Korean abduction. There his position was distinguished by hawkish attack against soft line of Foreign Ministry. His political fortune changed with the appointment as Deputy Chief Cabinet Secretary in 2001. In 2002 he accompanied Prime minister Koizumi *ex-officio* to visit Pyongyang, though he had been excluded from secret preparation of this rapprochement between Japan and North Korea. Koizumi's visit and Pyongyang Declaration was brilliant diplomatic breakthrough in the Japanese history. But under international pressure and by internal conspiracy a success rapidly turned into a debacle, through which Mr. Abe appeared as a strong man standing up against treacherous North Korea.

After his first failure Prime Minister Koizumi continued to work for normalization of relations with North Korea and he paid his second visit to Pyongyang with articulate determination in 2004. But this time also he could not move forward to his aims. He was forced to appoint Mr. Abe as his successor. Abe became Chief Cabinet secretary in 2005 and President of the LDP and Prime Minister in 2006.

When Abe was elected President of the LDP, I published in magazine *Sekai* an open letter to him, in which I asked him whether he is going to stand by Kono statement, Murayama statement and Pyongyang Declaration in his Prime Minister's post. In the Diet similar questions were posed to him by opposition members. Prime Minister Abe was forced to answer to them that he would stand by both statements. Then his supporters in and outside the Party were terrified and began to move toward an official reexamination of Kono statement.

Prime Minister Abe's new political strategy was demonstrated first in his North Korean policy. He called the problem of abduction by North Koreans as the most important national problem to be tackled by his whole cabinet. He headed the Cabinet headquarters to take measures about the abduction problem and adopted two main principles of solution. 1. Without solution of abduction problem no normalization of relations between Japan and North Korea is possible. 2. Return all victims immediately. North Korean explanation that eight persons died is groundless. We think all victims are alive. To realize these principles Abe cabinet began to give pressure on North Korea. First Japan stopped import from North Korea and next stopped export to North Korea.

Abe gradually was driven to approve the proposal of official reexamination of Kono statement. In spring of 2007 the United States newspapers and Congressmen became uneasy. Washington Post published editorial "Mr. Abe's Double Talk"(March 24, 2007). It was an extraordinary comment on Prime Minister of its own ally. In April Abe hastened to visit Washington to convey to President Bush and the Diet leaders his willingness to stand by Kono statement. But the House committee adopted a resolution about the comfort women on June 15, as if it did not believe Abe's promises.

Prime Minister Abe suddenly resigned from his post on September 7. It was explained that his health was so deteriorated. But suspicion of his historical revisionism which spread internationally might have exerted some influences on his resignation.

II. The second term of Prime Minister Abe

From 2007 to 2012 Mr. Abe's health was improved by a new medicine, it is said.

Another big drama was the victory and defeat of the Democratic Party's rule. In autumn 2012 Abe made up his mind to participate in the election campaign for President of the LDP, who was to become the next Prime Minister. In this campaign Mr. Abe propounded his new economic policy, so-called Abenomics, but also he was active in showing his position as historical revisionist and championing the necessity of reexamination of Kono statement. This latter point was a little perplexing to the people, for it was obvious that he stumbled over this stone in his first premiership. He should not repeat that mistake, if he wish to become Prime Minister once more and to succeed this time.

Mr. Abe won the election and became President of the LDP. And after a sliding victory in the general election, he became Prime Minister. He appointed several comrades of young Diet members' organization concerned with comfort women problem as cabinet members. But he adopted three persons as his advisors. Professor Hamada Koichi(Yale University), former Deputy Minister of Foreign Affairs Yachi Shotaro and former secretary of Prime Minister Koizumi Iijima Isao. Professor Hamada

is American Liberal, totally alien to historical revisionism. Mr. Yachi has also nothing to do with historical revisionism. Mr. Iijima has been known as near to Chosoren. From this appointment one could gather that Mr. Abe was seeking a new look for him.

But Prime Minister Abe surprised the world only four days later, saying to Sankei Shimbun that he was thinking of the reexamination of both statements. New York Times published an editorial “Another Attempt to Deny Japan’s History” on January 3, 2013. Then a long examination of Prime Minister Abe’s utterings started in the Diet and in the media. On the other hand, Abe’s economic policy made a quick success in recovering prosperity and his reputation and popularity rose rapidly.

Finally in May Cabinet Chief Secretary Suga and Minister of Foreign Affairs Kishida stated almost simultaneously as follows; during a certain period prior to the past world war Japan “caused tremendous damage and suffering to the people of many countries, particularly to those of Asian nations” and Japanese governments have expressed again “feeling of deep remorse” and stated “heartfelt apology.” Abe cabinet has similar view. It is almost repetition of Murayama statement, but the latter’s most important phrase “through its colonial rule and aggression” was omitted. Around this omission a long debate continued further. Suspicion was not erased.

III. Abe’s Policy toward Northeast Asian countries

Prime Minister Abe has no regional policy toward Northeast Asia. He has only a bundle of bi-lateral policies toward countries of Northeast Asia.

First, ROK. Japanese relations with South Korea are strained most. Summit meeting has not been held, though both leaders occupied their seats over half a year. Everyone agrees that there will be no such meeting by the end of this year. This is all due to Prime Minister Abe’s ambiguity about his inherent historical revisionism. President Park Geun-hye would not like to meet Prime Minister Abe, saying that Japan should clarify its position about its history. But between Japan and South Korea there are many problems to be tackled jointly. Comfort women problem, to which former President Yi Myung-bak attached such importance, remains to be solved and new ROK court decisions about forcefully mobilized workers’ cases are inviting both governments to intervene politically for reasonable solution. Top leaders should meet immediately. It is high time when Prime Minister Abe put his historical revisionist passion under state seal.

Second, China. Japanese relations with China are also strained because of Senkaku=Diayu Islands. Summit meetings are impossible still now. At present when Chinese sea patrol planes fly near to Senkaku islands, Japanese air self-defence force planes scramble from Okinawa base. Such hostilities should be eliminated. China demands Japan to recognize the existence of territorial issue, but Japan would like to respond to such demand. Therefore two countries cannot start negotiations. Prime Minister Abe visited Central Asian countries, Mongol, India and Vietnam to promote economic and security cooperation. Such diplomatic actions may be interpreted as efforts to make pressure on China.

With China there is one more problem. That is Yasukuni problem. As long as Mr. Abe overtly expresses his willingness to pay visit to Yasukuni, Chinese leaders never relaxes their vigilance. Prime Minister Abe should state publicly that he is not going to pay official visit to Yasukuni during his premiership years.

It is urgent for Japan to come to agreement with China about sea power projection. China is going to have air-craft carriers and nuclear submarines. Japan sea Self-defense forces should operate peacefully with such Chinese sea forces.

Third, North Korea. Prime Minister Abe stated publicly that he was determined to solve the abduction problem. He met victims’ families on December 28 and said, “I took the post of Prime Minister once more, only moved by a sense of mission, in order to solve the abduction problem.” “Abe cabinet will solve the problem by all means”. But measures which were prepared hurriedly by this cabinet were all old ones. Such measures proved to be futile in past six years. Pressures or sanctions did not work. Dialogue is necessary now.

In relation to this necessity Mr. Iijima’s visit to Pyongyang in May 2013 attracted attention. It is said that Mr. Iijima had worked for purchase of Chosoren’s building. If Prime Minister Abe allows Mr.

Iijima to work for bringing decent result of this dealings, negotiations between Japan and North Korea might be realized. Once negotiations are resumed, re-investigation of abduction victims may be obtained. Then parents of Yokota Megumi will be able to visit Pyongyang to join the re-investigation. If they meet their granddaughter Kim Un-gyon, it will be a very important moment.

Fourth, Russia. Japan has normal relations only with Russia. Prime Minister Abe met President Putin four times. And April Summit produced an important joint statement. Economic cooperation is successfully developing in federation scope and Japanese participation in Russian gas project in Russian Far East is expected. The promised meeting 2 plus 2 was held in this month to promote security cooperation. In this favorable atmosphere negotiations already started to find a mutually acceptable variant of solution for territorial problem. Here new thinkings are necessary to both sides, but for the time being they are invisible to outside observers. Prime Minister Abe with adviser Yachi can be free from traditional thinking and choose variants of solution boldly.

Russian gas is an instrument which can be used to unite neighboring countries. Therefore if Japan and Russia succeed to develop an useful gas project, it may contribute to regional cooperation of Northeast Asia. And also if Japan and Russia can find a variant of solution for territorial problem, it will surely help to pave way to the solution for other territorial problem in this region. So Japanese policy toward Russia may bring a big change to Northeast Asia, if it will be successfully realized.

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The 4th International Conference on Northeast Asian Community Building

**The Development of Russian Far East and
Search for a New Paradigm for
Regional Cooperation in Northeast Asia**

**Session 2
The Development of Russian Far East
and Regional Cooperation in Northeast Asia**

Current Status of the Russian Far East Development Plans: A Macro-View From Moscow

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I. Introduction: on distant provinces

The global economic climate remains unstable. However, the Asia-Pacific region has been continuing to strengthen its positions in the world economy and has proved its status as one of the major sources of the global growth in recent years. Russian economy is also among those which look appealing against the overall background. In times of crisis, businesses and investments seek politically-stable markets with promising growth potential.

In the past four years Russia has made real breakthroughs in promoting regional integration. The country joined the WTO, agreed on a CIS free trade zone, and formed a customs union and common economic space with Kazakhstan and Belarus. Besides, Moscow is gradually moving toward the creation of a Eurasian Economic Union. That said, it is evident that regional economic integration is one of Russia's priorities, and the potential for cooperation should also be fulfilled in such an important region as Northeast Asia.

The Russian Far East and the Baikal region make up about 45.5% of the country's territory (7.8 million km²), but have only 7.5% (10.8 million people) of the total population.¹⁶ Besides, in Russia the Far East and the Baikal region are considered to be distant regions, which are remote geographically, economically and politically. Russia is not the only country which has huge distant provinces. Alaska in the United States is the largest state in the United States by area (1.7 million km²) and the 4th least populous and the least densely populated of the 50 United States. Australia's Northern Territory occupies much of the centre of the mainland continent, with an area of total 1.4 million km². There also such examples as Northern Canada, Northern Scandinavia, Arctic, some parts of China, Micronesian states and territories controlled by the United States.

At the same time, distant regions often contain abundant natural resources – hydrocarbons, fresh water, forests, etc. – which can serve as drivers for the development of such provinces and stimulation of the national economic growth overall. So what measures are being taken and should be taken to develop the Russian Far East? What benefits might this development bring?

II. Problems and opportunities

At present, an unparalleled opportunity has arisen for the development of Eastern Siberia and the Russian Far East, as the centre of global economic activity is shifting from the West to the East. The proximity to Asia and the resource wealth of Eastern Siberia and the Far East enable Russia to capitalize on

¹⁶ State Program of the Russian Federation "Socio-Economic Development of the Far East and the Baikal Region". – Ministry of the Russian Federation for the Development of the Far East. – 2013. – Mode of access: <http://minvostokrazvitiya.ru/bitrix/redirect.php?event1=file&event2=download&event3=programma.pdf&goto=/upload/iblock/152/programma.pdf> (accessed on October 31, 2013).

Asian countries' growing demand and to drive the region's economic growth. The amount of raw natural resources in the region is the largest in Northeast Asia, which is the key competitive advantage of the raw industry in the east of Russia. The territories of this macroregion, which are adjacent to Asia's emerging economies, contain over 90 percent of Russia's platinum-group metals and over 70 percent of the country's nickel and copper reserves. The area also contains abundant hydrocarbon reserves, forest resources, precious and other metals. Over two-thirds of Russian aluminum is produced in this region. It has abundant water resources as by using the river power it is possible to produce annually over 500 billion kWh of electric power. 80% of hydropower resources of Russia located in Siberia and the Far East remain largely undeveloped, with huge potential for growth.¹⁷

In the second half of the 20th century, many Asian countries saw the economy grow at unprecedented rates. With rapid economic development and large population, such countries will play a more and more significant role in the changes of the global economy. The focus of the world consumption structure is moving towards emerging markets. Today Asian economies consume around half of the globally-produced aluminum and coal, around 60% of iron ore, 40% of copper, nickel and zinc.¹⁸ Such a situation is mutually beneficial for both Russia and its neighbors in Northeast Asia and Asia as a whole. The Asian economies will require a large increase in resource inputs to sustain economic growth in the years ahead.

The products manufactured by new production facilities in the Russian Far East are Asian markets-oriented. Taking this into account, Asian countries will be provided with resources required for its economic growth whereas Russia will be able to develop the economy of the Eastern Siberia and the Far East.

It is important to note that the Russian Far East and the Baikal region are important elements of the transport bridge between Western Europe, North America and Eastern Asia. On the one hand, this is a land connection by the Trans-Siberian Railway and the Baikal-Amur Mainline. Their annual cumulative capacity of over 110 mln of tons of cargo can be significantly increased by a deep modernization, which includes the construction of a second track all along the Baikal-Amur Mainline. The Russian Far East and the Baikal region are logistically more convenient for the other regional partners than countries located in other parts of the world. For example, at present, China imports core mineral resources from Australia, Brazil and South Africa. However, the Russian mineral resources are located in a closer proximity – cargo transportation from Brazil to Shanghai by sea takes as long as 35 days, from South Africa it will take 20 days and from Australia it takes around 14 days – while from the Vanino Seaport it takes only 4 days. Transportation by railroad from Eastern Siberia across Mongolia will take only one day.¹⁹

On the other hand, currently Siberia and the Far East are still regarded as a remote “outpost” or “periphery”, rather than as a potential new growth area for the country. The development process of Eastern Siberia and the Far East is hampered by a number of factors, including depopulation and low economic population density, underdeveloped power and transport infrastructure, slow innovations implementation, the predominance of negative perceptions of the future among local population, and other negative aspects.

Lack of infrastructure (railways, roads, airports, ports, power grid) and infrastructure bottlenecks are the key issues of underdevelopment of the Russian Far East. For example, 29 out of all Russia's 66 seaports are located in the Far East, including Vladivostok, Nakhodka, Vostochny, Vanino. At the same time, all Russia's Far East ports annual capacity is 120 mln tons, while a single Shanghai port annual capacity is 600 mln tons.²⁰

¹⁷ Author's notes taken during the 2012 APEC CEO Summit. – Vladivostok, 2013. – September 6-8.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid.

III. What can be done, what has been done, what will be done?

In order to stimulate regional development, the Russian government launches federal regional development programmes, creates free economic zones and incentives for investors. In accordance with the Executive Order of the President of the Russian Federation #596 from May 7, 2012, which was one of the orders setting agenda for Putin's new presidential term, an accelerated socio-economic development of Siberia and the Far East is one of the priorities of the long-term governmental policy of the Russian Federation.²¹ In accordance with Main Policy Directions of the Government of the Russian Federation till 2018, a balanced regional development, among other measures, will be realized by creating conditions for an accelerated growth of the Far East. In other words, the Government has been concentrating its efforts on the development of the Far East, and put the development of this region among the most important priorities in its regional policy for the years to come.²²

Practically speaking, our Far East is in need of new businesses and jobs, attracting population from other regions of the county and improving the demographic situation, developing modern transport and energy infrastructure, integration into the system of economic ties with our Asian partners. Major investment projects linked with extraction and processing of natural resources should be realized. Besides, development of hi-tech centres in aviation, shipbuilding, and automotive industries should be ensured.

The main instruments for the realization of the long-term government policy in the Russian Far East are the Russian Federation Governmental Programme "Socio-Economic Development of the Far East and Baikal Region", and also some federal targeted programmes.²³

In his traditional address to the Federal Assembly of the Russian Federation on December 12th, 2012, President Vladimir Putin set out the following policy priorities for the government which are directly linked with the development of the Russian Far East and the Baikal region:

- creation of comfortable living conditions and environment for the population of the macroregion;
- creation of a new, modern social environment in all Russian regions, cities, and towns;
- development of the enormous potential of Siberia and the Far East in order to strengthen its status in Asia Pacific, the most dynamically developing region of the world;
- creation of a new geography of economic growth and labour market, new industries and industrial centres, scientific and educational centres;
- creating and strengthening the economic base of all Russian regions in order to make them economically sufficient;
- strengthening Russia's positions in space and nuclear energy; recovery of such core industries as aviation, shipbuilding, and professional equipment industry on a new level and technological basis; recovery of the national electronics manufacturing industry; development of composition materials and rare metals production, biotechnologies and gene engineering, IT industry; formulation and introduction of new principles of urban development, engineering, and industrial design;
- using State Defence Procurement and Acquisition as well as modernization of defence industry complex in order to revitalize the Russian industry, develop science and technology;
- provide the Russian economy with cheap and long credit money;
- raising competitiveness of all key factors of doing business in Russia: from affordable credits and stimulating taxation policies to convenient administrative procedures and low inflation; preparation of 'road maps' for improving the investment climate in Russia;

²¹ Executive Order of the President of the Russian Federation #596. – 2012. – May 7. – Mode of access: <http://www.rg.ru/2012/05/09/gospolitika-dok.html> (accessed on October 31, 2013).

²² Policy Priorities of the Government of the Russian Federation. – 2013. – January 31. – Mode of access: <http://archive.government.ru/media/2013/2/1/54666/engfile/Policy%20Priorities.docx> (accessed on October 31, 2013).

²³ Federal targeted programmes are special high-priority governmental programmes aimed at radical improvement of the infrastructure and work in different areas.

- concrete steps aimed at stimulating economic growth in the macroregion; introducing tax holidays for startups, and also measures to improve infrastructure, the work of energy industry, etc.;
- making a breakthrough in road construction by doubling construction volumes within 10 years;
- priority development of regional aviation, seaports, Northern Sea Route, Baikal-Amur Mainline, Trans-Siberian Railway, and other transit routes.²⁴

Some major investment projects, which have significantly improved the economic situation in the Far East and the Baikal region, have already been realized. Among such projects are:

- two construction stages of the ESPO pipeline (over 21 bn US dollars invested so far);
- infrastructure for holding the 2012 APEC Summit in Vladivostok (21 bn US dollars);
- Amur Federal Highway between Chita and Khabarovsk, which has allowed to connect Russia from east to west completely by asphalt road (more than 1 bn US dollars);
- start of the production of SSJ-100 passenger aircraft in Komsomolsk-on-Amur;
- start of the construction of Vostochny space port;
- and other projects.²⁵

Today, key measures of the Russian authorities include:

- favorable economic incentives for investors into projects in metals & mining, energy and transportation;
- creating benefits for workforce to welcome high skill professionals;
- significantly decreasing project risks for investors;
- coordinating state natural monopolies to build infrastructure in accordance with general regional development strategy;
- providing investors with an access to the infrastructure;
- building business infrastructure together with private investors (airports, hotels and etc.).²⁶

The activities of the Government of the Russian Federation aimed at achieving the goals set by the President and in the above-mentioned documents include the realization of a comprehensive socio-economic development programme for the Far East and Eastern Siberia which is already launched. The depopulation trend has persisted for more than 20 years already and led to population decrease in the Far East by 21 percent from 1989 to 2012. Besides, the Far Eastern Federal District is closing the ranks of the Russian federal districts by the majority of key socio-economic indicators, including fixed assets value, production volumes in processing industries, production and distribution of electric energy, gas and water, housing construction, tax revenues in the federal budget, etc. The aim of the government is to break the negative demographic trend and to reach the population figure of 12.4 mln people by 2025 (15% growth in comparison with 2011) by improving living standards, demographic situation and stimulating migration from other parts of Russia. The federal development programme for the region includes accelerated housing construction, modernization of health care, education, and other services.²⁷ Among most important initiatives in this case is the new Far Eastern Federal University, creat-

²⁴ Address of the President of the Russian Federation to the Federal Assembly of the Russian Federation. – 2012. – December 12. – Mode of access: <http://eng.kremlin.ru/transcripts/4739> (accessed on October 31, 2013).

²⁵ State Programme of the Russian Federation “Socio-Economic Development of the Far East and the Baikal Region”. – Ministry of the Russian Federation for the Development of the Far East. – 2013. – Mode of access: <http://minvostokrazvitiya.ru/bitrix/redirect.php?event1=file&event2=download&event3=programma.pdf&goto=/upload/iblock/152/programma.pdf> (accessed on October 31, 2013).

²⁶ Author’s notes taken during the 2012 APEC CEO Summit. – Vladivostok, 2013. – September 6-8.

²⁷ State Programme of the Russian Federation “Socio-Economic Development of the Far East and the Baikal Region”. – Ministry of the Russian Federation for the Development of the Far East. – 2013. – Mode of access: <http://minvostokrazvitiya.ru/bitrix/redirect.php?event1=file&event2=download&event3=programma.pdf&goto=/upload/iblock/152/programma.pdf> (accessed on October 31, 2013).

ed on the basis of the Far Eastern State University. The university's new huge campus is now located on Russky Island in Vladivostok where the 2012 APEC Summit took place.

The economy of the macroregion needs to grow much faster than in other regions of Russia in order to catch up with them. Cluster principle has been put in the foundation of the economic development programme. For example, automobile, shipbuilding and educational clusters have been created. There are some innovation projects with high potential like the creation of a technopark near Troitsa Bay, to the south-west of Vladivostok, or the construction of an innovative agricultural complex "Zelenye Lisy" (can be translated in English as "Green Leaves").

The authorities have been making themselves and stimulating the inflow from business of significant investments in the energy sector. Besides, enormous efforts are being made to develop the infrastructure of the Far East, including transport industry. In 2013 Russian national aircraft carrier Aeroflot announced the launch of Aurora, its Far Eastern subsidiary company. The Russian government has been systematically subsidizing on every year basis airfares on routes of several airlines from the European part of Russia to the Far East and back, especially during periods of peak passenger flows. Today modern technologies already allow to prepare, build and launch such projects as high-speed railway connections on the Trans-Siberian Railway. Another two breakthrough projects, which can drastically change the transport situation in the Far East, are a railway bridge to the Sakhalin Island and the construction of the Trans-Korean railway with a connection to Russia as a whole and the Russian Far East coast in particular. Development of ports should be accelerated since key Russian Far East ports with year-round navigation after modernization will allow to multiply the region's possibilities in providing transit transport services. Northern Sea Route can become a real alternative to the Indian Ocean routes, especially for cargo flows to and from North America and Japan.

Infrastructure bottlenecks can be transformed into benefits through a complex approach to the regional development that involves cooperation between the authorities and private business. There are already successful examples in the world, like Plan Nord in Canada and North West provinces of China. Thus, the investment conditions are an important part of work, and the government is confident that in the near future policies aimed at improving the business climate will contribute to a higher economic growth in the Far East. For example, time needed to issue permitting documentation for construction projects has already been cut. Besides, legislative work for organizing framework and stimulating the work of public-private partnerships has been carried out. There are also plans to create a free economic zone. The main aim in this case is to make Russia as an attractive part of Asia, and the Far East in particular – a promising investment platform. The Russian authorities bet on the Far East as a hub for further regional integration and as a launching-point for the development of business in Russia.

In 2012, Russia used its presidency in APEC to make a serious boost to the development of the Far East. The city of Vladivostok gained most from this national project: now the city has a new airport with efficient links to the city, an upgraded urban transport infrastructure, and a federal university with the campus located on Russky Island, where the APEC 2012 Annual Economic Leaders' Meeting took place.

Ecology is a very important dimension of the Far Eastern regional policy. Russia plays a key role in maintaining the global biosphere, and the contribution of the Far East and the Baikal region in this case is hard to underestimate. The region contains 28 natural conservation areas, 8 national parks, a great number of federal and regional natural sanctuaries and monuments. These territories serve to protect unique natural landscapes, the diversity of flora and fauna resources. Special focus is made on conserving unique natural complexes, including the lake of Baikal and other territories belonging to the UNESCO natural heritage.

Developing recreation and tourist industry in the Russian Far East is a very promising direction for increasing the overall competitiveness of the regional economy. One of the most interesting projects is the Primorye recreation zone on Russky Island in Vladivostok which will offer, among others, medicine and educational tourist services, with the latter supported by the Far Eastern Federal University. Other important areas for developing tourism in the region are the Baikal and Kamchatka Peninsula.

Innovative character of all the mentioned policies and directions of activities is essential for the successful realization of the Far East middle- and long-term development plans and is two-fold. On the one

hand, innovation policies should contribute significantly to the economic growth through raising the productivity of all factors of production, expansion of markets, increasing product competitiveness, creation of new industries, enhancing innovative activities, growth of population income and consumption volumes. On the other hand, economic growth will create conditions for the emergence of new products and technologies, increase investment in the human capital (in the education and fundamental science, before all), support of innovation, which will have a multiplying effect on innovation growth rates.²⁸

An increase of innovation levels will be achieved through several channels:

- investments in human capital in education, science and technology;
- raising the level of innovation activities at existing businesses and stimulating the emergence of new innovative companies;
- innovation in public management, including e-governance, which implies providing the majority of public services to the citizens in electronic form;
- formation of a balanced and dynamically developing R&D sector;
- raising the level of openness of regional innovation systems and economies, integration of different regions of the Far East and the Baikal region in the global innovation processes.

With all these and other efforts and measures, investments will be attracted to Eastern Siberia and the Far East to develop infrastructure and build production facilities which manufacture products with high added value. This should bring radical positive changes to the social and economic conditions in the region (millions of new jobs, GDP growth). As a result, the modernized Eastern Siberia and the Far East will become the new locomotive of Russia's growth.

In conclusion, it is important to note that the macroregion of Russian Eastern Siberia and the Far East is a «sleeping Asian tiger», a region with a tremendous economic growth potential. The on-going urbanization in Asian countries gives Russia a unique chance to seriously deepen integration in the regional economy and form a strong growth platform in its Eastern regions. Development of the Russian Far East meets the interests of all our neighbours who are interested in goods, resources, new markets and investment opportunities. To realize its potential, the region requires infrastructure which can be built only through cooperation between the government and business. Russia needs to improve mechanisms of attracting domestic and foreign investments and focus them on key infrastructure projects, creating a basis for the development of the whole macroregion of Eastern Siberia and the Far East.

²⁸ State Programme of the Russian Federation “Socio-Economic Development of the Far East and the Baikal Region”. – Ministry of the Russian Federation for the Development of the Far East. – 2013. – Mode of access: <http://minvostokrazvitiya.ru/bitrix/redirect.php?event1=file&event2=download&event3=programma.pdf&goto=/upload/iblock/152/programma.pdf> (accessed on October 31, 2013).

On Development of Cooperation between the Russian Far East and Trans-Baikal Region and Northeast Asia Countries

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At present, foreign economic ties are very important for socioeconomic development of Russia's regions and they contribute to economic growth, access of companies to new technologies, as well as supply to the markets of top quality investment and consumer goods.

Today, in the Russian Far East and Trans-Baikal Region are being formed favorable conditions for boosting foreign economic ties.

By now, the economies of the Russian Far East and Trans-Baikal Region are export-oriented.

In 2012, foreign economic turnover of the Russian Far East and Trans-Baikal Region amounted to US\$38.3 billion.

Slide No. 1: Dynamics of foreign economic turnover of the Russian Far East and Trans-Baikal Region from 2002 through 2012.

The current geographic structure of the region's foreign trade is oriented toward markets of the Northeast Asia countries. In 2012, the share of the Northeast Asia countries in the region's foreign trade turnover amounted to 84 percent. Traditionally, the main trade partners of the region include the PRC, Republic of Korea, and Japan.

Slide No. 2: Geographic structure of foreign trade turnover of the Russian Far East and Trans-Baikal Region in 2012.

In 2012, export from the Russian Far East and Trans-Baikal Region was worth US\$27 billion.

Slide No. 3: Geographic structure of export from the Russian Far East and Trans-Baikal Region in 2012.

The major export-contracting nations include Republic of Korea, Japan, and China.

The structure-forming goods export to the above-mentioned countries includes energy resources, fish, and seafoods.

Slide No. 4: Commodity composition of export from the Russian Far East and Trans-Baikal Region in 2012.

In 2012, import to the Russian Far East and Trans-Baikal Region amounted to US\$11.3 billion.

The main import partners are again the Northeast Asia countries. The leader among these countries is China, the volume of imported goods from which is steadily increasing. The second place is occupied by Republic of Korea and the third place by Japan.

Slide No. 5: Geographic structure of import to the Russian Far East and Trans-Baikal Region in 2012.

In 2012, import of machinery and equipment increased by 25 percent compared to the year 2011 and it amounted to US\$5.6 billion, that is, 50 percent of total import of the macroregion.

Slide No. 6: Commodity composition of import to the Russian Far East and Trans-Baikal Region in 2012.

I. Investment Cooperation

During the period of 20 years (from 1993 through 2012) the volume of foreign investments in the Russian Far East and Trans-Baikal Region increased from US\$200 million to US\$14 billion.

Slide No. 7: Dynamics of foreign investments to the economies of the Russian Far East and Trans-Baikal Region in 2012.

In the early 2000s, most of investments to the Russian Far East and Trans-Baikal Region were coming from the Asia-Pacific countries, but since 2005 major investors into the region are European countries, the share of which in 2012 amounted to 80 percent of the total foreign investments.

Slide No. 8: Geographic structure of foreign investments into the Russian Far East and Trans-Baikal Region in 2012

II. Trade and Economic Cooperation between the Russian Far East and Trans-Baikal Region and China

4 years have already passed since approval by the President of the Russian Federation and the Chairman of the People's Republic of China of the Program of Cooperation between the Regions of the Russian Far East, Trans-Baikal Region and Eastern Siberia of the Russian Federation and the Northeastern Region of the People's Republic of China (2009 through 2018).

During this 4-year period, foreign trade turnover between the Russian Far East and Trans-Baikal Region and the Northeastern Region of China increased from US\$5 billion to US\$11 billion.

Slide No. 9: Dynamics of foreign trade turnover of the Russian Far East and Trans-Baikal Region, Trans-Baikal Region and the PRC from 2002 through 2012.

In 2012, China's share in foreign trade turnover of the Russian Far East and Trans-Baikal Region amounted to 29 percent.

In 2012, the volume of the Russian Far East and Trans-Baikal Region export to the PRC increased by 24 percent and reached US\$5.5 billion.

Slide No. 10: Commodity composition of export of the Russian Far East and Trans-Baikal Region to China in 2012.

Significant changes are underway in the structure of export. After commissioning of the 1st stage of the East Siberia-Pacific Oil Pipeline, the share of oil and oil products in export was increased up to 39 percent. In monetary terms, this share increased from US\$681 million in 2009 to US\$2.2 billion in 2012.

By 2025, it is planned to increase delivery of energy resources to the PRC by four times.

In recent years, interregional ties between the border areas of the Russian Far East and Trans-Baikal Region and the Northeastern Region of China got an additional impetus due to implementation of bilateral socially-important projects.

Chinese companies are participating in the construction of the oil-refining complex called the Amur Oil Refinery; in construction of the Northern Neighborhood in Blagoveshchensk, Amur Region; in construction of the Mining and Smelting Cluster in the Jewish Autonomous Region; in construction of the Timber Production Complex in Trans-Baikal Region, and in some other projects.

The ecological situation in the basin of the Amur River has been substantially improved due to a number of measures undertaken by the Government of the PRC.

Since the 2009 economic crisis, the flow of tourists from the Russian Far East and Trans-Baikal Region to the PRC has been increasing and by now it is nearing 1 million tourists a year.

In 2013 there was given a substantial impetus to the development of transportation infrastructure in the border regions: there was commissioned the Makhhalino-Hunchun Branch Railroad in Maritime Territory, Russia; there was completed construction from the Russian side of the bridge to Greater Ussuri Island in Khabarovsk Territory; and there was signed an agreement to build a rail bridge from Nizhneleninskoye (the Jewish Autonomous Region) to Tung-Chiang (China).

III. Trade and Economic Cooperation between the Russian Far East and Trans-Baikal Region and Republic of Korea in 2012

In 2012, Republic of Korea occupied the 2nd place (after the PRC) in the total volume of foreign trade of the Russian Far East and Trans-Baikal Region and its share reached 27 percent, while its foreign trade turnover amounts to US\$10.4 billion.

Slide No. 11: Dynamics of foreign trade turnover of the Russian Far East and Trans-Baikal Region and Republic of Korea from 2002 through 2012.

Slide No. 12: Commodity composition of export of the Russian Far East and Trans-Baikal Region to Republic of Korea in 2012.

In 2012, import from Republic of Korea increased by 44 percent and amounted to US\$1.8 billion. This import mainly includes machinery and equipment (64 percent) and chemical products (10 percent).

Slide No. 13: Commodity composition of import to the Russian Far East and Trans-Baikal Region from Republic of Korea in 2012.

In 2012, import of machinery and equipment from Republic of Korea amounted to US\$1.2 billion.

IV. Investment Cooperation between the Russian Far East and Trans-Baikal Region and Republic of Korea in 2012.

In 2012, the volume of investments of Republic of Korea into the economy of the Russian Far East and Trans-Baikal Region amounted to US\$92.9 million, which is by two times bigger compared to the year 2011.

Slide No. 14: Dynamics of investments from Republic of Korea into the Russian Far East and Trans-Baikal Region and Trans-Baikal Region from 2002 through 2012.

In June 2013, in Seoul was held the 13th session of the Russia-Korea Joint Commission on Economic and Scientific/Technological Cooperation.

The two sides agreed to continue work for attraction of Korean hi-tech enterprises and research centers to industrial production areas in the Russian Far East and Trans-Baikal Region; to consider possibility of attracting investments for expansion of the Gas-Processing Works and for construction of the Gas & Chemical Complex in Republic of Sakha (Yakutia).

V. Trade and Economic Cooperation between the Russian Far East and Trans-Baikal Region and Japan in 2012

In 2012, foreign trade turnover of the Russian Far East and Trans-Baikal Region with Japan amounted to US\$8.5 billion, which is by 10 percent higher compared to the year 2011.

Slide No. 15: Dynamics of foreign trade turnover of the Russian Far East and Trans-Baikal Region, Trans-Baikal Region and Japan from 2003 through 2012.

In 2012, regional export to Japan amounted to US\$7.6 billion; export includes oil gases (55 percent) and oil and oil products (31 percent).

Slide No. 16: Commodity composition of export from the Russian Far East and Trans-Baikal Region to Japan in 2012.

VI. Investment Cooperation between the Russian Far East and Trans-Baikal Region and Japan in 2012.

In 2012, the Russian Far East and Trans-Baikal Region attracted US\$0.8 billion of investments from Japan, which is by 13.5 percent less compared to the year 2011.

Japan's share in the total volume of foreign investments into the Russian Far East and Trans-Baikal Region constituted 6 percent.

Slide No. 17: Dynamics of investments from Japan into the Russian Far East and Trans-Baikal Region and Trans-Baikal Region from 2002 through 2012.

Traditionally, Japan has mainly invested into the fuel and energy complex of the Russian Far East and Trans-Baikal Region.

VII. Prospects of Cooperation between the Russian Far East and Trans-Baikal Region and Northeast Asia Countries

By 2025, it is planned to increase foreign trade turnover between the Russian Far East and Trans-Baikal Region and Northeast Asia countries up to US\$100 billion.

It is planned to increase the share of eastern direction in the Russian export of liquid hydrocarbons (oil and oil products). By 2030, via the Russian Far East and Trans-Baikal Region will be exported more than 80 million tons of oil.

To this end, the two oil terminals, one located in De-Kastri (Khabarovsk Territory) and the other in Kozmino (Maritime Territory), are expanding their production programs. Kozmino will be able to load 300,000-ton oil tankers, while production capacity of the oil export terminal will be increased up to 50 million tons.

The Yakutsk-Khabarovsk-Vladivostok Gas Transportation System is under construction. The Gazprom JSC is planning to build two branch pipelines to China: one branch pipeline near Blagoveshchensk and the other near Dalnerechensk; to build a Liquefied Gas Works and a Liquefied Gas Export Terminal in Maritime Territory.

One of the directions of expansion of cooperation with Northeast Asia countries is export of electric power. By 2030, it is planned to increase electric power export up to 100 billion kilowatt-hours (in 2012 electric power export constituted 2.6 billion kilowatt-hours).

94 percent of producible reserves of coal in Russia are located in Siberia and the Russian Far East and Trans-Baikal Region. The biggest exporter of coal to Northeast Asia countries is Siberian Coal & Energy Public JSC. To export coal via the Russian Far East and Trans-Baikal Region, the Company has built the Vanino Coal Terminal (located in Khabarovsk Territory) (with capacity of 12 million tons of coal transshipped a year). Besides, the Company plans to expand the terminal and increase its capacity up to 24 million tons a year.

The Coal Terminal located at Nakhodka-based Vostochny Seaport Public JSC transships 12 million tons of coal a year. The third place in coal transshipment is occupied by Posyet Seaport (located at Maritime Territory and owned by the Mechel Public JSC, Russia's leading mining and metallurgical company). Today, Posyet Seaport can transship 2 million tons of cargoes and after commissioning of the Elginskoye Coal-Mining Complex located in Yakutia, capacities of the seaport will be increased up to 7 million tons a year.

In the agroindustrial complex of the region is being formed the Far Eastern grain corridor via which Russian wheat, soybeans and their products will be exported to the Northeast Asia countries.

A metallurgical cluster is being built in the Amur Region, in the Jewish Autonomous Region, and in Republic of Sakha (Yakutia).

It is planned to deliver over 1 million tons of direct-reduction iron from the Far Eastern Mining & Smelting Combine.

Of great importance for modernization of the economy of the Russian Far East and Trans-Baikal Region are up-to-date technologies.

Sukhoi Superjet 100 regional aircraft are being serially produced.

The Vostochny Space Launch Facility is under construction. Its commissioning in 2018 will stir up cooperation on manned space launches.

In accordance with the Federal Government-Approved Program for Socioeconomic Development of the Russian Far East and Trans-Baikal Region Through the Year 2025 there will be implemented 23 comprehensive investment projects that will boost exports to the Northeast Asia countries. These projects include the following:

- Oil and Gas Chemistry Works in Maritime Territory;
- Development of the Russian part of Greater Ussuri Island (Khabarovsk Territory);
- All-sided development of Southern Yakutia, and other projects.

The 2nd decade of the 21st century witnesses significant changes in Russia's federal government's policy toward the Russian Far East.

At present, an ad-hoc group, which includes representatives of various governmental ministries and those of the Federal Assembly of the Russian Federation, is working out legislative acts that will determine special conditions for functioning of the economy of the Russian Far East; potential investors and newly created enterprises will be offered various privileges and incentives.

The newly appointed leaders of the Ministry of the Russian Federation for Development of the Russian Far East are planning to concentrate their efforts on creating in the macroregion of a network of special-development area oriented toward the markets in the Northeast Asia countries.

We are looking forward to long-term, laborious work aimed at creating a new economy in the Russian Far East.

Thank you for your attention!

О развитии сотрудничества территорий Дальнего Востока и Забайкалья со странами Северо-Восточной Азии

А.Г. Бурый

Первый заместитель генерального директора, Межрегиональной ассоциации «Дальний Восток и Забайкалье»

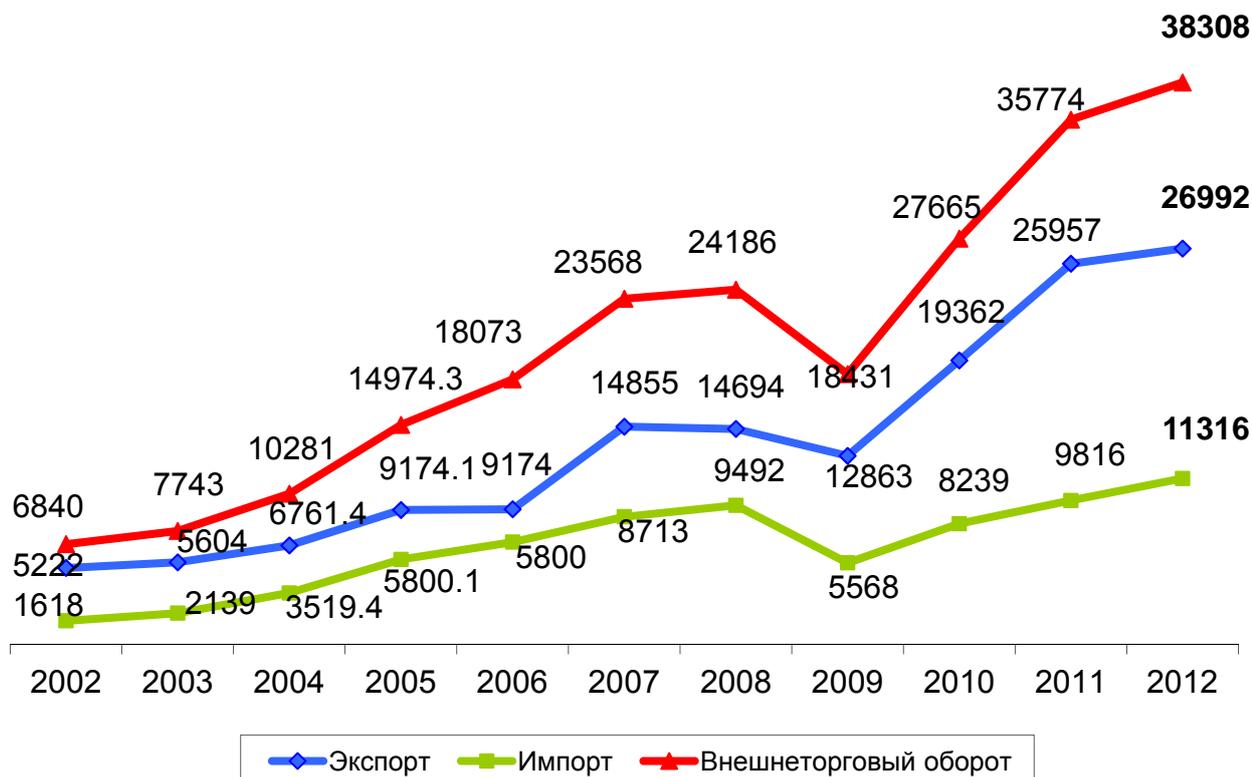
В современных условиях внешнеэкономические связи являются значимым фактором социально-экономического развития субъектов Российской Федерации - как источник экономического роста, доступа компаний к новым технологиям, наполнения рынка качественными инвестиционными и потребительскими товарами.

В настоящее время на Востоке России формируются условия для активизации внешнеэкономических связей.

Уже сегодня экономика Дальнего Востока и Забайкалья является экспортно-ориентированной.

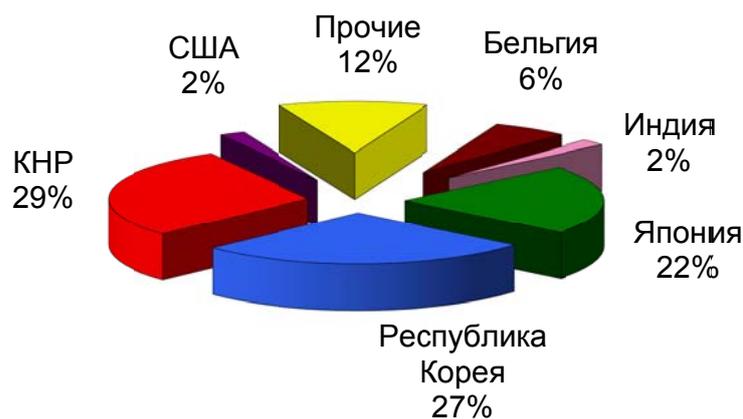
Стоимость внешнеторгового оборота территорий Востока России в 2012 году составила 38,3 млрд. долл.

Слайд №1 «Динамика стоимости внешнеторгового оборота территорий Дальнего Востока и Забайкалья в 2002-2012 гг. (млн. долл.)»



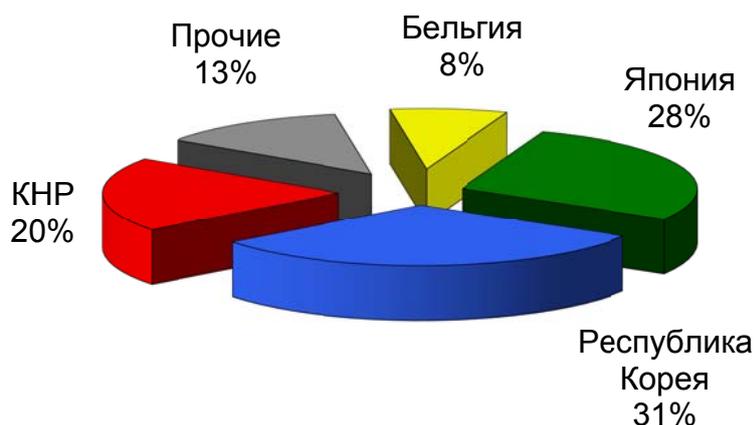
Сложившаяся географическая структура внешней торговли ориентирована на рынки стран СВА. В 2012 доля стран этой группы во внешнеторговом обороте составила 84%. Традиционно в роли основных торговых партнёров выступают КНР, Республика Корея и Япония.

Слайд №2 «Географическая структура внешнеторгового оборота территорий Дальнего Востока и Забайкалья в 2012 г.»



Стоимость экспорта территорий Дальнего Востока в 2012 году составила 27 млрд. долл.

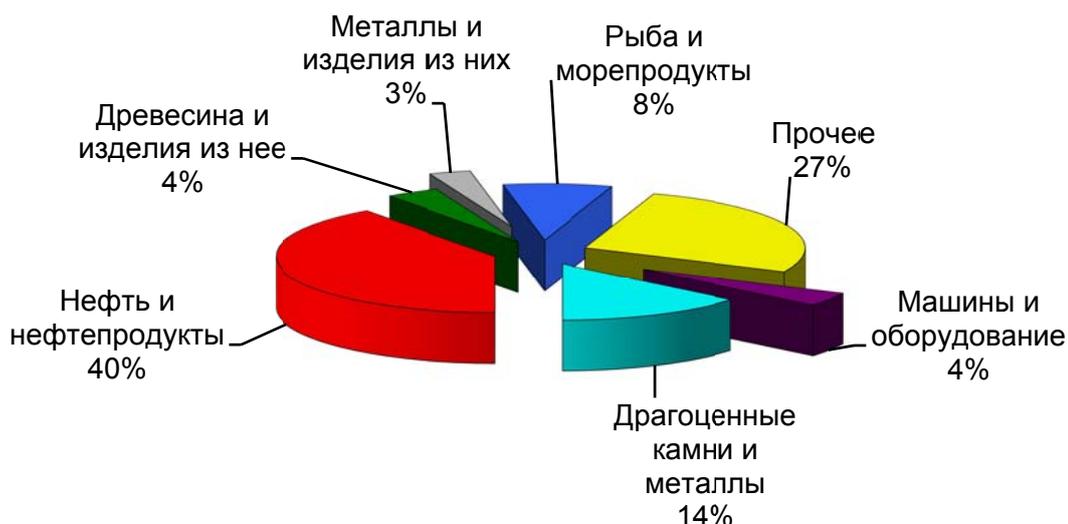
Слайд №3 «Географическая структура экспорта территорий Дальнего Востока и Забайкалья в 2012 г.»



Крупнейшие страны-контрагенты по экспорту - Республика Корея, Япония, Китай.

Структурообразующими товарами при экспортных поставках в эти страны являются топливно-энергетические ресурсы, рыба и морепродукты.

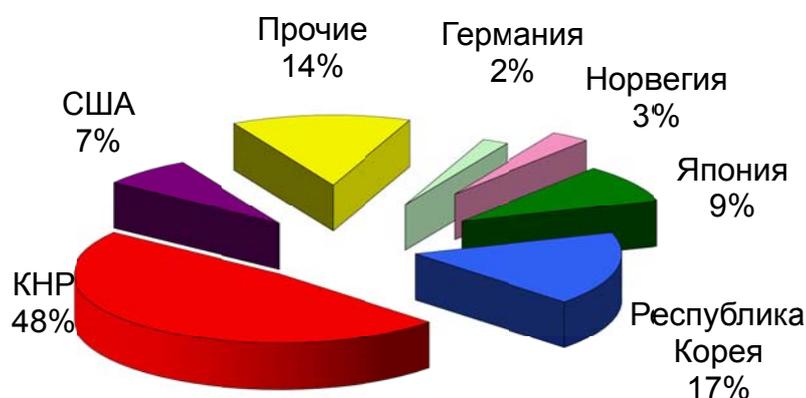
Слайд № 4 «Товарная структура экспорта Дальнего Востока и Забайкалья в 2012 г.»



Стоимость импорта Востока России в минувшем году достигла 11,3 млрд. долл.

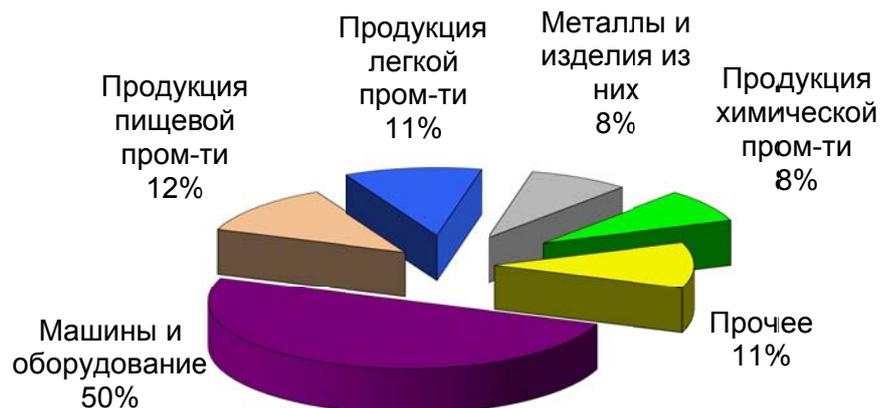
В роли основных партнёров по импортным операциям выступают также страны СВА. Лидером в этой группе является Китай, импортные поступления из которого стабильно увеличиваются. На втором месте находится Республика Корея. Третье место принадлежит Японии.

Слайд №5 «Географическая структура импорта территорий Дальнего Востока и Забайкалья в 2012 г.»



В прошедшем году стоимость импорта машин и оборудования увеличилась на 25% по сравнению с уровнем 2011 года и составила 5,6 млрд. долл. (50% от общей стоимости импорта макрорегиона)

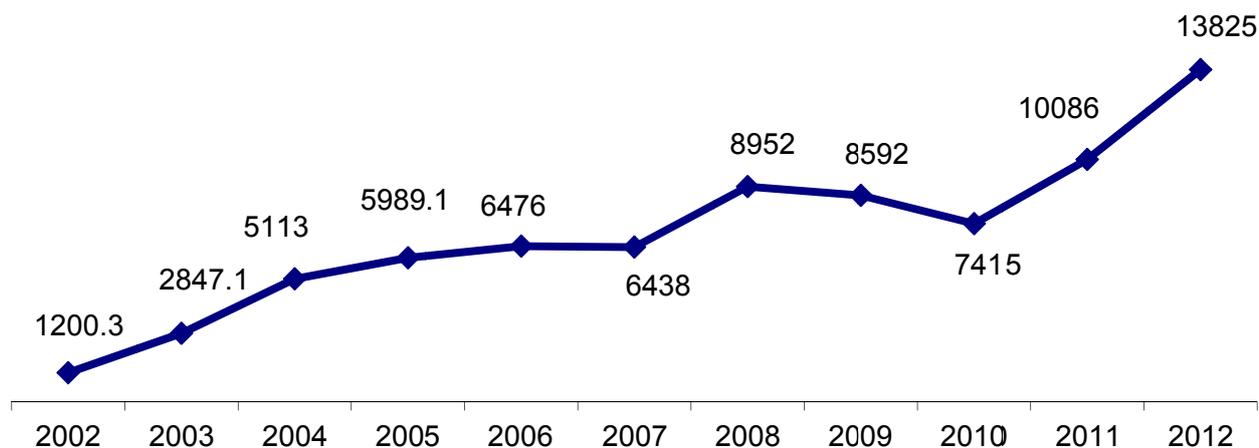
Слайд №6 «Товарная структура импорта территорий Дальнего Востока и Забайкалья в 2012 г.»



I. Инвестиционное сотрудничество

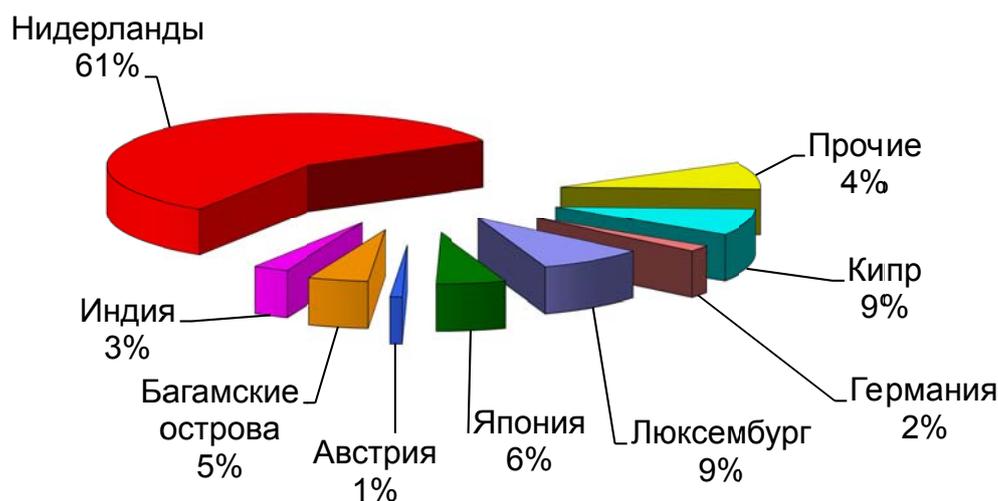
В течение 20 лет (1993-2012гг.) объём на Восток России иностранных инвестиций вырос с 200 млн. до 14 млрд. долл.

Слайд №7 «Динамика поступления иностранных инвестиций в экономику Дальнего Востока и Забайкалья в 2002-2012 гг. (млн. долл.)»



Если в начале 2000-х гг. большая часть инвестиций на Восток России поступала из стран АТР, то с 2005 г. основными инвесторами региона стали Европейские страны, на которые пришлось 80% привлеченных в 2012 году иностранных инвестиций.

Слайд №8 «Географическая структура иностранных инвестиций Дальнего Востока и Забайкалья в 2012 году»

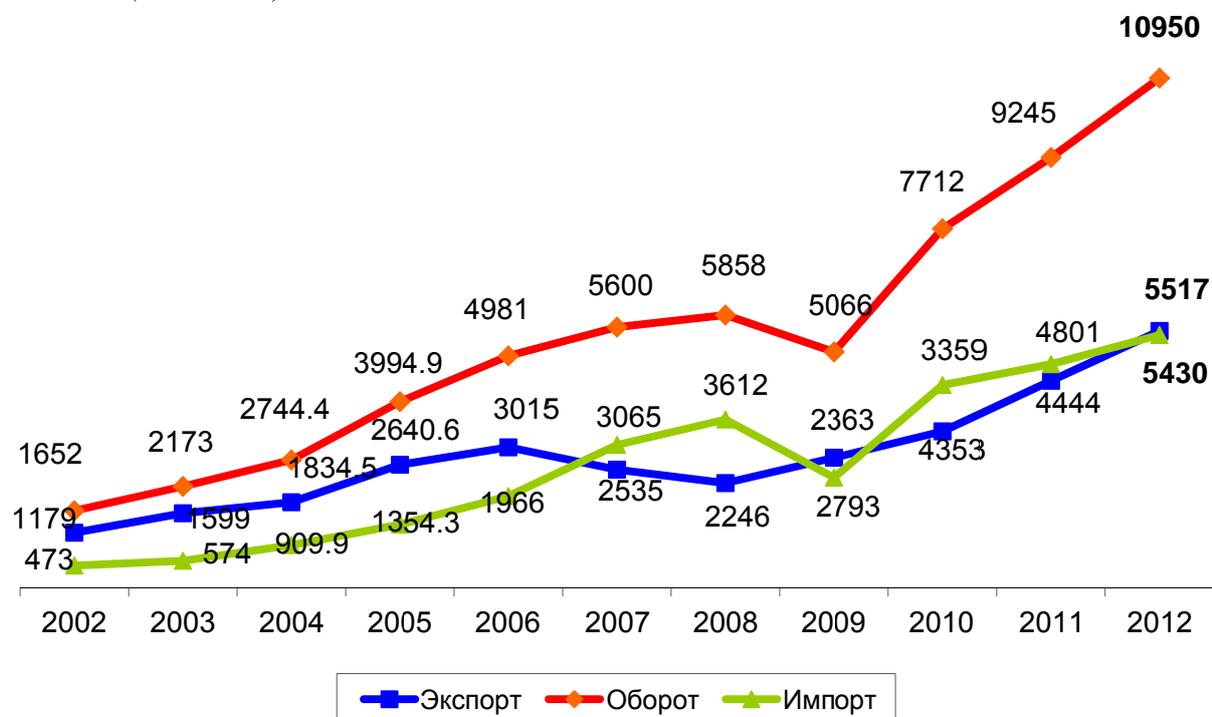


II. Торгово-экономическое сотрудничество территорий Дальнего Востока с Китаем

В текущем году исполнилось 4 года после утверждения Президентом Российской Федерации и Председателем Китайской Народной Республики Программы сотрудничества между регионами Дальнего Востока и Восточной Сибири Российской Федерации и Северо-Востока Китайской Народной Республики (2009-2018 годы).

За этот период внешнеторговый оборот между территориями Востока России и Северо-Востоком Китая вырос с 5 до 11 млрд. долл.

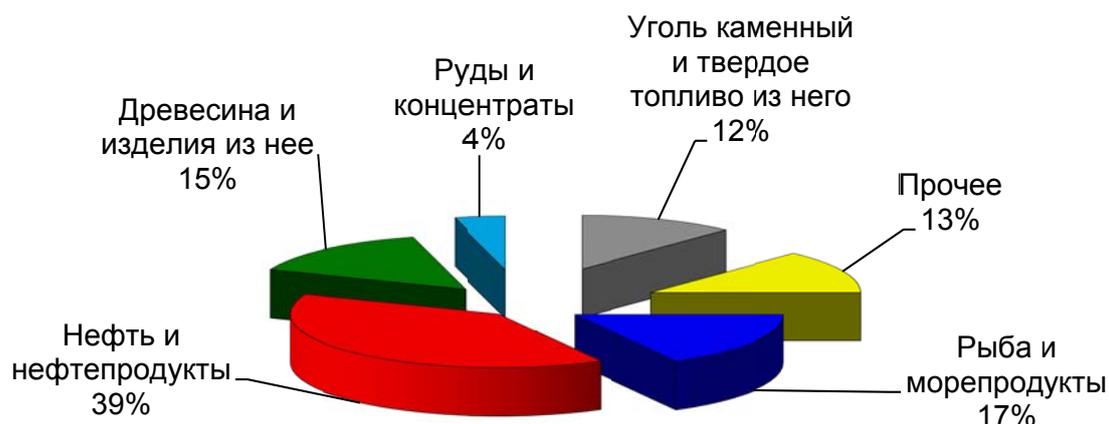
Слайд №9 «Динамика внешнеторгового оборота Дальнего Востока и Забайкалья с КНР в 2002-2012 гг. (млн. долл.)»



Доля Китая во внешнеторговом обороте территорий Дальнего Востока в 2012 году составила 29%.

В минувшем году стоимость экспорта Востока России в КНР выросла на 24% и достигла 5,5 млрд. долл.

Слайд № 10 «Товарная структура экспорта Дальнего Востока и Забайкалья в КНР в 2012 году»



В структуре экспорта происходят существенные изменения. С вводом в эксплуатацию первой очереди ВСТО доля нефти и нефтепродуктов в экспорте выросла до 39%. В стоимостном выражении – с 681 млн. долл. в 2009 году до 2,2 млрд. долл. в 2012 году.

К 2025 году планируется увеличить поставки энергоресурсов в КНР в четыре раза.

В последние годы межрегиональные связи приграничных территорий Востока России с Северо-Востоком КНР получили дополнительный импульс в связи с реализацией социально значимых двусторонних проектов.

Китайские компании участвуют в строительстве комплекса по переработке нефти «Амурский нефтеперерабатывающий завод», застройке Северного жилого района г. Благовещенска Амурской области; создании горно-металлургического кластера в Еврейской автономной области, лесопромышленного комплекса в Забайкальском крае и ряда других.

В результате принятия Правительством КНР ряда мер, существенно улучшилась экологическая обстановка в бассейне реки Амур.

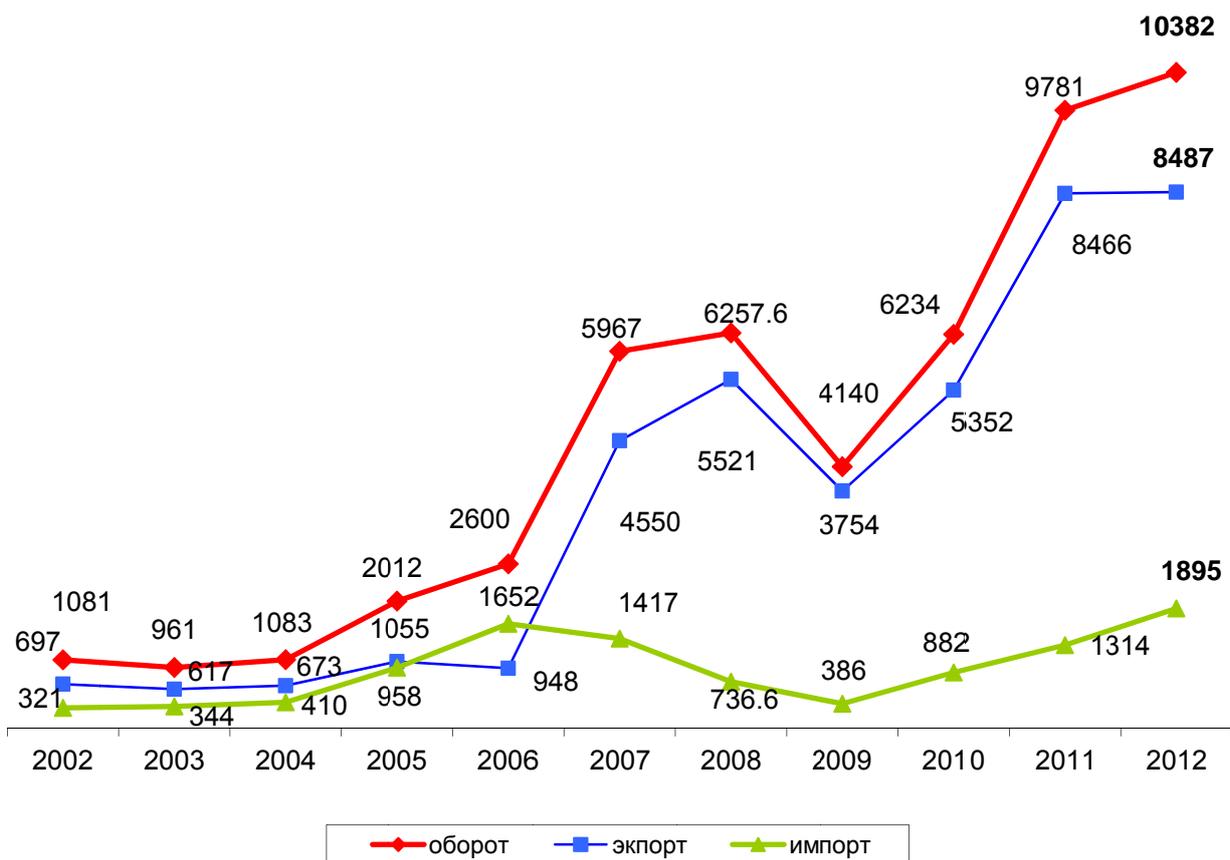
После кризиса 2009 года постепенно восстанавливается поток туристов с территорий Востока России в КНР, который приближается к 1млн. человек в год.

В 2013 году существенный импульс придан развитию транспортной инфраструктуры приграничных регионов. В текущем году введена в эксплуатацию железнодорожная ветка Махалино-Хунчунь в Приморском крае; завершено строительство с российской стороны моста на остров Большой Уссурийский в Хабаровском крае; подписано соглашение о строительстве железнодорожного моста Нижнеленинское-Тунцзян из Еврейской автономной области в КНР.

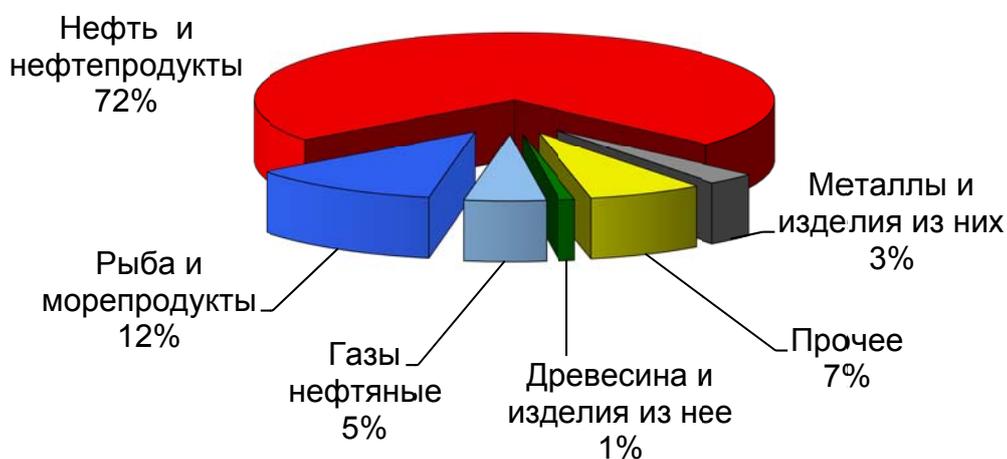
III. Торгово-экономическое сотрудничество территорий Дальнего Востока и Забайкалья с Республикой Корея в 2012 году

В общем объеме внешней торговли территорий Востока России в 2012 году Республика Корея заняла второе место после КНР с долей 27%. Внешнеторговый оборот составил 10,4 млрд. долл.

Слайд №11«Динамика внешнеторгового оборота Дальнего Востока и Забайкалья с Республикой Корея в 2002-2012 гг. (млн. долл.)»

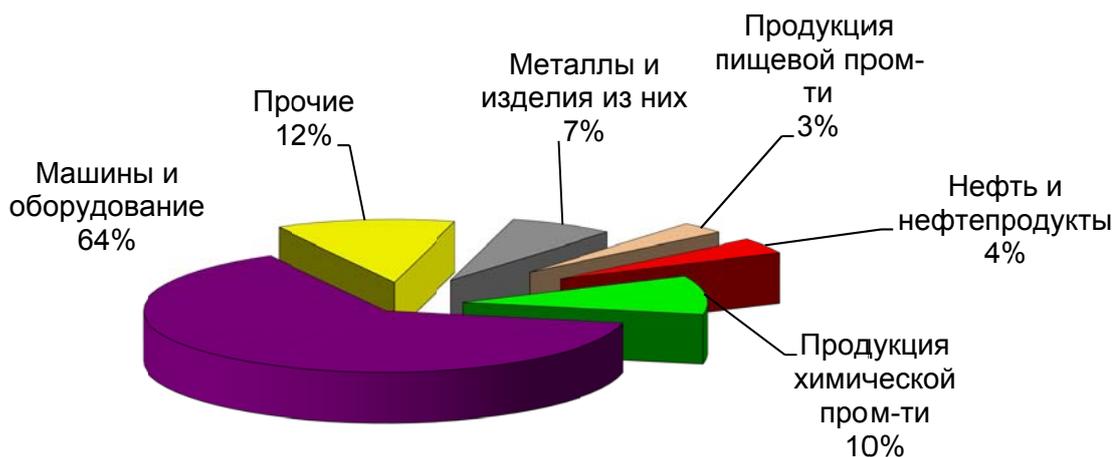


Слайд № 12 «Товарная структура экспорта территорий Дальнего Востока и Забайкалья в Республику Корея в 2012 г.»



В 2012 году импорт из Республики Корея увеличился на 44% и составил 1,8 млрд. долл. Импорт, в основном, представлен: машинами и оборудованием на 64% и продукцией химической промышленности на 10%.

Слайд №13 «Товарная структура импорта территорий Дальнего Востока и Забайкалья из Республики Корея в 2012 г.»

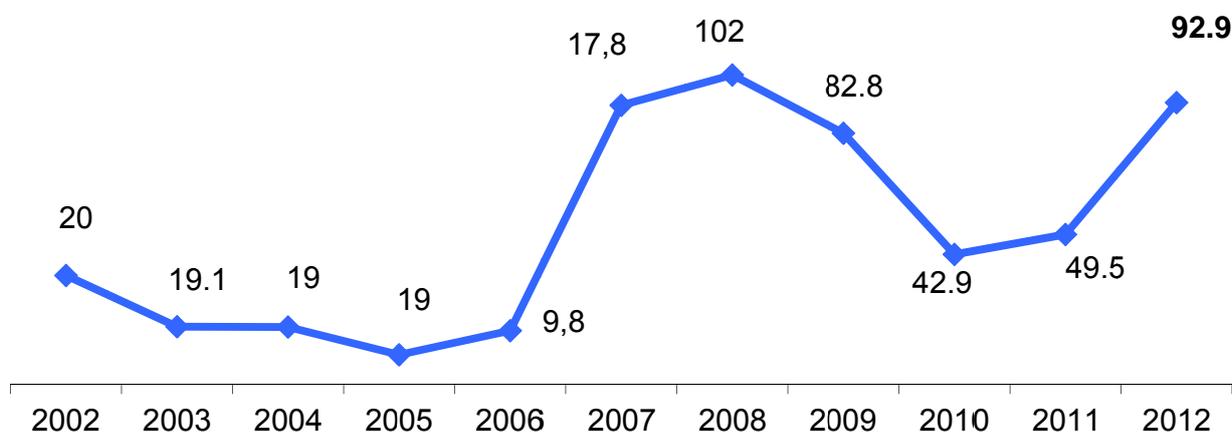


В 2012 году стоимость импорта машин и оборудования из Республики Корея составила 1,2 млрд. долл.

IV. Инвестиционное сотрудничество территорий Дальнего Востока и Забайкалья с Республикой Корея в 2012 году

Объём инвестиций, поступивших из Республики Корея в экономику Востока России в 2012 году, составил 92,9 млн. долл., что в 2 раза выше уровня 2011 года.

Слайд №14 «Динамика поступления инвестиций из Республики Корея в территории Дальнего Востока и Забайкалья в 2002-2012 гг. (млн. долл.)»



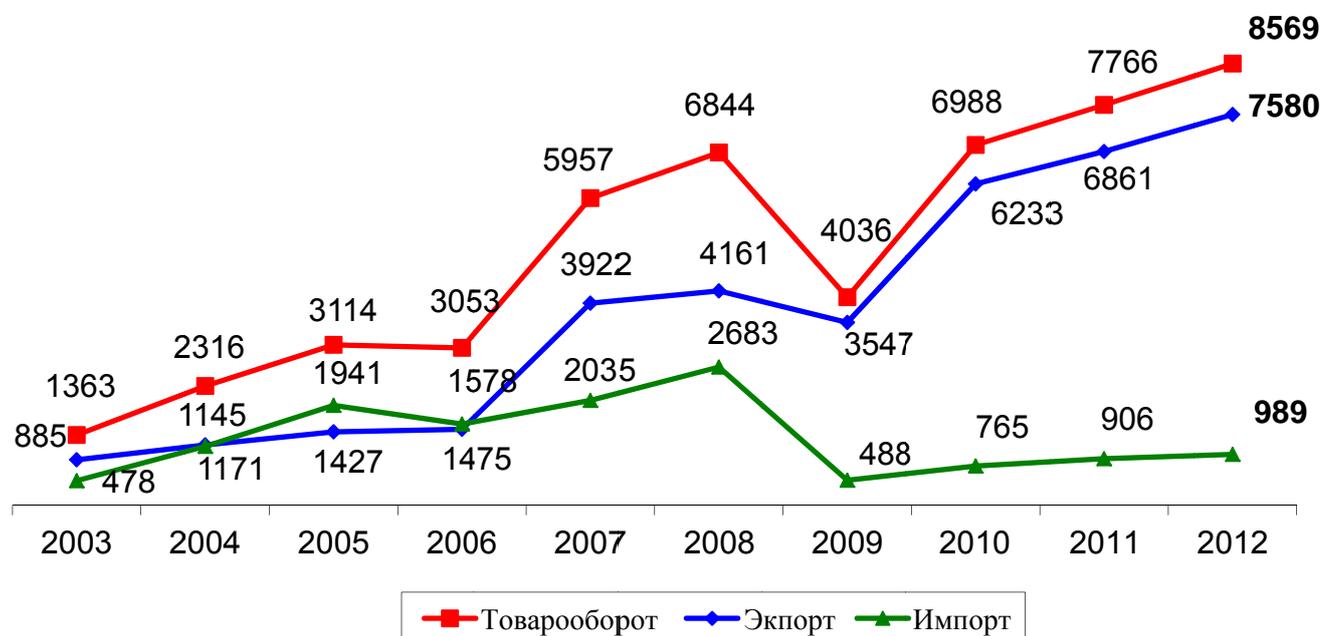
В июне 2013 года в г. Сеуле состоялось тринадцатое заседание Российско-Корейской совместной комиссии по экономическому и научно-техническому сотрудничеству.

Стороны пришли к соглашению о необходимости продолжить работу по привлечению корейских высокотехнологичных предприятий и исследовательских центров в промышленно-производственные экономические зоны на Дальнем Востоке, рассмотреть возможность привлечения инвестиций для расширения газоперерабатывающего завода и строительству газохимического комплекса в Республике Саха (Якутия).

V. Торгово-экономическое сотрудничество территорий Дальнего Востока и Забайкалья с Японией в 2012 году

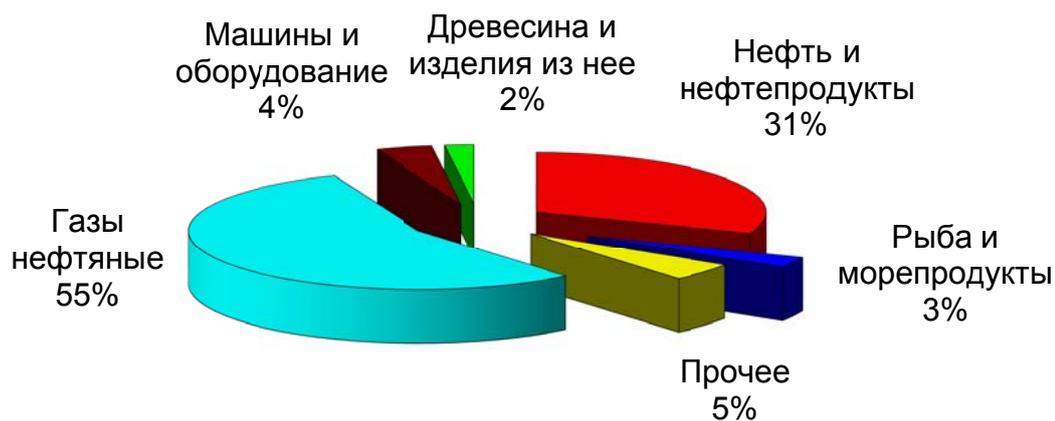
Стоимость внешнеторгового оборота регионов Востока России с Японией в прошедшем году составила 8,5 млрд. долл., что на 10% выше уровня 2011 года.

Слайд №15 «Динамика товарооборота территорий Дальнего Востока и Забайкалья с Японией в 2003-2012 гг. (млн. долл.)»



Стоимость экспорта региона в Японию в 2012 году составила 7,6 млрд. долл. Экспорт представлен газами нефтяными на 55%, нефтью и нефтепродуктами на 31%.

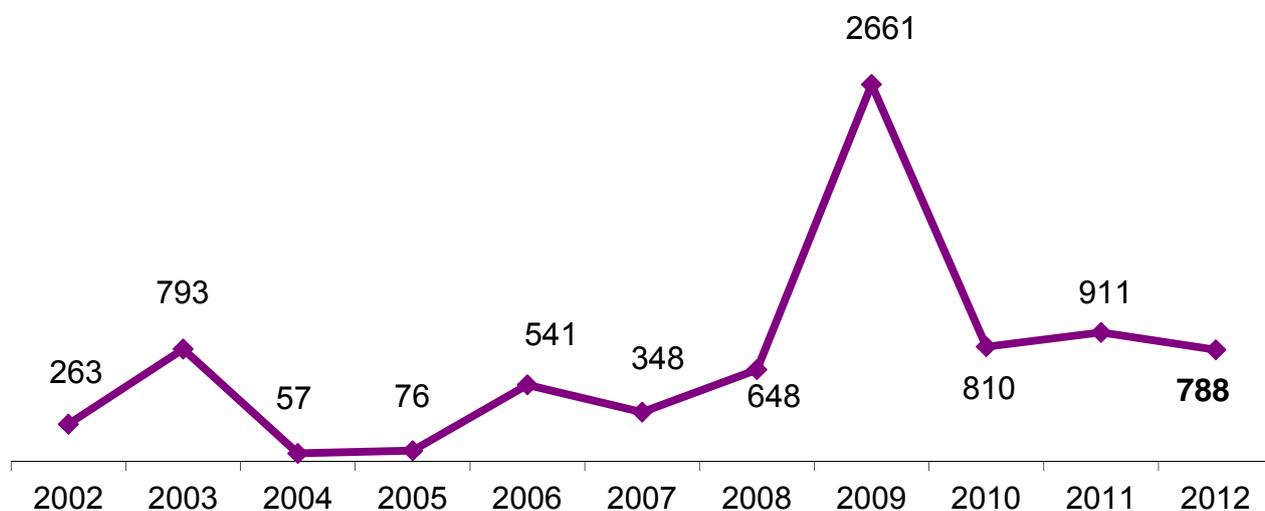
Слайд №16 «Товарная структура экспорта территорий Дальнего Востока и Забайкалья в Японию в 2012 г.»



VI. Инвестиционное сотрудничество территорий Дальнего Востока и Забайкалья с Японией в 2012 году

В 2012 году в регионы Востока России поступило 0,8 млрд. долл. инвестиций из Японии, что на 13,5% ниже уровня 2011 года. Доля Японии в общем объеме иностранных инвестиций Востока России составила 6%.

Слайд №17 «Динамика поступления японских инвестиций в территории Дальнего Востока и Забайкалья в 2002-2012 гг. (млн. долл.)»



Основную часть японских инвестиций традиционно привлекает топливно-энергетический комплекс.

VII. Перспективы сотрудничества территорий Дальнего Востока со странами СВА

Объем внешнеторгового оборота территорий Востока России со странами СВА к 2025 году планируется довести до 100 млрд. долл.

Намечено увеличить удельный вес восточного направления в российском экспорте жидких углеводородов (нефть и нефтепродукты). К 2030 году через Дальний Восток планируется экспортировать за рубеж более 80 млн. тонн нефти.

Для этого два терминала - в Де-Кастри (Хабаровский край) и в Козьмино (Приморский край) расширяют свои возможности. Козьмино будет принимать танкеры, способные перевозить за рейс до 300 тыс. тонн сырья, а мощность самого нефтепорта вырастет до 50 млн. тонн.

Начинается сооружение газотранспортной системы Якутск-Хабаровск-Владивосток. «Газпром» планирует сделать два ответвления на Китай - в районе гг. Благовещенска и Дальнереченска, построить в Приморье завод по производству сжиженного газа и терминал по его отгрузке.

Одним из направлений расширения сотрудничества со странами СВА является экспорт электроэнергии. К 2030 г. планируется довести объем поставки электроэнергии до 100 млрд. квч. (в 2012 г. - 2,6 млрд. квч).

В Сибири и на Дальнем Востоке находится почти весь российский уголь - 94% разведанных запасов. Крупнейшим поставщиком угля в СВА является ОАО «СУЭК». Для экспорта угля через Дальний Восток компания построила Ванинский терминал (Хабаровский край) мощностью - 12 млн. тонн перевалки угля ежегодно. При этом СУЭК планирует расширение терминала с доведением его мощностей до 24 млн. тонн.

Угольный комплекс ОАО «Восточный порт» (Находка), обрабатывает 12 млн. тонн в год. На третьем месте порт Посьет (Приморский край), принадлежащий компании «Мечел». Сегодня Посьет способен переваливать 2 млн. тонн грузов, а с введением в эксплуатацию Эльгинского угольного месторождения в Якутии возможности порта вырастут до 7 млн. тонн.

В агропромышленном комплексе создаётся дальневосточный зерновой коридор, по которому российская пшеница, соя и продукты их переработки будут поставляться в страны Северо-Восточной Азии.

В Амурской области, ЕАО, Республике Саха (Якутия) началось формирование металлургического кластера.

Планируется, что поставки прямовосстановленного железа с Дальневосточного горнометаллургического комбината превысят 1 млн. тонн в год.

Особую роль в модернизации экономики Дальнего Востока и Байкальского региона должны сыграть новые технологии.

Налажен серийный выпуск самолётов «Суперджет-100».

Продолжаются работы по сооружению космодрома «Восточный». Ввод его в эксплуатацию в 2018 г. приведёт к активизации сотрудничества в области пилотируемых полётов в космос.

В соответствии с Госпрограммой социально-экономического развития ДВ и Байкальского региона до 2025 на их территории намечено реализовать 23 комплексных инвестиционных проекта которые будут содействовать наращиванию экспорта в страны СВА. В их числе:

- развитие нефте- , газохимии в Приморском крае;
- развитие российской части острова Большой Уссурийский в Хабаровском крае;
- комплексное развитие Южной Якутии и другие.

Во втором десятилетии XXI века государственная политика России по отношению к Дальнему Востоку существенно меняется.

В настоящее время рабочей группой, состоящей из представителей Министерств и Федерального Собрания РФ, ведётся работа по подготовке законодательных актов, определяющих особые условия функционирования экономики в Дальневосточном регионе, предоставлению инвесторам и вновь создаваемым предприятиям различных льгот и преференций.

Новое руководство Министерства РФ по развитию Дальнего Востока намерено сосредоточить усилия на создании в макрорегионе сети территорий особого развития, ориентированных на рынки стран СВА.

Впереди у нас долгая и кропотливая работа по формированию новой экономики на Востоке России.

Спасибо за внимание!

Japanese view of the implications of Russian Far Eastern development for Northeast Asia and particularly Korean peninsula

MIMURA Mitsuhiro

Director and Senior Research Fellow, Economic Research Institute for Northeast Asia (ERINA)

I. Introduction

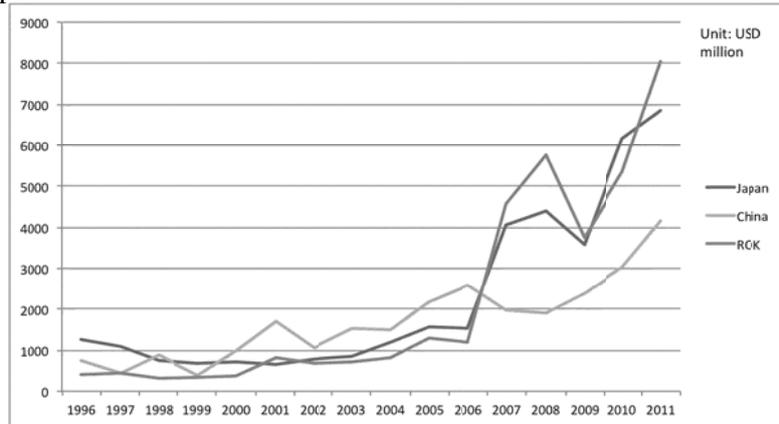
Russian Far East has a history of economic exchanges with countries of major Western powers as well as Japan before the Russian Revolution. However, during the Soviet period, Russian Far East was a borderland for the people who belong to the Western bloc. Economic cooperation between Japan and Russian Far East started again in 1990s after the collapse of the Soviet Union. Some middle-to-small scale Japanese enterprises invested in Russian Far East in early 1990s but most of them were unsuccessful because of unfavorable investment climate there; economic turmoil and immaturity in market economy. Recently many of Japanese enterprises, like Toyota or Mazda, invest mainly in European Russia.

Economic development in Russian Far East and maturation of market economy might open the eyes of Japanese business for the investment again. Furthermore, increasing interest in economic cooperation in Russian Far East might lead to creating a sub regional economic zone connecting Japan and Russian Far East, Northeast China, Mongolia, and Korean Peninsula. This paper is going to make an elementary attempt to point out that economic development in Russian Far East has positive effect to build a sub regional cooperation mechanism among Northeast Asian countries including Japan.

II. Current Status of Economic ties between Japan and Russian Far East

After the collapse of the Soviet Union, there was an economic turmoil in Russia and Russian Far East was not the exception. Trade between Japan and Russian Far East remain stagnant in 1990s. As in <Figure 1, export from Far Eastern Federal District, Russia to Japan started to rise in 2003. The figure rose suddenly from 2006 when natural gas and petroleum started to be supplied by Sakhalin 1 project.

<Figure 1> Export to North East Asian Countries from Far Eastern Federal District, Russia



(Source) ERINA

Looking at Figure 2, the rise from 2003, and especially in 2008, was because of the rise of world oil price. The rise in 2010-11 was because of the start of supply from Sakhalin 2 project and the rise in world oil price. Export from Russian Far East to Japan is heavily dependent on the export of natural resources.

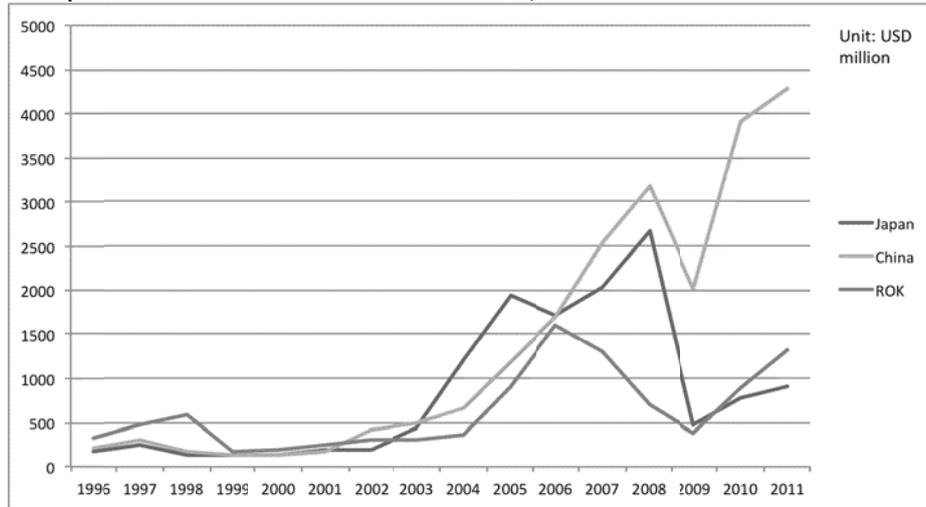
<Figure 2> West Texas Intermediate (WTI) index (May 2004-Oct 2013)



(Source) Ducascopy Bank

As for import to Russian Far East, import from China has risen suddenly from 2003. Foods and daily necessities for the people in Russian Far East are heavily dependent on import from China. Import from Japan declined a lot in 2009, because of Lehman's fall and an increase in a tariff for a secondhand car.

<Figure 3> Imports to Far Eastern Federal District, Russia from North East Asian Countries



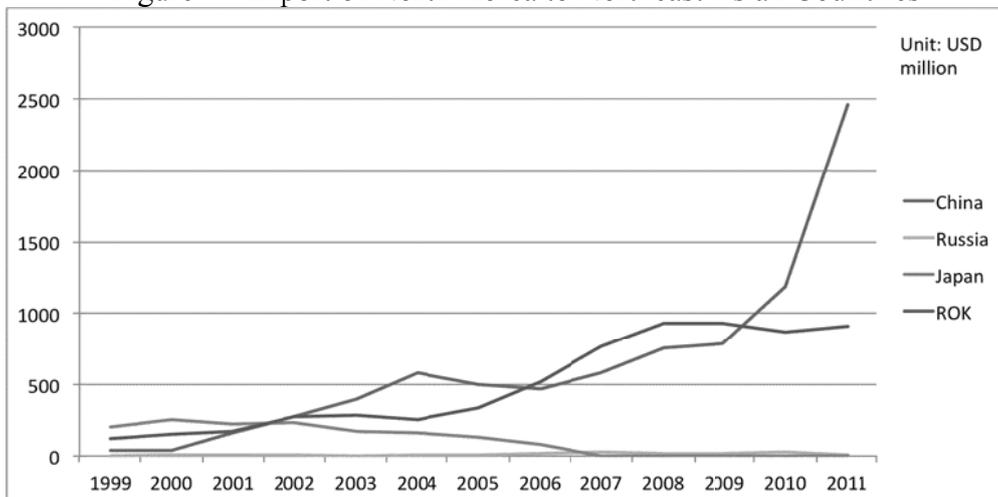
(Source) ERINA

Economic ties between Japan and Russian Far East, at the moment, depend on several projects and items; from Russian Far East to Japan natural resources including natural gas and crude oil are main products and from Japan to Russian Far East machinery including automobile is a main product.

III. Example of economic cooperation between Russia and North Korea

One of the chief causes of Japan's negativity towards economic cooperation with Northeast Asia is the outstanding issue of the Democratic People's Republic of Korea (hereafter referred as North Korea). The issues are broadly divided into two parts. One is a security issue that North Korea is now developing nuclear weapons and other weapons of mass destruction. Japan does not have a diplomatic relations with North Korea although attempts have made several times since the beginning of 1990s. Japan has been imposing an economic sanction against North Korea since July 2006 and there is no export or import between Japan and North Korea. The other is an institutional issue that North Korea has not accepted the key principles underpinning market economy. Before invocation of the economic sanctions, some Japanese businesses invested North Korea but most of them were not successful. North Korea became terra incognita for Japanese businesses since the beginning of the economic sanction.

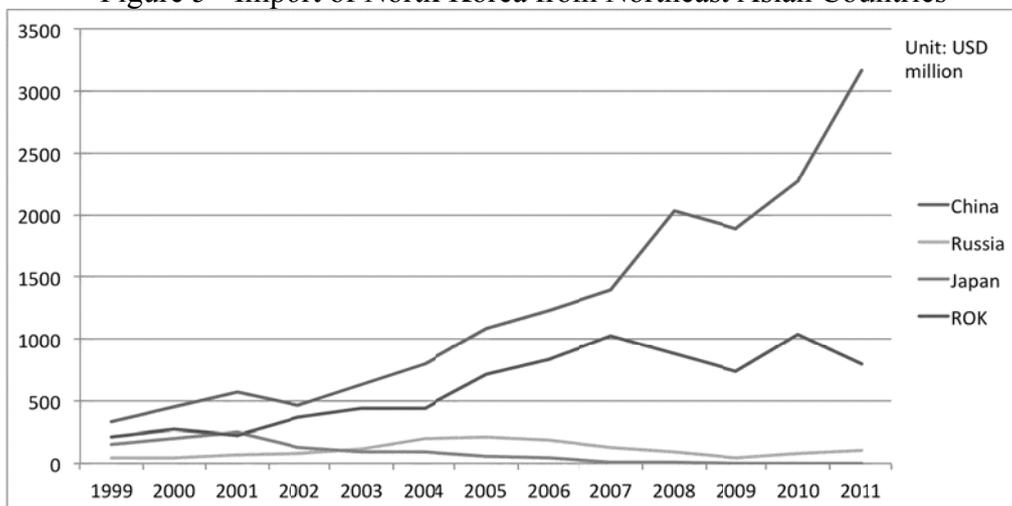
<Figure 4> Export of North Korea to Northeast Asian Countries



(Source) ERINA

On the other hand, Russia has a long history of relations with North Korea since the Soviet era. As shown in <Figure 4 and 오류! 참조 원본을 찾을 수 없습니다.>Figure 5, trade between Russia and North Korea is not dynamic. However, Russia already have some initiative with North Korea for joint development in Korean Peninsula; trans-Korean pipeline, utilization of Rajin Port and upgrading its pier and railway from Russian border to the port or debt relief to 90% for the loans supported to North Korea in the Soviet era.

<Figure 5> Import of North Korea from Northeast Asian Countries



(Source) ERINA

1. Trans Korean Pipeline

In the Russo-DPRK summit talks made in Ulan-Ude, Russia, in August 24, 2011, North Korea agreed to establish a project team to consider the possibility for a construction of a natural gas pipeline from Russia to South Korea passing through North Korean territory.

<Figure 6> Trans Siberian Pipeline



(Source) Gazprom

Negotiations have been carried out between Russia and South Korea as well as North Korea. For the realization of this project, several conditions such as improvement in South-North relations should be satisfied.

2. Upgrading of Rajin Port and Khasan-Rajin railroad

Between Russia and North Korea, connection of the Korean Peninsula Railway (TKR) and the Trans-Siberian Railway (TSR) has been promoted. Reconstruction of TKR, which has been disconnected after the Korean War, was agreed at the inter-Korean summit of June 2000. In addition, Russia and North Korea agreed in interconnection of TKR and TSR in the Russo-DPRK summit talks in August 2001.

At present, out of the whole idea, the remedial works of Rajin port and renovation of railway between Khasan, Primorsky Krai, Russia and Rajin Port, Rason, North Korea is in progress. Initial capital of a joint venture company named "Rasoncontrans Inc.", is EUR 28 million; Russian side holds 70% of the share and North Korea does 30%. North Korea made an in-kind contribution of the interest of No.3 pier of Rajin port. On Sep. 22, 2013, a ceremony was held in Rason City, North Korea to celebrate the opening of the refurbished Khasan-Rajin railroad.

IV. Conclusion

Although trade between Russia and North Korea is not so active, Russia has started several projects, mainly infrastructure investment, in North Korea. It seems that the aim of the investment by Russia is to expand its influence over Korean Peninsula. Rasoncontrans Inc., which seems to be the largest joint venture company in Rason Economic and Trade Zone, has finished refurbishment of railroad connecting North Korea's port city and also a special economic zone with Russia. The Pier 3, Rajin Port is going to be put into operation in a short time by Russia.

In order to establish economic cooperation with North Korea, after a long blank period since 1970s, Japan might need to build consensus and cooperation with other powers that has been already penetrated in North Korea. Russia and China are typical partners Japan should coordinate. In that sense, coordination in regional development that includes Russian Far East and North Korea is one of the keys for Japan to make a smooth transition from tentativeness in Cold-War structure to a regional economic cooperation in Northeast Asia.

The Development of Russian Far East Possible Role of Regional Countires in Northeast Asia

Pavel MINAKIR

Director, Economic Research Institute

**The Development of Russian Far East and
Search for a New Paradigm for
Regional Cooperation in Northeast Asia**

Session 3

**Practical Issues for NEA Regional Cooperation(1): Agro-
marine Industries,
Transportation and Glocalization**

Prospects and variants of long-term development of Vladivostok City as an integration center in NEA

Yuri AVDEEV

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I. Introduction

During 150 years of its history Vladivostok has been changing the development scenario to accommodate the external and internal market forces in the Russian Far East.

Vladivostok was a pioneer outpost of a free porto-franco city, a fortress and a secret military settlement, the capital of the Russian outskirt, Russian San Francisco and a distant province, a little Europe in the Asia Pacific. These roles Vladivostok «tried» in different combinations, but what remained unchanged was the pioneer spirit of its inhabitants, competitive environment in which Vladivostok was developing during its history.

In 1880 the free city of Vladivostok became the center of European culture in the Asia Pacific. The economics of the city grew rapidly. City showed its pioneer spirit, was a first mover.

Only one fact: the shop «Kunst and Alberts,» in the center of Vladivostok, opened in 1889, became the world's first department store. Not in America or England but in Vladivostok the new shopping format was launched. Department store number two was opened in Chicago in the autumn of the same year. The first department store in Europe was opened four years later, in Frankfurt, by the same company «Kunst and Alberts».

The last period of pre-revolutionary development of Vladivostok fell on 1899-1916 period. It was the period when Vladivostok was competing with the city of Port Arthur.

After Russia had lost the Port Arthur, Vladivostok remained the only Russian fortress on the coasts of the Pacific ocean. For two years of the first world war, Vladivostok was the only Russian port to ship military and civilian cargoes supplied by Russia's allies and the turnover of the port increased twice. The population of the city was up to 130 thousand people as at 1917.

During four years after the October revolution and foreign intervention the urban economy was de-

stroyed and plundered. 1.5 million tonnes of cargo were stolen from Vladivostok port. Naval and merchant fleet was gone overseas, 600 machines and 50 thousand tonnes of factory equipment disappeared from the territory of the military port. The city was left with 20 thousand inhabitants.

By 1925 the turnover of the port was restored to the pre-war level. A year later the port processed 400 foreign merchant ships. By 1926 rail way communication lines, both cargo and passenger, were resumed, including international express route Vladivostok-Paris. In 1927 the population of Vladivostok accounted 110 thousand people, which doubled by 1935.

Today Vladivostok has become a large Russian city, and the first on the territory of Russian Far East and Transbaikalia with the population of over 600 thousand people. It is the largest trading, financial, transportation and logistics, marine and fishing, scientific, educational and cultural center of Russia on the Pacific coast.

Problems of development of the Far East of Russia in the context of the long-term interests of the Russian Federation in the Asia-Pacific region will require the development of a system of urgent measures on cardinal building economic and demographic potential, ground of strategic line of providing of structural alteration, measures on territorial-branch organization of her economy, territorial development of Far East, strengthening of role of region as center of external economic collaboration of Russia with the countries of APR.

Far East of Russia is one of the key geopolitical regions of the Russian Federation located on the Pacific coast. Its strategic importance many times the who-will melt in connection with actively taking place in the world economic, demographic, military-political processes. In the basis of the observed geopolitical dynamics in APR: political changes, military-political relations between the countries of the region, is a radical change in the co-relations of geopolitical «weights».

Russia's economic and demographic potential, today essentially the ledge of the United States, the European Union and China, but its geopolitical position in the Asia-Pacific is not yet lost. The basis for this assessment is the unique geographical position of Russia, its abundant natural resources, vast territory, the available scientific and technical and still preserved military potentials.

In this regard, increasing the value of Vladivostok as a geopolitical center of Russia in the far East. Within a radius of 1,000 km (zone the time of the aviation availability and ten-hour rail and road accessibility) from Vladivostok are, first, the main city in the southern zone of the Far East, which are home to over 70% of the population of the region. Secondly, this zone gets the population of the three north-eastern provinces of China, Republic of Korea and the territory of the DPRK, as well as the West coast of Japan. In this area there are more than 300 million people, while the share of the population of Vladivostok with this setting, there hardly is 0.1%. The Vladivostok is the only city in Russia with such a powerful environment, for example, around Moscow at the same distance stays of less than 60 million people.

In this space the annual gross regional product is estimated at 6.6 trillion. dollars, while the share of economy of Vladivostok does not exceed 0,08%. Until recently it has not been because of the closed nature of the city could not рассматриваться as a development resource, today ignore and not take advantage of this resource factor is simply impossible. Suffice it to say that in recent years there were 21 diplomatic mission of the Asia-Pacific countries and Europe, there are dozens of trade missions and foreign companies of the APEC economies.

In this regard, in the Russian far East there is no significant alternatives to Vladivostok to perform geopolitical foreign economic functions Russia in the Asia-Pacific:

- By the demographic potential (number of population, quality Vladivostok exceeds the value of any other Russian city of the Pacific coast of at least 3.5 times, on gross regional product in 4-5 times.
- The level of development of Vladivostok industrial and social infra-structure (including Universities, theaters, retail and other) also incomparably higher, than in other cities of the Pacific coast of Russia.

Thus, strategic, economic, political, social, international Noah, informative influence, which is centered in Vladivostok, is one of the most powerful in Russia. From here can be formulated in a new mission, the city, which is consistent-hence implemented in recent decades

II. Mission Vladivostok

With the support of the state and national business equip position as one of the world intellectual, business and cultural cities-leaders, capable not only to generate business, innovative, scientific and technical and cultural ideas, but also to bring them to a realization in Russia and APR countries, providing a high level and quality of life of the inhabitants of the city, causing the respect of the world, exporting high-tech products and services-attracting to themselves as people and capital.

At the state level consistently implemented the policy on the development of Vladivostok as centre of international cooperation in the Asia-Pacific region, supported by significant investments. Appointments and expansion of the competences of the Empowered representative of the President of the Russian Federation and Minister of the development of the Far East are additional positive signal strategic aimed at strengthening the role of this region in Russia.

But growth by itself does not mean an increase of the quality of life and, as a consequence, human capital accumulation. Economic power has yet to be converted in the quality of the environment and in the long term, the life strategies of people living in Vladivostok. To improve the quality of life of the population not only the budget allocations to the social sphere. This requires reproducing itself activity, not short-and permanent - for themselves and their children.

It follows that the Federal and regional development objectives have to be complemented by the actual objectives of the development of Vladivostok, the achievement of which would improve the lives of the residents of the city, to a level that allows to stabilize the population, and then begin to increase.

Vladivostok is a growing city with sea and land port, which is a scientific and industrial center of serving the interests of the region, the macro-region, Russia, Asia Pacific, aspiring to become an innovative educational, medical, cultural, trade, transport and logistics, tourism, management and enter-

tainment center of the world level.

The main goal of Vladivostok development is connected with increase of level and life quality of people, and focuses on the following priorities:

- approximation of incomes of the population to the level of Europe, Latin America or the European Union by 2020;
- to increase the birth rate and increasing life expectancy up to the European level;
- turn to the intellectual migration, the cessation of brain drain in the European part of Russia and abroad;
- strengthening channels of vertical mobility in society, the ability to move in different strata and groups of authorities, business and society talented people;
- the reduction of social differentiation of incomes of all groups, and between population groups;
- personal security, a guaranteed protection of rights and freedoms;
- stability of property rights, protection of small investors;
- availability of opportunities of self-realization, a favorable moral and psychological climate in Vladivostok;
- creating a new way of life for the various layers of the population of Vladivostok, including the integration of migrant workers.

The new Millennium development of Vladivostok can be achieved only by joint actions of the government, business and civil society, represented the main social groups. - This is a fundamental condition for ensuring the fulfillment of this goal.

Perspective directions of development of Vladivostok are defined targets, consistent combination of the eight major goals (sectors) of the city:

- hospitality;
- administrative and organizing;
- analytical and consulting;
- scientific and cultural-recreational-educational;
- international chamber of representative;
- Maritime and fishery;
- information and telecommunication and naval;
- industrial transport and logistics.

Reducing the proportion of old industry in the economic sector of the city, and enhancing the role of the innovation component inside the industry, the city will be able to reduce the load on the environment, to save labour resources to new, more attractive for educated youth activities.

General limitation for the development of the city is the quantity and quality of labor resources. Mitigation of this restriction in the period up to 2020 - priority task. The solution involves a set of coordinated actions on improvement of living conditions in the city, consolidate the staff, the restructuring of vocational education, improving the access of housing and the level of security of life in the city.

Vladivostok is the territory of residence of a significant part of the population of Primorsky Krai of the Russian Federation and the mode of existence of the population in this region. The population and development of Vladivostok are determined by the economic system, production and hundred-rycom, which has a city in administrative-political and industrial complex the Asia-Pacific region, Russia, the far East Federal district and the Primorsky Krai.

The interaction of the economic system and settlement system is manifested in the next future: the

economic system determines the system of settlements; the resettlement of active influence on the development of the economic system.

One or another settlement system may contribute to the development of economic systems or delay its development. Compliance systems of economic and resettlement support the development of the economy of the city, a discrepancy brakes. This pattern is valid not only at the national level, but also at the level of separate settlements and determines to a significant degree the objectives of the city development.

A direct impact on the settlement at all levels of its submission alignment of the work-places. The most significant effect on their accommodation provided the economic factors, among which:

- a) land ownership;
- b) integrated location of economic agents and enterprises;
- a) transport links;
- d) proximity to areas of consumption of products;
- e) energy factor;
- e) the provision of human resources.

Ways of development of Vladivostok are determined by the same set of factors, both external (international, national, regional) level and at the municipal level.

Place of Vladivostok in the economic systems and the settlement of regional, state and interstate levels, largely determines the laws of the internal economic systems and settlement patterns.

To make a forecast of territorial development of Vladivostok except to its place in the system of settling present and all processes, functions and patterns that occur, are implemented and developed in the city.

Model Vladivostok, defining internal goals of its development, is a system that combines the population, economic-production and material-spatial environment. Thus, the model of Vladivostok is an Association of the socio-economic, territorial-production and demo-ecological systems arising as a result of activity of population in specific environments. This approach forms the basis for a quantitative assessment of the objective development of the city.

For understanding the future and the possibilities for development of Vladivostok need to assess the value of tangible assets and human capital city.

«The cost of» Vladivostok – almost eight trillion roubles. Considerable resources are introduced in such a remote part of Russia through the efforts of many generations. But now, as half a century ago, the cost of human capital is critical to the assessment of the city. As for property assets, they still poor.

To answer the question: «Why people are leaving from Vladivostok to Moscow, and not Vice versa?» enough to compare the capital structure of the respective cities, drawing rely on the ratio of the value of the property/value of human capital». As of the cities analogues selected the city of Moscow, London.

The result shows that Moscow is not just a richer Vladivostok (the difference in the value of assets of more than two hundredfold), and Moscow more attractive. Moreover, the ratio of the value of the property/value of human capital» - there you can work less and have more benefits. And those who still likes to work - have more assets, energy and space for self-realization.

Exactly the same as from Vladivostok to Moscow, people from Moscow are leaving to live in the city of Europe, such as London, where the ratio of the value of the property/value of human capital even more.

If show map migration preferences of the residents of Vladivostok, then we see that leaving it people see their future with those cities, where the above is not by itself the level of wealth, and the higher the share of the value of the property in the value of the whole city (the ratio of assets human capital»).

Thus, one of the main economic problems of Vladivostok is dis-balance assets. The cost of human capital exceeds the possibilities of its implementation in the framework of the poor of the fixed assets: for Vladivostok - 2,4%, to Moscow - to 9,5%for the London - 25,4%. Moreover, the ratio of the «price of the property/value of human capital» in Vladivostok, if its development will proceed according to the inertial scenario mo-can be reduced to 1.5%, while the outflow of population increase.

The main economic objective of the strategy Vladivostok: eliminate imbalance ratio of assets. For the sample, the ratio of assets is Moscow sample of 2008 To achieve a similar ratio in Vladivostok by 2020 should be faster increase the value of the property Vladivostok. The city must develop its own assets at about 8 times with 185 billion rubles to 1 400 billion rubles with the rate of growth of cost of property of the state must outpace the growth of human capital territory.

The sources can develop new value of the assets of the city? Pony-Manie at the highest level the necessity of the development of Vladivostok has led to large-scale investment-стициям in the economy and infrastructure of the city at the Federal and regional levels during the preparation for the APEC summit. The size of these investments was higher than 680 billion roubles (Federal budget - 240,9 billion rubles, regional budget - 42.6 billion rubles, the city budget of 3 billion rubles from extrabudgetary sources about 400 billion rubles). Together with the accumulated infrastructural capital 185 billion rubles in 2012 in Vladivostok assets increased to 865,4 billion rubles But to achieve the level of 1 400 billion roubles by 2020 Vladivostok will be necessary to attract in development of infrastructure to 60 billion per year.

The problem is that the current structure of the economy of Vladivostok not act-could provide the necessary ratio of the value of property assets and the value of human capital. Therefore it must be changed, preliminarily its opportunities.

Institutions and enterprises, activity of which is aimed at ensuring the society as a whole, i.e. those whose products are fully or partially exported outside of Vladivostok, where it is produced, are forming a group.

This group includes industrial enterprises, construction organizations, higher and secondary special educational institutions, scientific-research and design organizations, administrative, public, sanatorium-and-Spa institutions, enterprises, institutions and transport connections between the towns.

In accordance with the accepted classification of enterprises forming the city and serving the city, all enterprises not included in the first category, automatically belong to the second. Actually this includes both enterprise, which aims to ensure the life and activity of Vladivostok and those oriented to the population, i.e. unite sphere of production and consumption sphere. To separate them, we needed to introduce the concept of the activity of providing the city.

Enterprises, institutions and organizations, ensuring the functioning of the systems of life-support of activity of Vladivostok were assigned to group provides the development of the city.

To material production attributed branches of material production, communication, construction, trade, catering, exploration resources (fish, in particular), mother-and-technical supply. To the enterprises producing information include: research, engineering, design institutes, computer centers, the archives, pilot production, development organizations, hydrometeorological service, the media of mass information. Enterprises and institutions that specialize in serving the people of Vladivostok, belong to the city-service group. Because of the variety-the needs of the population (material, spiritual, household) demanded the creation of industry providing city enterprises, the structure of the latter is subordinated to meeting these needs.

From this point of view, our task was to identify what specific sector of the economy should be developed in the strategic aspect. To answer this question, was held межотрасле the balance of the economy of Vladivostok. For inter-sectoral balance territory of the urban district is characterized by the presence of depressive sectors, such as energy and capital construction. Through these sector capital irrevocably «flows from the city».

In addition, the virtually complete absence of activity in the field of rendering of high-tech logical end-user services: export of health, export education and development of intelligence-cognitive technologies - puts Vladivostok in strategic dependence on the procurement of such services from competitors.

Structure of net sales territory, revealed in the course of analysis of inter-sectoral Balance for 2009, showed that the economy of Vladivostok has virtually no relationship to the s-sectors end-user services.

Its main segments are focused on the supply of raw materials and low intellectual industrial production, which makes the economy of Vladivostok dependent on intermediaries.

Along with building up the assets of the need to implement structural changes, time-вивая sector end-user services, to ensure the inflow of capital into the territory. Only under these conditions by 2020, you can change the volume and structure of capitalization of the property of assets. Net sales coming on the territory through the development of the tourism sector, and the creation of a not yet existing export sectors of health and education services, allow approximately 6-fold increase assets territory.

When choosing the direction of economic development of Vladivostok given the shortage of skilled human resources, the decisive argument is the orientation on the compa-well sectors with the greatest budgetary efficiency of one job. This helps to give the social orientation of the economy and bring on the territory of more people, thereby eliminating the primary deficit. These industries will work in a mode of long chains («locomotive»), ending sectors end-user services.

Another important social quality of the economy is ensuite employment. By other words, the ability of one working place in one sector, create jobs in other sectors. The Strategy Vladivostok laid orientation to support sectors with the largest multiplier effect.

Over the past decades in Vladivostok has been rather stable structure of employment, which is based on the orientation of the services sector. This is the optimal structure, which should be preserved.

As a recommendation for the city Administration formulated the thesis according to which the increase in the number of new jobs should be with a minimum structural changes. The main potential of growth of new jobs, as well as related employment concluded in the sphere of hospitality industry, which has the relatively highest multiplicative effect.

Thus, the socio-economic development of Vladivostok depends on restoring balance and preservation of the dynamic balance between human capital and physical assets of the city. Improvement of tangible assets and a significant increase in their value requires special measures «debug» input-output balance of the urban district.

Correction of growth of human capital assumes an active demo graphics policy (in the optimistic scenario of development of the city) and the restructuring of space colonization.

From these positions, our calculations are consistent with the understanding of the new Minister of development of the Far East, which, drawing attention to the importance of creation of Special economic zones Corporations of development of the macroregion, proposes to create специализированное Agency human capital.

Place of Vladivostok in the systems of production (economic system-max) and the settlement of regional, state and interstate levels increase considerably to a great extent determines the laws of the in-

ternal systems of production (economic system) and resettlement. This principle is used to identify the external main objectives of the development of Vladivostok and fit them in the Millennium development Asia-Pacific region, the Russian Federation, the Far East and the region.

To predict the territorial development of Vladivostok except to its place in the system of settling present and all processes, functions and patterns that occur, are implemented and developed in the city.

Internal main development goals Vladivostok connected with the system, unite-ing: population, economic-industrial and logistics space environment, social, socio-economic, territorial-production and demo-ecological system, incurred as a result of the activities of population in specific environments.

The territory of Vladivostok (541 sq.km) in 2 times less than in Moscow. However, it is home to 18 times less people. Even in the most distant future, when the population of Vladivostok will increase to 1.5 - 2.0 million, the city will still have significant resources of spatial development.

Specific territorial resource Vladivostok is the coastline length of 42 km of Opportunities for the development of Maritime infrastructure, first of all tourist-recreational, are high, more than anywhere else in Russia.

But the territorial problems of Vladivostok have not been completely solved. Illustrative is determined by the proportion of urban land, which you can dispose of: 2 200 ha - municipal and private land, 35 400 - earth Federal agencies, 18 250 hectares of land subject of the Federation. Therefore, the issues of socio-economic development of the city (one of the main resources of which is land use) have to solve through multi-stage si system of bureaucratic communications.

Significant potential of development of the city laid effective specialization already built-up area. The city will allocate business, administrative, cultural and residential zones. And as a special area of historical monuments, representing a value to attract tourists. All these objects belong to the objects of public service provision.

III. Strategic goals of Vladivostok to the environment

1. Vladivostok-geostrategic center of Russia in Asia-Pacific

Vladivostok as the center of political communications of Russia, Europe and Asia Pacific. Vladivostok as the interregional and international business centre. The formation of a service infrastructure for service companies operating in the Primorsky Krai, the far East and APR countries.

Attraction of Vladivostok commercial banks, insurance and investment companies, oriented to the Primorsky Krai, the Far East and APR countries.

Accommodation in Vladivostok manufactures high value-added products, value chains which are located in the Primorsky region and the Far Eastern regions.

The creation of an interregional and international technology transfer center.

Formation of infrastructure of the exhibitions, forums and conferences.

Strengthening the role of Vladivostok as the inter-regional shopping center

Strengthening the role of Vladivostok as the social and cultural-leisure center Primo products, the Far East and APR countries.

Development of Vladivostok educational cluster of satisfying the needs of the labour market of Primorsky region and the Far East in qualified specialists.

Development of Vladivostok medical cluster of satisfying the needs of the residents of Primorye and neighboring regions in the high-tech medical services.

The formation of the centre for inter-regional and international cultural exchange and inter-ethnic relations of the peoples of Russia and the APR.

Development of Vladivostok infrastructure for holding large international dispute legislative and other mass events.

Key projects and initiatives development, Vladivostok as one of the key centers of the Asia-Pacific region.

Creation of the acting Russian zone of free trade of high-tech products

The proposal, which would make Russia is global in nature and can have a significant impact on the development of APEC, the movement towards universal zone of free trade and radically change the place of Russia and the city of Vladivostok in APEC.

Proposal is to create on the island of Russian global free trade area (FTA) high-tech products - the duty-free electronic trade on samples permanent exhibition-fair of high-tech products.

2. Organization of the Summit of APEC Universities

The task of universities, on the one hand, as training centres, on the other - as the centers of concentration of the intellectual elite, in the XXI century, in connection with distribution of the Internet and electronic means of obtaining information, are fundamentally changed. Briefly it can be formulated thesis «to Prepare young people for the challenges of the future».

The Summit of APEC Universities on the theme «post-crisis world. The role of education and place of the universities» will strengthen the position of the far Eastern Federal University in Asia Pacific, to be the initiator of various international initiatives, positively affecting the image of Russia and the Far East in the world and Asia-Pacific region, such as the organization of the international movement of universities «preparing the world for the challenges of the future.

3. Creation of the School of regional and international research and Pacific energy Agency

School of regional and international studies focused on scientific-methodological and personnel support for the implementation of the Strategy of socio-economic development of Far East and Baikal region until 2025 (Strategy and policy of the Russian Federation on strengthening cooperation with the countries of the Asia-Pacific region.

Scientific support, expertise, monitoring, informational, technical and personnel international provision of current and future energy projects in the far East-ke, in Eastern Siberia and in the Eastern Arctic can be achieved Pacific energy гетическим Agency FEFU.

Strategic partners Thea FEFU could become Russian and foreign oil and gas, energy, mining and coal companies having business interests in the Eastern regions of Russia and APR countries - «Gazprom», «Rosneft», «Surgut Neftegas», TNK-BP, BP, ExxonMobil, Shell, CNPC, Sinopec and KNOC, KOGAS, JOGMEC, ONGC Videsh, Sakhalin Energy and other

Task Pacific energy Agency for education is the development of the programme and organization of training of specialists in the field of oil and gas industry and oil and gas engineering, including the following directions of training:

- state management;
- corporate management;
- the world economy;
- marketing;

- Geology and development of oil and gas fields;
- technology of oil and gas processing, petrochemicals and chemicals, including the technology of production of liquefied natural gas;
- transportation of oil, oil products and gas.

4. International cooperation in education and science

Far Eastern Federal University will provide the organization of the Summit University-law APEC.

It will allow to organize:

International Olympiads on programming, robotics, mathematics

exhibition of achievements of scientific and innovative activity of students, postgraduates and lecturers of universities in Russia and NEA;

~ international innovation center;

~ international summer student school and schools, camps, etc.

~ international research centers;

~ publication of monographs;

~ international forums;

scientific and methodical support of the objectives of the maintenance of implementation of the Strategy;

~ permanent and temporary scientific groups for the solution of the objectives of the Strategy;

International Pacific Academy include three departments:

- Fundamental problems of the Pacific ocean (flow, air flow, tsunami, the movement of tectonic plates, earthquakes, ecology, marine bioresources)

- Applied problems (production of hydrocarbons, including the shelf, organization of prevention and monitoring of emergencies, underwater robotics, mariculture, tidal power, energy use volcanoes, mineral extraction, etc)

- Social processes in APR countries (political, economic, ethnic, confessional, town-planning and other processes in APR countries)

Vladivostok as a sports centre of the international level

The transformation of Vladivostok in the Asian and world sports centre is possible in the following areas:

~ technical sports:

~ water sports: sailing, competitions boats of different classes of water-motor sports, sailing, rowing sports,

~ martial arts: using the potential of 48 associations martial arts, acting in Vladivostok;

~ holding «Vladivostok marathon with run across the bridge to the acting Russian, from Pro-Jogging around the island and coming back to the city, giving it a regular nature, and the bike race;

~ organization of various sports leagues and competitions mill IAS (basketball, Willy-ball, football, hockey, etc) and conducting the Championships of these leagues;

~ development of sports medicine on the basis of a synthesis of traditional and Oriental medicine of using the possibilities of the scientific and educational organizations of medical profile, Vladivostok and Oriental medicine centers in Asia Pacific.

Creation of the centre of water sports

Experience in conducting Vladivostok International fishery Congress

Vladivostok - cultural, and tourist center

Transport and logistics capability, Vladivostok

Placing on the acting Russian management bodies and cooperation within APEC

Organization ASEM (Forum Asia-Europe) and the place of Russia in it

Russia as the only Eurasian power, which occupies more than a third of the continent has a completely

unique opportunities, closing between the European and Asian wings - as a natural geographic bridge between them.

Through Russia are the shortest transport corridors (TRANS-Siberian railway, BAM, Sevmorput). This simplified approach to Russia, as a transportation bridge, and prevails until the ASEM. And Russia's task is to significantly expand its participation and role in ASEM in the coming years. For this there are the following possibilities.

Russia has on Russian island, the latest infrastructure of holding international forums of the highest level established for the APEC Summit of 2012 and pain-Shimi squares of free land on this island.

This allows Russia to invite member States ASEM not only to host acting Russky Secretariat ASEM, but also to make a permanent centre for the conduct of pain most ASEM activities. In this regard, it is also appropriate to nominate Vladivostok as a potential site of a Summit ASEM 2016.

The special appeal of this idea may give a proposal to create a «village ASEM» the acting Russian. To that end, each state ASEM can be distinguished on the island of 0.5 hectares of land for the construction of their national representation and its exposition dedicated-tion. Convenient location of the island at the intersection of many shopping and tourist marsh pyтов, proximity to major Federal University coupled with strengthening the role Владиво-drain as an international center of the Eurasian development, is making this idea is quite attractive-tion and competitive.

IV. Conclusion

Thus, Vladivostok is a city bearing the task of strengthening and development of the positions of Russia in the far East and the formation of a forum for international interaction-interact Russian Federation with the Asia Pacific countries.

Vladivostok strives to occupy a position as one of the world intellectual, de business and cultural cit-ies-leaders, which is able not only to generate business, innovative, scientific and technical and cultural ideas, but also implement them in Russia and APR countries, providing a high level and quality of life of the inhabitants of the city, causing the respect of the world, exporting high technology products and services, attracting to themselves as people and capital.

The term is new positioning of Vladivostok

It will be:

- A world city, where the opportunity to realize themselves will be presented to each person, and only from him will depend on how it is going to use.
- It would create all opportunities for self-realization both in labor-howl of activities and in the field of leisure and Hobbies.
- Vladivostok is a port city, an industrial center, service center of the Primorsky Kray, Far East, Russia, Asia Pacific, educational, medical, cultural, trade, transport and logistics, tourism, management and entertainment center of a world scale.

Prospects and variants of long-term development of Vladivostok City as an integration center in NEA

Yuri AVDEEV

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За 150 лет своей истории Владивосток неоднократно менял сценарии развития в результате изменения внешних и внутренних условий существования России на Дальнем Востоке.

Владивосток был пионерским форпостом, вольным городом порто-франко, крепостью и секретным военным объектом, столицей российской окраины, российским Сан-Франциско и далекой провинцией, маленькой Европой в АТР. Эти роли Владивосток «примерял» на себя в разных сочетаниях, но неизменным был пионерский дух его жителей, конкурентные условия, в которых развивался Владивосток на протяжении своей истории.

В 1880 г. «вольный город» Владивосток стал центром европейской культуры в АТР. Экономика города росла быстрыми темпами. Город проявлял свой пионерский дух, был первопроходцем.

Один только факт: магазин «Кунст и Альбертс» в центре Владивостока, открытый в 1889 г. стал первым в мире универмагом. Не в Америке и не в Англии, а у нас впервые построено и запущено предприятие современного торгового формата. Второй появился в Чикаго осенью того же года. А первый собственно европейский универмаг в Европе был открыт четыре года спустя, во Франкфурте, всё той же компанией «Кунст и Альбертс».

Последний период дореволюционного развития Владивостока пришелся на 1899-1916 гг., который продолжался в конкурентной борьбе на этот раз с городом Порт-Артуром.

После потери Порт-Артура Владивосток остался единственной российской крепостью на Тихом океане. За два года первой мировой войны, когда он становится единственным российским портом, через который осуществлялась перевалка военных и гражданских грузов, поступающих от союзников России, его грузооборот вырос вдвое. Население города к 1917 г. достигло 130 тыс. человек.

За четыре года после Октябрьской революции и интервенции, городское хозяйство Владивостока было разрушено и разграблено. Из Владивостокского порта было похищено 1,5 млн. т грузов. За границу угнали военный и торговый флот, с территории Военного порта вывезено 600 станков и 50 тысяч тонн заводского оборудования. Город покинуло 20 тыс. жителей.

Но уже к 1925 г. удалось восстановить довоенный уровень грузооборота порта. Годом ранее порт принял 388, а в 1925 г. – более 400 иностранных торговых судов. К 1926 г. было восстановлено железнодорожное сообщение, грузовое и пассажирское, в том числе международная экспрессная линия Владивосток-Париж. В 1927 году население Владивостока – 110 тыс. чел., а к 1935 г. удвоилось.

Сегодня Владивосток превратился в один из крупнейших городов России, и первый город на территории Дальнего Востока и Забайкалья с населением свыше 600 тыс. чел. Это крупнейший торгово-финансовый, транспортно-логистический, морской и рыбохозяйственный, научно-образовательный и культурный центр России на Тихоокеанском побережье.

Проблемы развития Дальнего Востока России в контексте долгосрочных интересов Российской Федерации в Азиатско-Тихоокеанском регионе требуют разработки системы неотложных мер по кардинальному наращиванию экономического и демографического потенциала, обоснования стратегической линии обеспечения структурной перестройки, мер по территориально-отраслевой организации ее хозяйства, территориального развития Дальнего Востока, усиления роли региона как центра внешнеэкономического сотрудничества России со странами АТР.

Дальний Восток России – один из ключевых геополитических регионов Российской Федерации, расположенный на тихоокеанском побережье. Его стратегическое значение многократно возрастает в связи с активно происходящими в мире экономическими, демографическими, военно-политическими процессами. В основе наблюдаемой геополитической динамики в АТР: изменений политических, военно-политических отношений стран региона, лежит кардинальное изменение соотношений геополитических «весов».

Россия по экономическому и демографическому потенциалам сегодня существенно уступает США, Европейскому Союзу и Китаю, но ее геополитические позиции в АТР еще не утрачены. Основанием для такой оценки является уникальное географическое положение России, ее мощная сырьевая база, огромные территории, имеющийся научно-технический и еще сохранившийся военный потенциалы.

В этой связи возрастает значение Владивостока как геополитического центра России на Дальнем Востоке. В радиусе 1000 км (это зона часовой авиационной доступности и десятичасовой железнодорожной и автомобильной доступности) от Владивостока находятся, во-первых, основные города южной зоны Дальнего Востока, в которых проживает свыше 70% населения региона. Во-вторых, в эту зону попадает население трех Северо-Восточных провинций КНР, Республики Корея и территория КНДР, а также Западного побережья Японии. В этой зоне проживает более 300 млн. чел., тогда как доля населения Владивостока с этом окружении едва ли составляет 0,1%. При этом Владивосток – это единственный город в России с таким мощным окружением, например, вокруг Москвы на таком же расстоянии проживание менее 60 млн. чел.

На этом пространстве ежегодный валовой региональный продукт составляет 6,6 трлн. долл., тогда как удельный вес экономики Владивостока не превышает 0,08%. До недавнего времени это не рассматривалось и в силу закрытости города не могло рассматриваться в качестве ресурса развития, сегодня же игнорировать, не замечать и невоспользоваться этим ресурсным фактором просто невозможно. Достаточно сказать, что за последние годы здесь разместились 21 дипломатическое представительство стран АТР и Европы, присутствуют десятки торговых представительств и иностранные компании экономик АТЭС.

В этой связи на российском Дальнем Востоке нет значимых альтернатив Владивостоку для выполнения геополитических внешнеэкономических функций России в АТР:

- По демографическому потенциалу (численности населения, его качеству) Владивосток превышает значения любого другого российского города тихоокеанского побережья как минимум в 3,5 раза, по валовому региональному продукту – в 4-5 и более раз.
- Уровень развития во Владивостоке производственной и социальной инфраструктуры (включая ВУЗы, театры, объекты торговли и пр.) также несопоставимо выше, чем в других городах тихоокеанского побережья России.

Таким образом, стратегическое, экономическое, политическое, социальное, международное, информационное влияние, сосредоточенное во Владивостоке, является одним из самых мощных в России. Отсюда может быть сформулирована новая миссия города, которая последовательно реализуется в последние десятилетия.

Миссия Владивостока

При поддержке государства и национального бизнеса обустроить позицию в качестве одного из мировых интеллектуальных, деловых и культурных городов-лидеров, способного не только генерировать бизнес-, инновационные, научно-технические и культурные идеи, но и доводить их до реализации в России и странах АТР, обеспечивая высокий уровень и качество жизни жителей города, вызывая уважение в мире, экспортируя наукоемкую продукцию и услуги, притягивая к себе как людей, так и капиталы.

На государственном уровне последовательно осуществляется политика, направленная на развитие Владивостока, как центра международного сотрудничества в АТР, подкрепленная значительными инвестициями. Кадровые назначения и расширение компетенций Полномочного представителя Президента РФ и Министра развития Дальнего Востока являются дополнительным стратегическим сигналом, направленным на усиление роли этого региона России.

Но сам по себе экономический рост еще не означает роста качества жизни и, как следствие, накопления человеческого капитала. Экономическая мощь еще должна быть конвертирована в качество среды и в долгосрочные жизненные стратегии людей, живущих во Владивостоке. Для повышения качества жизни населения недостаточно только бюджетных вливаний в социальную сферу. Для этого необходима воспроизводящая себя деятельность, деятельность не на короткий отрезок, а постоянная – для себя и своих детей.

Отсюда следует, что федеральные и региональные цели развития должны быть дополнены собственно целями развития Владивостока, достижение которых позволит повысить уровень жизни жителей города, до уровня, позволяющего сначала стабилизировать население, а затем начать его увеличение.

Владивосток – это развивающийся город – морской и сухопутный порт, являющийся научным и промышленным центром, обслуживающим интересы региона, макрорегиона, России, АТР, стремящийся стать инновационным образовательным, медицинским, культурным, торговым, транспортно-логистическим, туристическим, управленческим и развлекательным центром мирового уровня.

Главная цель развития Владивостока связана с повышением уровня и качества жизни людей, и ориентирована на реализацию следующих приоритетов:

- приближение доходов населения к уровню Европы, Латинской Америки или Евросоюза к 2020 г.;
- увеличение рождаемости и рост средней продолжительности жизни к европейскому уровню;
- поворот к интеллектуальной миграции, прекращение «утечки мозгов» в европейскую часть России и за рубеж;
- укрепление каналов вертикальной мобильности в обществе, возможность перемещения в разные слои и группы власти, бизнеса и общества талантливых людей;
- снижение социальной дифференциации доходов во всех группах и между группами населения;
- обеспечение личной безопасности, гарантированная защита прав и свобод;
- устойчивость прав собственности, защищенность малых инвесторов;
- наличие широких возможностей самореализации, благоприятный морально-психологический климат во Владивостоке;
- формирование нового образа жизни для различных слоев населения Владивостока, включая интеграцию трудовых мигрантов.

Новые цели развития Владивостока могут быть достигнуты только совместными действиями власти, бизнеса и гражданского общества, представленными основными социальными группами. – Это принципиальное условие, обеспечивающее достижение поставленной цели.

Перспективные направления развития Владивостока определяются целевыми ориентирами непротиворечивого сочетания восьми главных целей (отраслей специализации) города:

- гостеприимства;

- административно-организующей;
- аналитически-консалтинговой;
- научно-культурно-рекреационно-образовательной;
- международно-торгово-представительской;
- морской и рыбохозяйственной;
- информационно–телекоммуникационной и военно-морской;
- промышленно-транспортно-логистической.

Снижая долю старой промышленности в хозяйственном комплексе города, и повышая роль инновационной составляющей внутри промышленности, город сможет снизить нагрузку на окружающую среду, высвободить трудовые ресурсы для новых, более привлекательных для образованной молодежи видов деятельности.

Общим ограничением для развития города является количество и качество трудовых ресурсов. Смягчение этого ограничения в период до 2020 года – приоритетная задача. Ее решение предполагает комплекс скоординированных действий по улучшению условий жизни в городе, закреплению кадров, реструктуризации профессионального образования, повышению доступности жилья и уровня безопасности жизни в городе.

Владивосток представляет собой территорию проживания значительной части населения Приморского края РФ и способ существования этого населения на этой территории. Население и развитие Владивостока определяются экономической системой, системой производства и статусом, который имеет город в административно-политическом и производственном комплексе АТР, России, ДФО и Приморского края.

Взаимодействие экономической системы и системы расселения проявляется в следующем: экономическая система определяет систему расселения; расселение активно влияет на развитие экономической системы города.

Та или иная система расселения может способствовать развитию экономической системы или задерживать ее развитие. Соответствие систем экономической и расселения поддерживает развитие экономики города, несоответствие – тормозит. Эта закономерность действует не только на общегосударственном уровне, но и на уровне отдельного поселения и определяет в существенной степени цели развития города.

Непосредственное влияние на расселение на всех уровнях его представления оказывает размещение мест приложения труда. Наиболее значительное влияние на их размещение оказывают экономические факторы, среди которых:

- а) земельная собственность;
- б) комплексное размещение экономических агентов и производств;
- в) транспортные связи;
- г) близость к районам потребления продукции;
- д) энергетический фактор;
- е) обеспеченность трудовыми ресурсами.

Пути развития Владивостока определяются одинаковым набором факторов, как на внешнем (международном, государственном, региональном) уровне, так и на внутреннем – муниципальном.

Место, которое занимает Владивосток в экономических системах и расселения регионального, государственного и межгосударственного уровней, в значительной степени определяет законы внутренних экономических систем и расселения.

Для того чтобы спрогнозировать территориальное развитие Владивостока необходимо кроме его места в системе расселения представить и все процессы, функции и закономерности, которые происходят, реализуются и развиваются в городе.

Моделью Владивостока, определяющей **внутренние цели его развития**, является система, объединяющая население, экономико-производственную и материально-пространственную среду. Таким образом, модель Владивостока представляет собой объединение социально-экономической, территориально-производственной и демо-

экологической систем, возникших как результат деятельности населения в конкретных условиях окружающей среды. Такой подход является основой для количественной оценки целей развития города.

Для понимания будущего и возможностей развития Владивостока необходимо оценить стоимость материальных активов и человеческого капитала города.

«Стоимость» Владивостока – почти **восемь триллионов** рублей. Это значительные средства, появившиеся в столь отдалённой части России благодаря усилиям многих поколений. Но и сейчас, как полтора века назад, стоимость человеческого капитала является определяющей в оценке города. Что же касается имущественных активов, они по-прежнему бедные.

Для ответа на вопрос: «Почему люди уезжают из Владивостока в Москву, а не наоборот?» достаточно сопоставить структуры капитала соответствующих городов, обратив внимание на соотношение «стоимость имущества/стоимость человеческого капитала». В качестве городов аналогов выбраны города Москва, Лондон.

В результате видно, что Москва не просто богаче Владивостока (разница в стоимости имущества более чем двухсоткратная), а Москва привлекательнее. Причем по соотношению «стоимость имущества/стоимость человеческого капитала» – там можно меньше работать и иметь больше благ. А те, кто всё-таки любит работать – имеют в своём распоряжении больше активов, энергии и пространства для самореализации.

Точно так же как из Владивостока в Москву, люди из Москвы уезжают жить в города Европы, например, Лондон, где соотношение «стоимость имущества/стоимость человеческого капитала» ещё больше.

Если посмотреть карту миграционных предпочтений жителей Владивостока, то видно, что уезжающие отсюда люди связывают своё будущее с теми городами, где выше не сам по себе уровень богатства, а выше доля стоимости имущества в стоимости всего города (соотношение «имущество/ человеческий капитал»).

Таким образом, одной из основных экономических проблем Владивостока является дисбаланс активов. Стоимость человеческого капитала превышает возможности своей реализации в рамках бедных основных фондов: для Владивостока – 2,4%, для Москвы – 9,5%, для Лондона – 25,4%. Причем величина соотношения «стоимость имущества/стоимость человеческого капитала» во Владивостоке, если его развитие будет продолжаться по инерционному сценарию может уменьшиться до 1,5%, а отток населения резко возрасти.

Главная экономическая цель стратегии Владивостока: устранение дисбаланса соотношения активов. Для образца соотношения активов выбрана Москва образца 2008 г. Чтобы достичь аналогичного соотношения во Владивостоке к 2020 г. необходимо опережающими темпами увеличивать стоимость имущества Владивостока. Город должен нарастить собственные активы примерно в 8 раз с 185 млрд. руб. до 1 400 млрд. руб., при этом темпы роста стоимости имущества должны опережать темпы прироста человеческого капитала территории.

За счет каких источников может складываться новая стоимость активов города? Понимание на высшем уровне необходимости развития Владивостока привело к масштабным инвестициям в экономику и инфраструктуру города на федеральном и региональном уровнях при подготовке к саммиту АТЭС. Размер этих инвестиций превысил 680 млрд. руб. (федеральный бюджет – 240,9 млрд. руб., краевой бюджет – 42,6 млрд. руб., городской бюджет – 3 млрд. руб., внебюджетные источники – около 400 млрд. руб.). Вместе с накопленным инфраструктурным капиталом в 185 млрд. руб. в 2012 г. во Владивостоке активы возросли до 865,4 млрд. руб. Но для достижения уровня в 1 400 млрд. руб. к 2020 г. Владивостоку потребуется привлекать в развитие инфраструктуры до 60 млрд. руб. ежегодно.

Проблема состоит в том, что современная структура экономики Владивостока не способна обеспечить необходимое соотношение стоимости имущественных активов и стоимости человеческого капитала. Поэтому ее необходимо изменить, предварительно оценив ее возможности.

Учреждения и предприятия, деятельность которых направлена на обеспечение *общества в целом*, т.е. тех, чья продукция полностью или частично экспортируется за пределы Владивостока, где она производится, относятся к **градообразующей группе**.

В эту группу входят промышленные предприятия, строительно-монтажные организации, высшие и средние специальные учебные заведения, научно-исследовательские и проектные организации, административные, общественные, санаторно-курортные учреждения, предприятия, учреждения и устройства внешнего транспорта внегородского значения.

В соответствии с принятой классификацией предприятий на градообразующие и градообслуживающие, все предприятия, не вошедшие в первую категорию, автоматически относятся ко второй. Фактически же сюда относятся как предприятия, деятельность которых направлена на обеспечение жизнедеятельности Владивостока, так и ориентированные на обслуживание населения, т.е. объединяются сфера производства и сфера потребления. Для их разделения потребовалось ввести понятие **градообеспечивающей** деятельности.

Предприятия, учреждения и организации, обеспечивающие функционирование систем жизнеобеспечения деятельности Владивостока были отнесены к градообеспечивающей группе.

К материальному производству отнесены отрасли материального производства, связь, строительство, торговля, общественное питание, разведка ресурсов (рыбных, в частности), материально-техническое снабжение. К предприятиям, производящим информацию, относятся: научно-исследовательские, проектно-конструкторские, проектные институты, вычислительные центры, архивы, опытное производство, изыскательские организации, гидрометеорологическая служба, средства массовой информации. Предприятия и учреждения, специализирующиеся на обслуживании жителей Владивостока, относятся к градообслуживающей группе. Поскольку разнообразные потребности населения (материальные, духовные, хозяйственно-бытовые) потребовали создания градообслуживающих предприятий, то и структура последних подчинена удовлетворению этих потребностей.

С этой точки зрения перед нами стояла задача выявить, какие конкретно сектора экономики следует развивать в стратегическом аспекте. Для ответа на этот вопрос был проведен межотраслевой баланс экономики Владивостока. Для межотраслевого баланса территории городского округа характерно наличие депрессивных секторов, таких как энергетика и капитальное строительство. Через эти сектора капитал безвозвратно «вытекает из города».

Кроме того, фактически полное отсутствие деятельности в области оказания высокотехнологичных конечных услуг: экспорт здравоохранения, экспорт образования и развитие интеллектуальных технологий – ставит Владивосток в стратегическую зависимость от закупок таких услуг у конкурентов.

Структура чистой выручки территории, выявленная в ходе анализа межотраслевого баланса за 2009 г., показала, что экономика Владивостока практически не имеет отношения к секторам конечных услуг.

Её основные сегменты ориентированы на поставки сырья и низкоинтеллектуальной индустриальной продукции, что делает экономику Владивостока зависимой от посредников.

Наряду с наращиванием активов, потребуется осуществить структурные изменения, развивая сектора конечных услуг, обеспечивающие приток капитала на территорию. Только при этих условиях к 2020 г. можно будет изменить объём и структуру капитализации имущественных активов. Чистая выручка, поступающая на территорию через развитие сектора туризма, и создание пока не существующих секторов экспорта медицинских и образовательных услуг, позволит примерно в 6 раз нарастить активы территории.

При выборе направления экономического развития Владивостока в условиях дефицита квалифицированных людских ресурсов, решающим аргументом является ориентация на капитализацию отраслей, обладающих наибольшей бюджетной отдачей одного рабочего места. Это позволяет придать социальную направленность экономике и привлечь на территорию больше людей, устраняя тем самым исходный дефицит. Данные сектора экономики станут

работать в режиме длинных цепочек («локомотивов»), заканчивающихся секторами конечных услуг.

Еще одним важным социальным качеством экономики является смежная занятость. Другими словами, способность одного рабочего места в одном секторе, создавать рабочие места в других секторах. В Стратегию Владивостока заложена ориентация на поддержку секторов, имеющих наибольший мультипликативный эффект.

На протяжении последних десятилетий во Владивостоке сложилась вполне устойчивая структура занятости, в основе которой лежит ориентация на сектор услуг. Это оптимальная структура, которая должна быть сохранена.

При этом в качестве рекомендации для Администрации города сформулирован тезис, согласно которому увеличение количества новых рабочих мест должно происходить с минимальными структурными изменениями. Основной потенциал роста новых рабочих мест, а также смежной занятости заключён в сфере индустрии гостеприимства, обладающей относительно наибольшим мультипликативным эффектом.

Таким образом, социально-экономическое развитие Владивостока зависит от восстановления баланса и сохранения динамического равновесия между человеческим капиталом и материальными активами города. Оздоровление материальных активов и существенное увеличение их стоимости требует специальных мер «отладки» межотраслевого баланса городского округа.

Коррекция роста «человеческого капитала» предполагает проведение активной демографической политики (в оптимистическом сценарии развития города) и реструктуризации пространства заселения.

С этих позиций наши выкладки вполне согласуются с пониманием нового Министра развития Дальнего Востока, который, обращая внимание на важность создания Особых экономических зон, Корпорации развития макрорегиона, предлагает создать специализированное Агентство человеческого капитала.

Место, которое занимает Владивосток в системах производства (экономических системах) и расселения регионального, государственного и межгосударственного уровней, в значительной степени определяет законы внутренних систем производства (экономической системы) и расселения. Этот принцип нами использован для выявления **внешних главных целей развития Владивостока** и вписывания их в цели развития АТР, РФ, Дальнего Востока и региона.

Чтобы спрогнозировать территориальное развитие Владивостока необходимо кроме его места в системе расселения представить и все процессы, функции и закономерности, которые происходят, реализуются и развиваются в городе.

Внутренние главные цели развития Владивостока связаны с системой, объединяющей: население, экономико-производственную и материально-пространственную среду, социально-экономическую, территориально-производственную и демо-экологическую системы, возникшие как результат деятельности населения в конкретных условиях окружающей среды.

Территория Владивостока (541 кв.км.) в 2 раза меньше Москвы. Однако здесь проживает в 18 раз меньше людей. Даже в самой отдалённой перспективе, когда население Владивостока увеличится до 1,5 – 2,0 миллионов, город будет обладать ещё значительными ресурсами пространственного развития.

Специфичным территориальным ресурсом Владивостока является береговая линия протяжённостью 42 км. Возможности развития морской инфраструктуры, прежде всего туристическо-рекреационной, здесь велики, как нигде более в России.

Стратегические цели Владивостока по отношению к внешней среде **Владивосток - геостратегический центр России в АТР**

Владивосток как центр политических коммуникаций России, Европы и АТР.

Владивосток как межрегиональный и международный центр ведения бизнеса.

Формирование сервисной инфраструктуры для обслуживания компаний, ведущих свою деятельность в Приморском крае, на Дальнем Востоке и в странах АТР.

Привлечение во Владивосток коммерческих банков, страховых и инвестиционных компаний, ориентированных на Приморский край, регионы Дальнего Востока и страны АТР.

Размещение во Владивостоке производств продукции высоких переделов, цепочки добавленной стоимости которых расположены в Приморском крае и регионах Дальнего Востока.

Создание межрегионального и международного центра трансфера технологий.

Формирование инфраструктуры проведения выставок, форумов и конференций.

Усиление роли Владивостока как межрегионального торгового центра

Усиление роли Владивостока как социального и культурно-досугового центра Приморья, Дальнего Востока и стран АТР.

Развитие во Владивостоке образовательного кластера, обеспечивающего удовлетворение потребностей рынка труда Приморского края и Дальнего Востока в квалифицированных специалистах.

Развитие во Владивостоке медицинского кластера, обеспечивающего удовлетворение потребностей жителей Приморского края и соседних регионов в высокотехнологичных медицинских услугах.

Формирование центра межрегионального и международного культурного обмена и межэтнического взаимодействия народов России и АТР.

Развитие во Владивостоке инфраструктуры проведения крупных международных спортивных и иных массовых мероприятий.

Ключевые проекты и инициативы развития г. Владивостока в роли одного из ключевых центров Азиатско-Тихоокеанского региона.

➤ **Создание на о. Русский зоны свободной торговли высокотехнологичной продукцией**

Предложение, которое могла бы сделать Россия носит глобальный характер и способно оказать существенное влияние на развитие АТЭС, движение к всеобщей зоне свободной торговли и коренным образом изменить место России и города Владивостока в АТЭС.

Предложение заключается в создании на острове Русском глобальной зоны свободной торговли (ЗСТ) высокотехнологичной продукцией – центра беспошлинной электронной торговли по образцам, постоянно действующей выставки-ярмарки высокотехнологичной продукции.

➤ **Организация Саммита Университетов АТЭС.**

Задача университетов, с одной стороны, как учебных центров, с другой – как центров концентрации интеллектуальной элиты, в XXI веке, в связи с распространением интернета и электронных средств получения информации, принципиально изменилась. Коротко ее можно сформулировать тезисом *«Готовить молодежь к вызовам будущего»*.

Проведение Саммита Университетов АТЭС на тему *«Посткризисный мир. Роль образования и место университетов»* позволит усилить позиции Дальневосточного федерального университета в АТР, выступить инициатором различных международных инициатив, положительно влияющих на образ России и Дальнего Востока в мире и АТР, таких как организация международного движения университетов *«Готовить мир к вызовам будущего»*.

➤ **Создание Школы региональных и международных исследований и Тихоокеанского энергетического агентства**

Школа региональных и международных исследований ориентирована на научно-методическое и кадровое обеспечение реализации Стратегии социально-экономического развития Дальнего Востока и Байкальского региона на период до 2025 года (Стратегия) и

политики Российской Федерации по укреплению сотрудничества со странами Азиатско-Тихоокеанского региона.

Научное сопровождение, экспертиза, мониторинг, информационное, техническое и кадровое обеспечение реализуемых и перспективных энергетических проектов на Дальнем Востоке, в Восточной Сибири и в Восточной Арктике может быть обеспечено *Тихоокеанским энергетическим агентством ДВФУ*.

Стратегическими партнерами ТЭА ДВФУ могли бы стать российские и зарубежные нефтегазовые, энергетические, горнодобывающие и угольные компании, имеющие бизнес-интересы в Восточных регионах России и в странах АТР – «Газпром», «Роснефть», «Сургутнефтегаз», ТНК-ВР, ВР, ExxonMobil, Shell, CNPC, Sinopec, KNOC, KOGAS, JOGMEC, ONGC Videsh, Sakhalin Energy и др.

Задачей Тихоокеанского энергетического агентства в сфере образования это разработка программы и организация подготовки специалистов в области нефтегазового бизнеса и нефтегазового инжиниринга, включая следующие направления обучения:

- государственное управление;
- корпоративный менеджмент;
- мировая экономика;
- маркетинг;
- геология и разработка нефтегазовых месторождений;
- технология переработки нефти и газа, нефтехимия и газохимия, включая технологию производства сжиженного природного газа;
- транспорт нефти, нефтепродуктов и газа.

➤ **Международное сотрудничество в сфере образования и науки**

Дальневосточный федеральный университет обеспечит организация Саммита Университетов АТЭС.

Это позволит организовать:

- Международных олимпиад по программированию, робототехнике, математике
- выставки достижений научной и инновационной деятельности студентов, аспирантов и преподавателей вузов России и США;
- международного инновационного центра;
- международных летних студенческих и школьных школ, лагерей и т.д.
- международных исследовательских центров;
- издания монографий;
- проведения международных форумов;
- научно-методического обеспечения задач сопровождения реализации Стратегии;
- постоянных и временных научных коллективов для решения задач Стратегии;

➤ **Международная Тихоокеанская академия** включать три отделения:

- Фундаментальных проблем Тихого океана (течения, воздушные потоки, цунами, движения тектонических плит, землетрясения, экология, морские биоресурсы)
- Прикладных проблем (добыча углеводородов, включая шельфовую, организация предупреждения и мониторинга чрезвычайных ситуаций, подводная робототехника, марикультура, приливные электростанции, использование энергии вулканов, добыча полезных ископаемых и т.д.)
- Общественных процессов в странах АТР (политические, экономические, этнические, конфессиональные, градостроительные и прочие процессы в странах АТР)

➤ **Владивосток как спортивный центр мирового уровня**

Превращение Владивостока в Азиатский и мировой спортивный центр возможно по следующим направлениям:

- технические виды спорта;
- водные виды спорта: яхтинг, соревнования лодок разных классов, водно-моторный спорт, парусный спорт, гребные виды спорта,
- восточные единоборства: использование потенциала 48 ассоциаций единоборств, действующих во Владивостоке;
- проведение «Владивостокского марафона» с забегом через мост на о. Русский, с пробегом по острову и возвращением в город, придание ему регулярного характера, а также организация подобного веломарафона;
- организация различных спортивных лиг и соревнований стан СВА (баскетбол, волейбол, футбол, хоккей и т.д.) и проведение первенств этих лиг;
- развитие спортивной медицины на базе синтеза традиционной и восточной медицины с использованием возможностей научных и образовательных организаций медицинского профиля г. Владивостока и центров восточной медицины в АТР.

- **Создание центра водных видов спорта**
- **Опыт проведения во Владивостоке Международного конгресса рыбаков**
- **Владивосток – культурный и туристический центр**
- **Транспортный и логистический потенциал г. Владивостока**
- **Размещение на о. Русский органов управления и взаимодействия в рамках АТЭС**
- **Организация АСЕМ (Форум Азия-Европа) и место в ней России**

Россия как единственная евроазиатская держава, занимающая более трети территории материка имеет совершенно уникальные возможности, замыкая между собой Европейское и Азиатское крылья – являясь естественным географическим мостом между ними.

Через Россию проходят и кратчайшие транспортные коридоры (Транссиб, БАМ, Севморпуть). Именно этот упрощенный подход к России, как транспортному мосту, и превалирует пока в АСЕМ. И задача России – существенно расширить свое участие и роль в АСЕМ в ближайшие годы. Для этого есть следующие возможности.

Россия обладает на острове Русский самой свежей инфраструктурой проведения международных форумов самого высокого уровня, созданной для Саммита АТЭС 2012 года и большими площадями свободной земли на этом острове.

Это позволяет России предложить государствам АСЕМ не только разместить на о. Русский секретариат АСЕМ, но и сделать постоянно действующий центр для проведения большинства мероприятий АСЕМ. В связи с этим также уместно выдвинуть Владивосток в качестве возможной площадки проведения Саммита АСЕМ 2016 года.

Особую привлекательность этой идеи может придать предложение создания «деревни АСЕМ» на о. Русский. Для этого каждому государству АСЕМ можно выделить на острове по 0,5 га земли под постройку своего национального представительства и создания своей экспозиции. Удобное расположение острова на пересечении многих торговых и туристических маршрутов, близость крупного федерального университета в сочетании с усилением роли Владивостока, как международного центра Евразийского развития, делает эту идею вполне привлекательной и конкурентоспособной.

Таким образом, Владивосток – это город, несущий миссию укрепления и развития позиций России на Дальнем Востоке и формирования площадки для международного взаимодействия Российской Федерации со странами АТР.

Владивосток стремится занять позицию одного из мировых интеллектуальных, деловых и культурных городов-лидеров, который способен не только генерировать бизнес, инновационные, научно-технические и культурные идеи, но и воплощать их в России и странах АТР, обеспечивая высокий уровень и качество жизни жителей города, вызывая

уважение в мире, экспортируя наукоемкую продукцию и услуги, притягивая к себе как людей, так и капиталы.

В перспективе предполагается новое позиционирование Владивостока.

Это будет:

- Мировой город, где возможность реализовать себя будет представлена каждому человеку, и лишь от него будет зависеть, как он ею распорядится.
- При этом создаются все возможности для самореализации личности как в трудовой деятельности, так и в сфере досуга и увлечений.
- Владивосток – это город – порт, промышленный центр, сервисный центр Приморского края, Дальнего Востока, России, АТР, образовательный, медицинский, культурный, торговый, транспортно-логистический, туристический, управленческий и развлекательный центр мирового масштаба.

The Development of Transport Infrastructure in the Russian Far East and Transportation Cooperation in NEA

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November 8, 2013

Transport and the World System

- Geography and transport
 - How to change the geographic position of goods or people
- Geopolitics and transport
 - How to project a country's power and control its influence
- Decline of interferences with transport (globalization, technological advances, and opening up of restricted territories)
 - *But, transport still matters in the 21st century! Why?*

Functions of Transport

- To bridge the ‘time gap’ and the ‘geographical gap’
 - requires cheaper, safer, and more efficient ways of transportation
- To act as a catalyst, raising the level of activity in an economy
 - promote the maximal use of the economic potentials in underdeveloped region (country)

What’s happening in transport and logistics in Eurasia?

- To link Europe and Asia (UNECE-UNESCAP Euro-Asian Transport links projects)
- International transport corridor(ITC) as a tool for regional connectivity
- Multilateral regional cooperation in transport and logistics

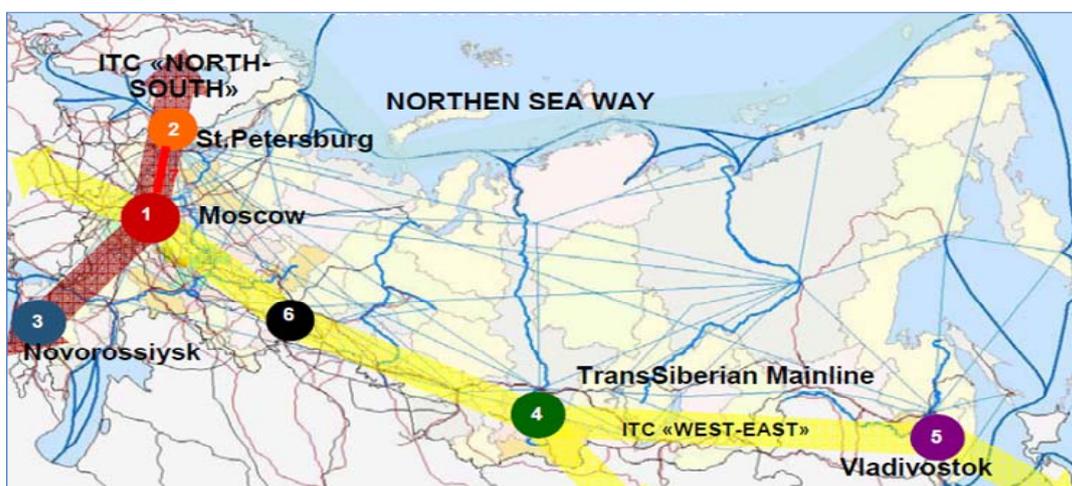
Why Integrated Eurasian Northern Logistics System?

- Gradual integration of the Eurasian transport & logistics system
- Activation of cross-border economic cooperation
- Resurgency of new continentalism
- Development of Northern Regions (Chinese Northeast Provinces, Russian Far East and Siberia region, Mongolia, DPRK's Rajin-Sunbong special district, etc)

Eurasian International Transport Corridors



Strategic Development Zones in the International Transport Corridor System



Transportation System in the RFE and Geo-economic Potential for Development

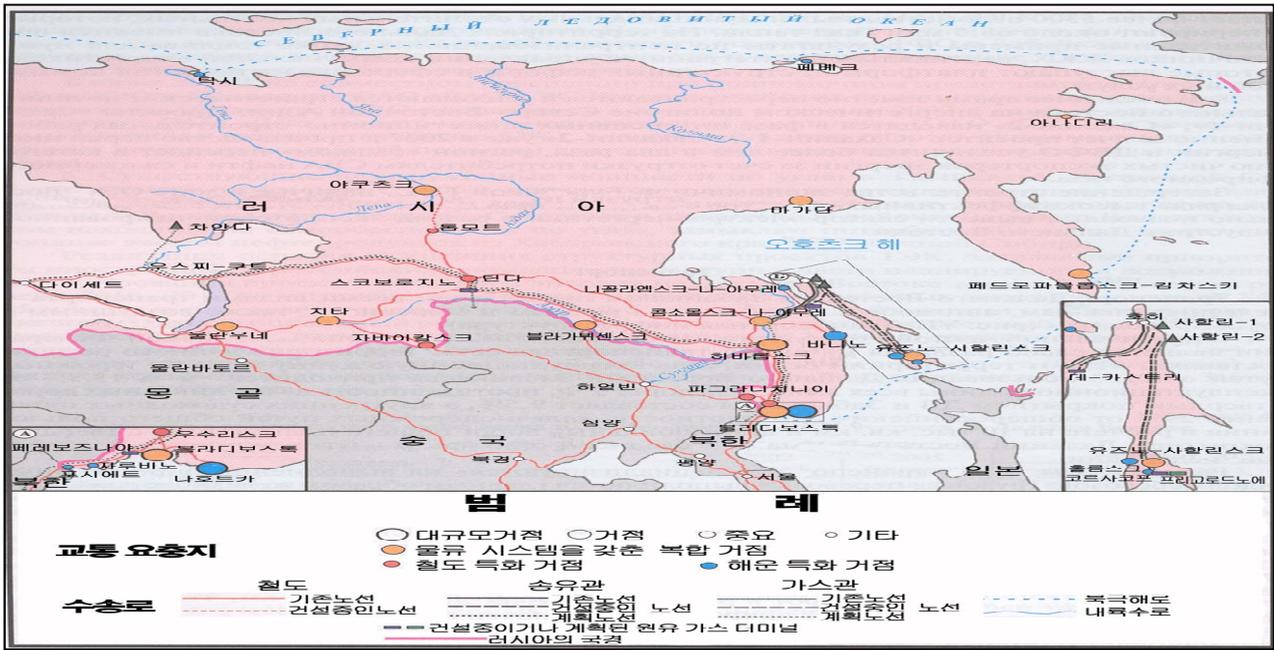
Q: The RFE and Transport

- Vast territories: Potential vs. Restriction?
- To overcome the geographical gap vs. Siberian Curse
- What is to be done first: Transport infrastructure development or Industry Development?
- Who is actor for financing the Development of Infrastructure?
- Competition vs. Cooperation in the international transport project
- Role of Korean Peninsula in building NEA Transport System

The RFE Development Strategy and Transport

- Strategy for the Socio-Economic Development of the Far East and the Baikal Region up to 2025
- National program «Socio-Economic Development of the Far East and the Baikal Region up to 2025
- Transport Strategy of the Russian Federation to 2030
- Russian Federation State Program «Transport system development until 2020»

Transport Infrastructure and Network in the RFE



What transportation is in the RFE

- bottleneck of regional economy
- poorly developed infrastructure (especially, motorway system)
 - Monopoly situation for the rail mode
- lack of balance between industries and infrastructure (inadequate development of infrastructure)
- lack of understanding(or appreciation) of the role of multimodal transportation system in the development of the RFE

Transport Complex of the RFE

Railway



Waterway Route



Sea Port



Inter-Continental Air Route



Backgrounds for the Development of Eurasian Logistics Network

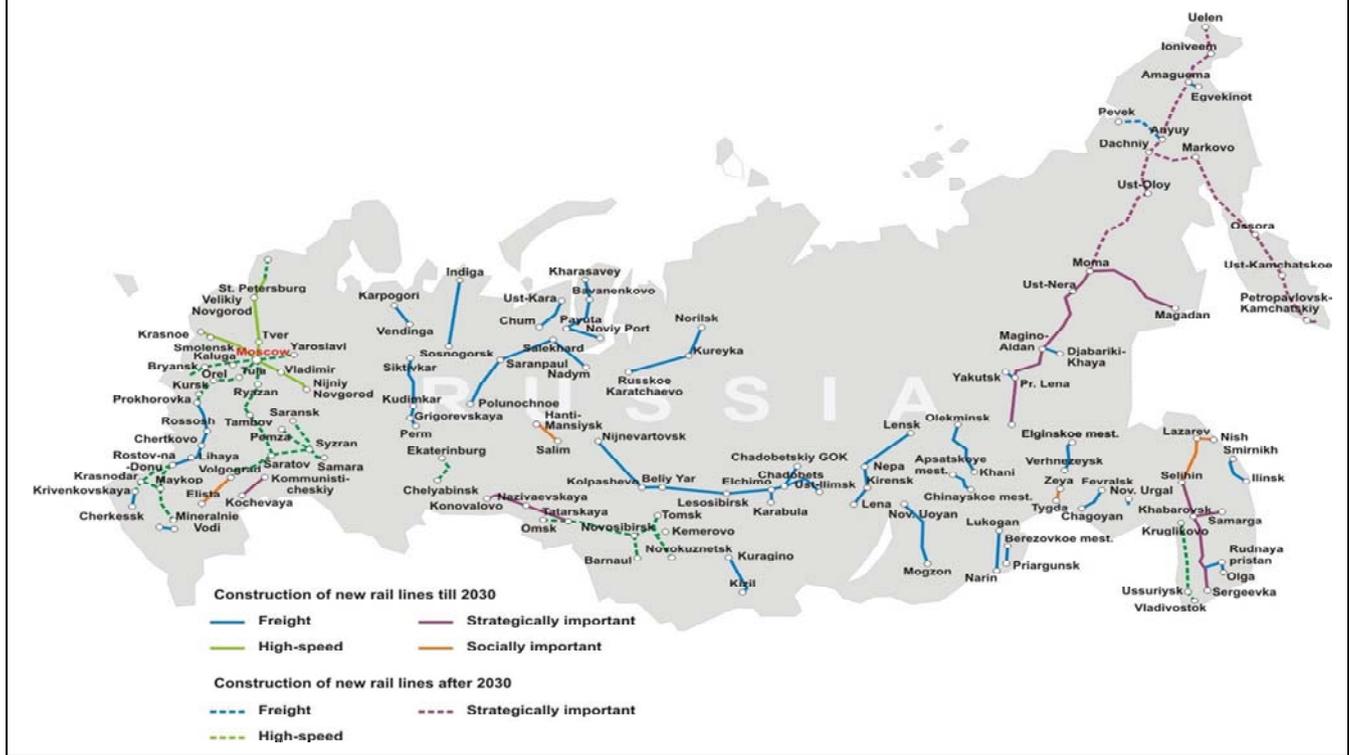
- Speed-up of Eurasian Economic Integration and Intensive cooperative links between Central Asia and NEA
- Russia's entry to the WTO and Expected Opening of Russian Logistics Market
- Seaport Infrastructure Development in the RFE
- Growth of Eurasian Inland Logistics mainly based on the Modernization of TSR
- Diversification of Energy Logistics
- Expansion of Russian Air Transport Market

Plans for the development of transport infrastructure in the RFE

Long-term Plan for Railway Construction



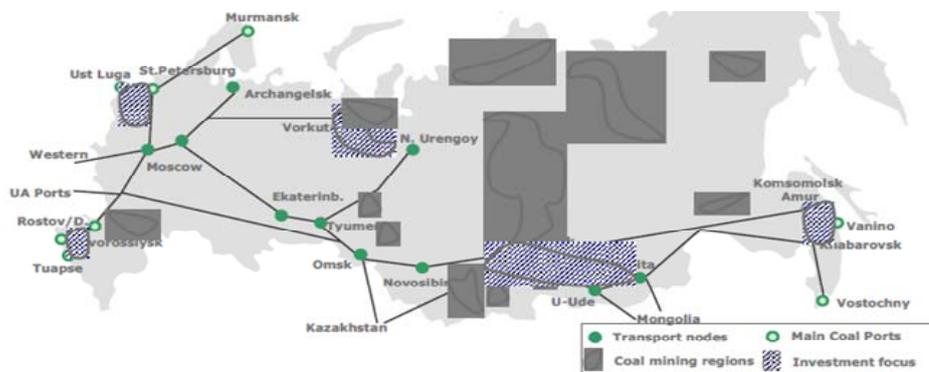
Railway Network Development to 2030



Main Directions and Tasks in Railway Transport

- Modernization of TSR and geographical expansion including border crossing route(Manzhouli-Zabaikalsk,etc)
- Second track construction: BAM-II
- Port station reconstruction
- Marshalling yard reconstruction

Russian Railways Network and Investment Activities



Focus on Investment Activities in the RFE

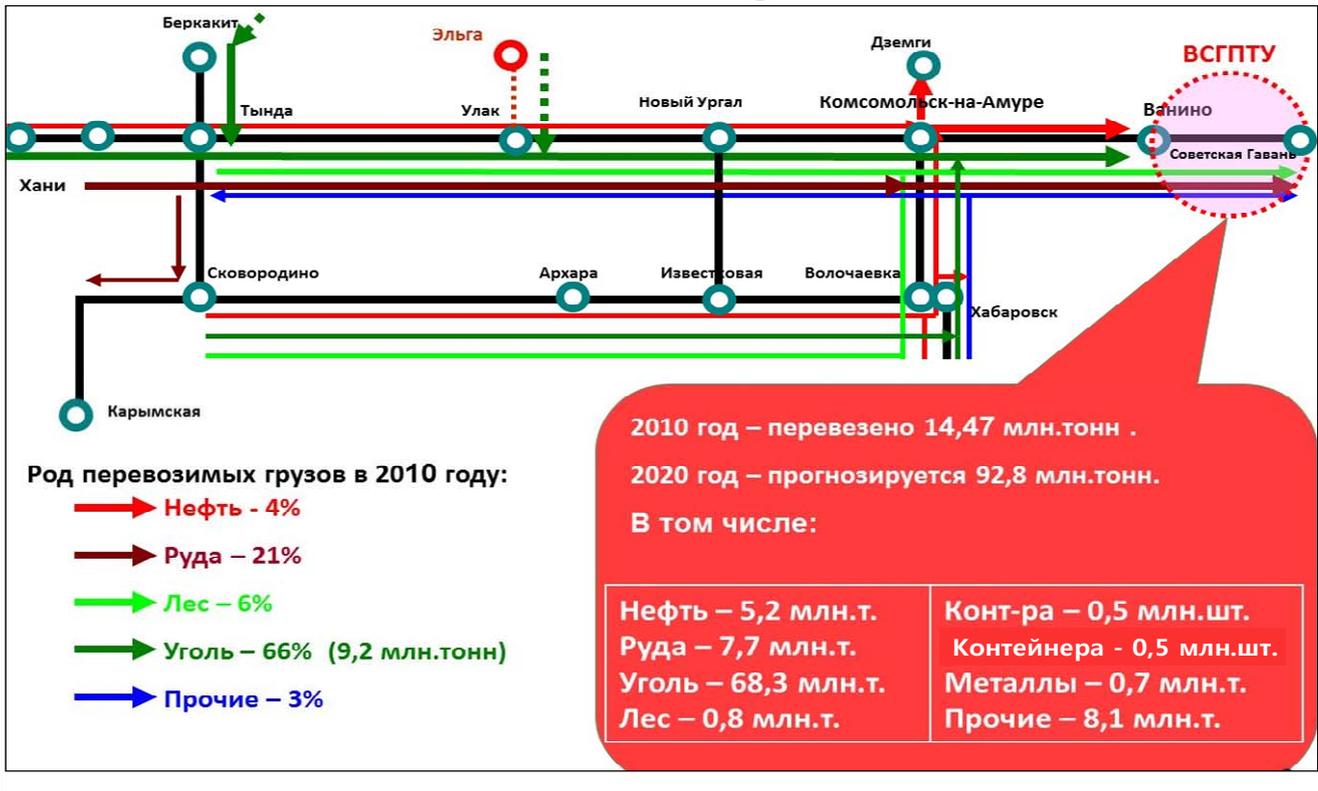
- **Hinterland connection Vanino**
 - Construction of new rail line and tunnel planned (Old route: 37.6 km, new route: 27 km)
 - Capacity extension Komsomolsk-na-Amure-Vanino

How to tackle transport bottlenecks

БАМ-II: why it is needed?



Forecast of Total Cargo Turnover



BAM-Port of Sovetskaya Gavan Connected Transportation

**Sovgavan-Sea Port
Special Economic
Zone**



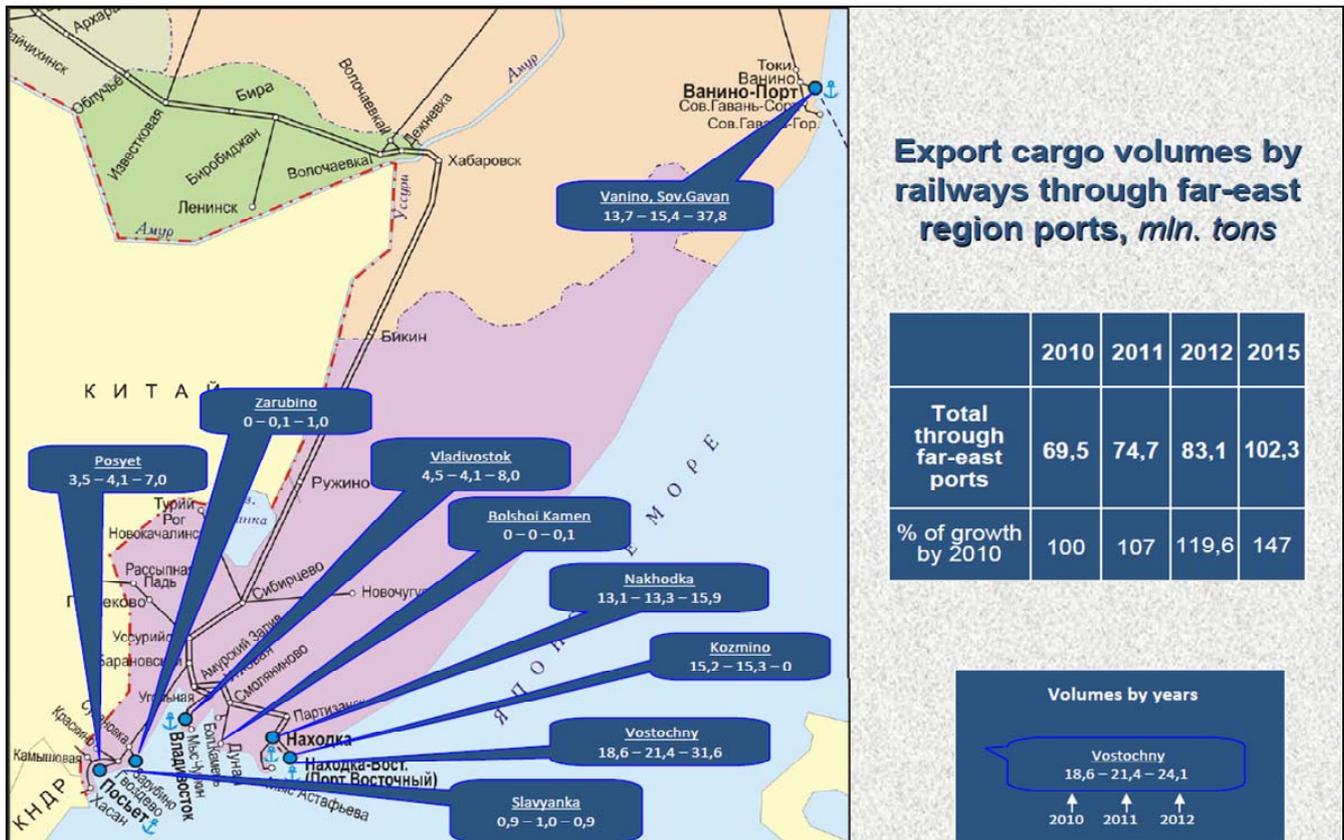
Forecast of cargo transportation volumes through the RFE's Seaports (Innovative Alternative)

(million tons)

Cargo type	2015	2020	2030	Change of transportations volume of 2030 as to 2012, time
<i>Far East basin total, including</i>	<i>150,2</i>	<i>181,0</i>	<i>250,0</i>	<i>2,3</i>
- fluid cargo	51,8	68,0	100,0	1,8
- bulked cargo	98,4	113,0	150,0	1,9
includes containers	20,6	26,5	58,5	6,8

Main Projects on Seaports Infrastructure Development in the FRE

Port	Project description	Commissioning time	Capacity gain, million tons	Investment, billion rubles
The development of the transport hub "Vostochniy - Nahodka"	Construction of complexes on processing of containers, coal and grain	2012-2015	30,0	111,96
Nahodka	Reconstruction of berths № 1, 2, 8	2011-2015	0,5	6,07
Holmsk	Reconstruction of protective piers	2010-2015	-	0,42
Nevelsk	Reconstruction of federal property objects	2012-2014	-	1,20
Nabil	Seaport construction near the settlement Nabil, the Sakhalin region	2014-2015	-	7,46
Vanino	Construction of the forest terminal	2010-2015	3,1	28,72
Petropavlovsk-Kamchatsky	Reconstruction of federal property objects	2010-2015	3,0	4,38



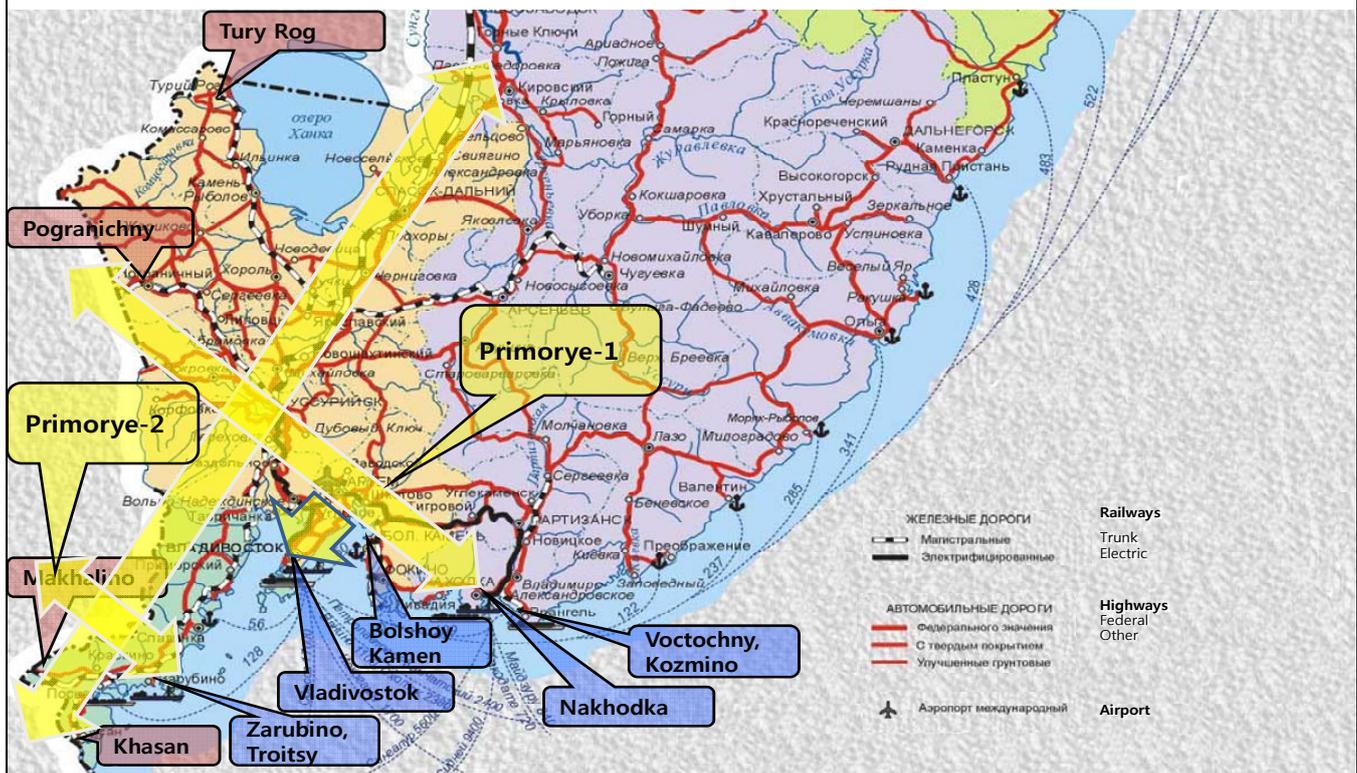
NEA Port Logistics Network: the RFE Perspective



How to achieve the Goal of ‘Logistics Center’

- Building Integrated International Transport and Logistics System for North-East Asia
 - the TSR route modernization and construction of the BAM route second way
 - the development of ports, located on the last point along these routes
 - realize the potentials for ITC development in the RFE
- Toward Intermodal Transportation Network: Connecting Railways, Highways, Ports and Airport

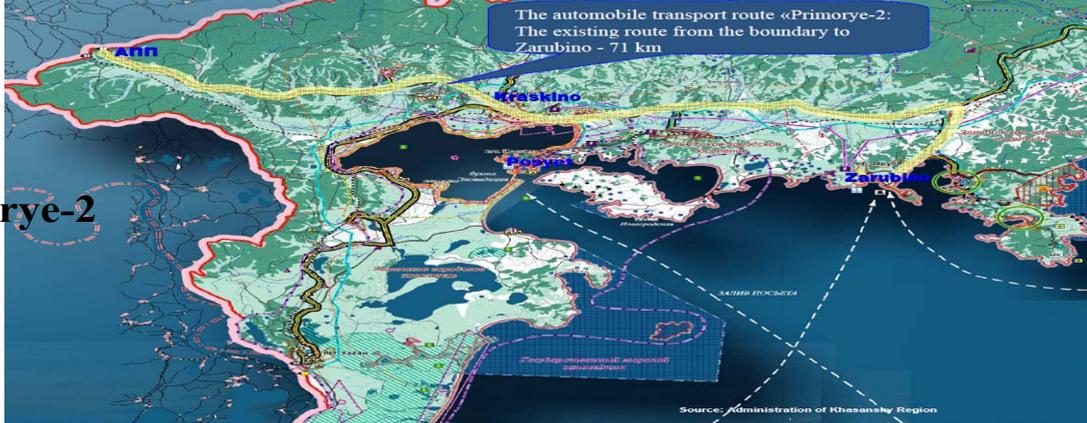
Russian Transport Network in South of Primorye: Railways, Highways, Ports and Airport



Primorye-1



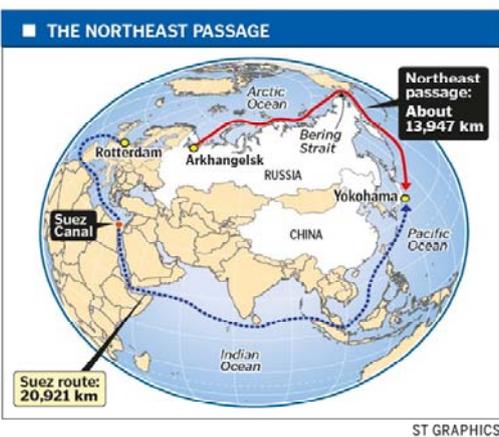
Primorye-2



Inner Waterway Transportation



Arctic Ocean Marine Route



International Airport Network



New Northern Intermodal Logistics Route



North Korea's Role in NEA: How to overcome Vacuum Condition



Road Network in the Greater Tumen Region



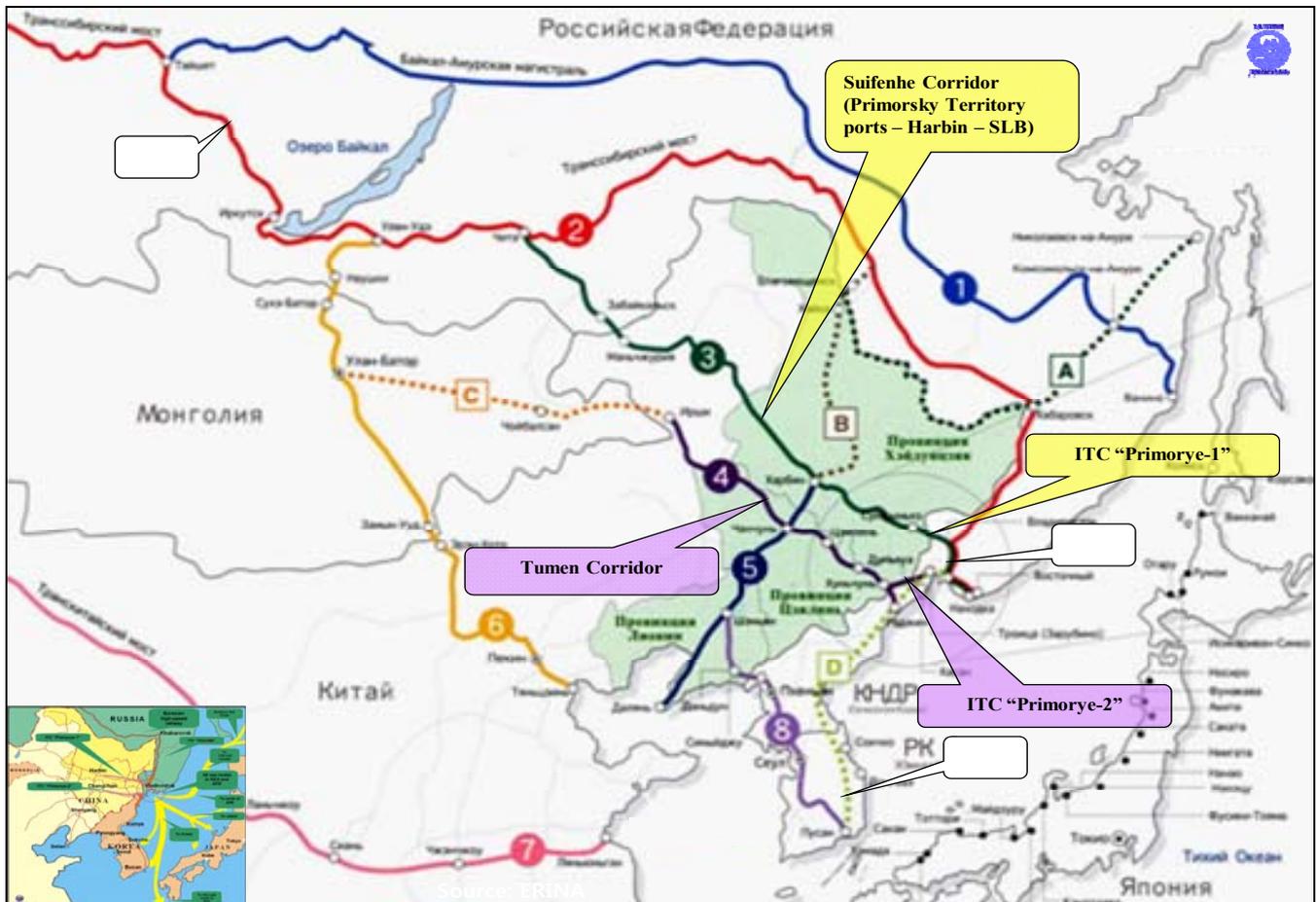
Rajin-Khasan Railway Project



산~북 나진 철도 개통



Rajin-Khasan Railway Project



‘Eurasia Initiative’ proposed by President Park Geun-hye (October 18, 2013)



Tripartite Projects between ROK, DPRK, and RF

- The TKR-TSR Connection and Rhajin-Khasan Logistics Operation as a Pilot Project
- Natural Gas Pipeline Construction
- Electricity Power Transmission

Commercialization of the Northeast Passage and Russian Far East in Northeast Asian Context

Vincent GALLUCCI
Professor, University of Washington

**The Development of Russian Far East and
Search for a New Paradigm for
Regional Cooperation in Northeast Asia**

**Session 4
Roundtable Discussion on North Korean Issue
and the Russian Far East Development**

**The Development of Russian Far East and
Search for a New Paradigm for
Regional Cooperation in Northeast Asia**

Session 5

Practical Issues for NEA Regional Cooperation (2): Energy, Environment and Finance

Energy Security Challenges in Northeast Asia: Energy Mix and Regional Energy

Ryu, Ji-Chul
Former Vice President, KEEI

I. Introduction

Northeast Asia is the largest energy consuming region in the world, accounting for 29.8 percent in world total energy consumption. The countries in Northeast Asia, Korea, China, and Japan have experienced a robust dynamic economic growth for last several decades. Also, the region is expected to continue the economic growth in future. Accordingly, the region has a great potential for increase in energy demand in future along with further economic development, particularly in China and Korea. However, due to the limited availability of indigenous energy resources in the countries, the incremental energy demand will be met by imports in future. This implies that enhancing regional energy security capability on the region will be a great challenge not only for this region but also at the global level.

The region also has large potentials for the development of untapped energy reserves of oil and natural gas in remote areas such as the Eastern Siberia, Sakhalin islands in the Russian Far East and East China Sea offshore. In particular, Russian Federation's Far East is well known for its vast amounts of oil, natural gas and coal reserves, as well as hydro resources that can be used to generate electric power. In light of expected steady increases in demand for energy, particularly coal, natural gas, and electricity in the region, energy importing countries in Northeast Asia, namely, China, Japan, and the Republic of Korea, need to promote energy cooperation with the Russian Federation for the energy development. Development of such huge energy development projects in Northeast Asia, if accomplished, envisages opportunities for multilateral regional energy cooperation in the region.

For energy importing country, like Korea and Japan, nuclear can play an important role in pursuing the country's energy security. Also, China, in meeting a high demand for electricity, constructs and expands the nuclear power generation capacity. However, Japan's nuclear energy policy is under review following the Fukushima Daiichi nuclear power plant accident occurred in March 2011, and a great concern on the safety on nuclear power generation was raised in international energy market recently. On the other hand, the shale gas revolution, which started in North America in the late of 2000's, has a significant impact on the global natural gas market. It is expected that natural gas market will be more stabilized in future and its role in energy mix will be enhanced in future. In the light of changes in the recent international energy market, it will be necessary to analyze the energy mix in Northeast Asia and to derive potential of the regional energy cooperation for the future.

Regional energy cooperation in Northeast Asia has been impeded historically by some geopolitics factors, including Sino-Japan relations, territorial disputes among the countries in the region, and currently the nuclear weapon program in the DPR Korea. Opportunities for energy cooperation in Northeast Asia include development of energy resources, particularly oil and gas in Russian Far East and construction

of cross-border infrastructure networks, such as pipelines for crude oil and natural gas, and power inter-connection systems,

This paper will also address on the above-mentioned issues and prospect related to the energy cooperation in Northeast Asia.

II. Energy Profiles in Northeast Asia

Energy demand profiles

Northeast Asia experienced a robust growth in energy demand over the past years. Economic growth in China, Korea, and Japan is the main driver for energy demand growth in the region. China is the largest energy consuming country in the region and its energy demand was recorded as 2,613.2 million tons of oil equivalent (toe) in 2011. China accounts for more than 21 percent in world total energy demand.

<Table 1> Energy Indicator in Northeast Asia by Country (2011)

	Korea	Japan	China	Russia	DPRK
Total Energy Demand (MM toe)	255.8	491.4	2536.2.2	718.9	18.5
(Share in world total, %)	(2.1)	(3.9)	(21.3)	(5.6)	(0.2)
Energy per capita (toe)	5.12	3.90	1.81	4.95	0.76
Energy import dependency (%)	96.4	96.9	8.3	-80.0	–
Oil dependency ratio (%)	43.0	43.7	18.8	19.9	–

Source: Korea Energy Economics Institute, 2012, Yearbook of Energy Statistics

Energy consumption per capita is also varied over the countries in the region, being only 1.8 TOE in China and 0.8 TOE in the Democratic People's Republic of Korea (DPRK), while 5.12 toe, 3.9 toe and 4.95 toe in Korea, Japan and Russia, respectively. The lower energy consumption in China and the DPR Korea implies that Northeast Asia has a large potential for further increase in energy demand in future.

Northeast Asia is in deficit in terms of energy supply-demand balances, so that it is a net importer of energy as a whole region. Countries in the region have different levels of energy resource endowment. China possesses abundant energy resources, particularly coal, but it is also a net importing country due to its enormous demand increase for energy during the course of its rapid economic development. Korea and Japan have little endowment of energy resources. Thus, these countries heavily rely on imports. Major supply sources for these energy importing countries are outside of the region, mainly the Middle East, Australia and Southeast Asian countries. Russia is only an energy exporting country in the region. About 80 percent of the energy production in Russia is for the export.

<Table 2> Energy Demand Increases in Northeast Asia by Country (million toe)

	1990	1995	2000	2005	2010	2011
China	654.0	858.0	905.2	1539.4	2299.4	2536.2
Japan	435.4	494.8	515.8	523.9	496.9	491.4
Korea	93.1	145.0	188.9	212.6	252.8	255.8
Russia	877.8	636.6	619.2	651.7	702.3	718.9

Source: APEC Energy Database, 2013.

As shown Table 2, energy demand in China has grown very significantly over the last two decades, about four times from 654.0 million toe in 1990 to 2,536 million toe in 2011. China is the largest energy consumer in the world. Korea also experienced a high energy demand increase from 93.1 million toe in 1990 to 255,8 million toe in 2011, while the demand growth in Japan and Russia are shown to be slow down in the period.

Energy mix changes

Different country in Northeast Asia shows a different energy mix, as shown Table 3. In China, coal accounts for 73.6 percent in total energy demand in 2011, oil 17.8 percent, natural gas 4.8 percent and nuclear only 0.9 percent. However, the share of natural gas and nuclear are shown to increase significantly over the last decade, implying that their demand increased more rapidly than the other fuels. The share of coal in China declined in the 1990's due to a high increase of oil demand, but it appeared to increase again in the 2000's due to coal demand increase in the industrial sector and in power generation. China is the world's second largest oil consumer behind the United States. China's oil consumption growth accounted for half of the world's oil consumption growth in 2011. Natural gas usage in China has also increased rapidly in recent years, and China has looked to raise natural gas imports via pipeline and liquefied natural gas (LNG). China is also the world's largest top coal producer and consumer and accounted for about half of the global coal consumption.²⁹

In a case of Russia, natural gas is a dominating fuel in the energy mix, and its share also increased from 41.9 percent in 1990 to 54.4 percent in 2011. The shares of coal and oil appeared to decrease, while that of nuclear increased in the last two decades.

Korea and Japan show a similar type of energy mix. Oil shows a high share in energy mix, followed by coal, natural gas and nuclear. **The share of oil in total primary energy supply declined both in Korea and Japan over the last two decades, while those of natural gas and nuclear significantly increased. This is due mainly to the active implementation of fuel diversification for the energy security purpose in order to reduce the vulnerability of the economy to oil price hikes and supply shortage after two oil shocks occurred in the 1970's and 1980's. The most notable policy development for energy security in Korea and Japan was active policy efforts for fuel diversification away from oil to more economic and stable energy sources such as coal, natural gas and nuclear.**

However, the share of nuclear in Japan dropped significantly in 2011 due to the effect of the Fukushima nuclear power plant accident, from 15.3 percent in 2010 to 8.6 percent in 2011. Instead, the share of oil and natural gas were shown to increase in 2011, as those fuels are flexible in replacing the nuclear power generation.

Criteria for fuel diversification was not simple 'being out of oil' but included various factors, such as the long-term supply and price stability, economics, people's acceptability, technology feasibility, and so on. For example, coal and nuclear were introduced for power generation because of their supply stability and economics, while natural gas was done by reflecting people's acceptability and environment reason in urban areas. These criteria were underlying concepts in energy supply-demand planning for the long-term and in designing implementation plans and policies.

²⁹ US Energy Information Administration, Homepage.

<Table 3> Energy Mix Change in Northeast Asia by Country (%)

Korea	1990	1995	2000	2005	2010	2011
Coal	27.5	18.4	22.2	23.4	29.1	28.2
Oil	53.4	62.8	52.8	44.5	38.7	37.9
Gas	2.9	5.7	9.0	12.9	15.3	16.3
Hydro	0.6	0.3	0.3	0.2	0.2	0.3
Nuclear	14.8	12.0	15.0	18.0	15.3	15.8
Others	0.8	0.7	0.8	1.0	1.4	1.6
China						
Coal	78.3	76.8	69.7	72.9	72.1	73.6
Oil	17.5	18.5	24.8	20.7	19.1	17.8
Gas	2.2	1.9	2.5	2.9	4.4	4.8
Hydro	1.7	1.9	2.1	2.2	2.7	2.4
Nuclear	0.0	0.4	0.5	0.9	0.8	0.9
Others	0.3	0.4	0.4	0.4	0.9	0.5
Japan						
Coal	17.3	16.7	17.8	21.5	22.8	21.8
Oil	57.2	54.0	49.7	46.6	40.6	46.3
Gas	10.0	10.5	12.6	13.5	17.2	19.4
Hydro	1.9	1.6	1.6	1.4	1.6	1.6
Nuclear	11.7	15.2	16.2	14.6	15.3	8.6
Others	1.9	2.0	2.2	2.3	2.5	2.3
Russia						
Coal	21.8	20.3	19.4	17.3	16.3	14.4
Oil	29.9	22.4	20.4	19.8	19.8	22.1
Gas	41.9	49.7	51.5	53.7	54.6	54.4
Hydro	1.6	2.4	2.3	2.3	2.1	2.0
Nuclear	3.5	4.1	5.5	6.0	6.3	6.3
Others	1.3	1.1	0.9	1.0	0.8	0.8

Source: APEC Energy Database, 2013.

Nuclear Power Generation Capacity in Northeast Asia

Among the countries in Northeast Asia, Japan has the largest capacity of nuclear power generation, 49 GW in 2010. However, China rapidly increase total power generation capacity in the last decade from 325.1 GW in 2000 to 987.9 in 2010 and also nuclear power generation capacity from 2.3 GW in 2000 to 10.7 GW in 2010. Korea show a high dependency on nuclear power generation of 20.9 percent in total power generation capacity in 2010. Korea' dependency on nuclear appears to decrease over the last decade from 25.5 percent in 2000. Russia has a nuclear power generation capacity of 24.2 GW in 2010 and nuclear share in total generation capacity remains around 10 percent level.

< Table 4> Total Electricity Installed Capacity (Million Kilowatts)

	2000	2005	2010
Russia	205.9	219.6	229.1
China	325.1	524.6	987.9
Japan	260.5	277.3	287.0
Korea	53.7	66.5	84.7
Nuclear Electricity Installed Capacity (Million Kilowatts)			
Russia	21.2	23.2	24.2
China	2.3	7.0	10.7
Japan	45.2	49.6	49.0
Korea	13.7	17.2	17.7
Nuclear share in total capacity (%)			
Russia	10.3	10.6	10.6
China	0.7	1.3	1.1
Japan	17.4	17.9	17.1
Korea	25.5	25.8	20.9

Source: US Energy Information Administration Homepage

Energy Imports in Northeast Asia

The countries in Northeast Asia, namely China, Japan and Korea, are big importers of energy sources, coal, oil and natural gas. Japan is the largest importer of coal and natural gas in the region, and China is the largest importer of oil. China is a largest coal producer in the world, but began to significantly increase coal imports from the late of 2000's, since coal demand for steeling making and power generation rapidly increased. Korea's coal imports also rapidly increased from 67.9 million tons in 2000 to 125.8 million tons in 2010.

Korea and China's natural gas import also significantly increased over the last decade. Natural gas imports in Japan steadily increased from 2,678 billion cubic feet (bcf) in 2000 to 3,489 bcf in 2010.

< Table 5> Energy Imports in Northeast Asia

	2000	2005	2006	2007	2008	2009	2010
Coal Import (million ton)							
China	2.4	28.9	42.1	53.6	43.3	124.4	163.8
Japan	168.6	198.7	199.7	208.9	205.9	182.1	206.7
Korea	67.9	81.8	84.1	94.1	107.1	109.9	125.8
Russia	28.3	25.1	28.8	26.3	34.6	26.9	28.4
Oil (million bd)							
China	1.4	2.6	2.9	3.3	3.6	4.1	4.8
Japan	4.3	4.1	3.9	4.0	3.8	3.4	3.5
Korea	2.5	2.3	2.4	2.4	2.3	2.3	2.4
Natural Gas (Billion Cubic Feet)							
China		-	33	138	159	264	577
Japan	2,678	2,858	3,130	3,377	3,369	3,278	3,489
Korea,	671	1,029	1,165	1,179	1,314	1,191	1,549

Source: US Energy Information Administration Homepage

Notably, oil imports in Japan decreased, but China's oil imports very rapidly increased from 1.4 million barrels per day (bd) to 4.8 million bd during the period 2000 to 2010. China was a net oil exporter until the early 1990s and became the world's second largest net importer of oil in 2009. Korea's oil imports remains at the level of 2.4 million bd.

III. Prospect on Nuclear in Northeast Asia after the Fukushima Accident³⁰

Before the Fukushima accident, Japan ranked as the third-largest nuclear power generator in the world behind the United States and France. However, the country has lost all of its nuclear generation capacity as its facilities have been removed from service over the past two years because of earthquake damage. Japan currently has 50 nuclear reactors with a total installed capacity of 46 GW, down from 54 reactors with 49 GW of capacity in 2010. Over 10 GW of nuclear capacity at the Fukushima, Onagawa, and Tokai facilities ceased operations immediately following the earthquake and tsunami, and some of the reactors are permanently damaged. The government officially decommissioned 4 reactors with a capacity of 3 GW at the Fukushima nuclear plant. Prime Minister Abe also called for the other 2 reactors at Fukushima to be decommissioned.

< Figure 1 > Japan's key nuclear power plants in relation to the Fukushima earthquake



Source: IHS Global Insight

The current Japanese government of Prime Minister Abe supports nuclear power providing at least 15% of power generation. Prime Minister Abe and industrial interests in Japan favor re-commissioning nuclear power to lower energy costs. However, they are balancing safety concerns and resistance from anti-nuclear government factions and the public. The government hopes to draft a revised energy policy by the end of 2013 to increase the role of LNG and renewable fuels and include some nuclear capacity.

³⁰ US Energy Information Administration Homepage

Korea has the sixth-highest nuclear generation capacity in the world. Its first nuclear plant was completed in 1978, and over the following three decades, South Korea directed significant resources towards developing its nuclear power industry. Korea currently operates 23 nuclear power generation reactors. Eleven additional reactors are scheduled to be completed by 2024, with the goal of generating nearly half of the power supply from nuclear sources.

China is actively promoting nuclear power as a clean and efficient source of electricity generation. Although China's nuclear capacity of 12.5 GW makes up only a small fraction of the installed generating capacity, many of the major developments taking place in the Chinese electricity sector involve nuclear power. China's government plans to boost nuclear capacity to at least 70 GW by 2020. As of mid-2012, China had 15 operating reactors and 30 reactors with over 33 GW of capacity under construction, about half of the global nuclear power capacity being built. Following Japan's Fukushima Daiichi nuclear accident in March 2011, China suspended government approvals for new nuclear plants until safety reviews are completed for current plants and those under construction.

Coal, typically used as a base load source for power generation, is expected to remain an important fuel source in the countries in Northeast Asia. Natural gas will also play a significant role in the power sector in the post-Fukushima era.

IV. Energy Development in Russia

According to the 'Energy Strategy 2030', established by the Russian government in November 2009, oil, natural gas, and coal in East Siberia and the Russian Far East are planned to be actively developed in next twenty years. These energy sources will play an important role in maintaining stable energy supply in energy importing countries in the region.

Oil production in Russia will increase from 487.6 million tons in 2008 to 535.0 million tons in 2030. The share of East Siberia and the Russian far East in Russia's total oil production is expected to increase from 1.0 per cent in 2005 to 20.2 per cent in 2030, while that of West Siberia is projected to decrease from 68.1 per cent in 2005 to 54.6 per cent in 2030. With the traditional oil producing regions in decline, East Siberian fields will be central to continued oil production expansion efforts in Russia. The region's potential was increased with the inauguration of the ESPO Phase 1 pipeline in December 2009, which created an outlet for East Siberian oil as 400,000 bbl/d of crude oil was supplied to the pipeline in its first year of operation.³¹ Also, oil pipeline and export terminal will be expanded in East Siberia and the Russian Far East, which include construction of the ESPO (East Siberia - Pacific Ocean, Taishet - Skovorodino - Kozmino Bay³²) oil pipeline (80.0 million tons per year) with the purpose of export market diversification to the Asia-Pacific region.

Natural gas production in Russia is planned to increase 664 billion cubic meter (bcm) in 2008 to 940 bcm in 2030. The share of East Siberia in total gas production in Russia will increase to 6.9 per cent and that of the Russian Far East to 9.3 per cent in 2030 by developing natural gas fields Sakhalin, Iruktsk, Chayanda and Krasnoyarsk gas fields. Also gas production process and gas-chemical industry will be promoted, and gas export market diversification and overseas market advancement will be pursued by expanding the LNG business and strengthening overseas cooperative partnership/strategy alliance with

³¹ US Energy Information Administration, Homepage

³² Kozmino Bay is located in Russia's far eastern Primorsky province. Crude loaded at Kozmino Bay is transported via the ESPO pipeline and rail to the terminal. The port's initial capacity of 300,000 bbl/d will eventually be expanded to 1 million bbl/d.

foreign companies.

<Figure 2> The ESPO Oil Pipeline in Russia



<Figure 3> Natural Gas Development Plan in Russia



There exist huge potentials for development of energy resources in Arctic Ocean, as it reserves about 80 per cent of Russia's total off-shore resource reserves. The Gazprom plans to develop natural gas in Yamal region and to export them through pipeline to Europe as well as in type of LNG to other regions, including the Asia-Pacific region and North America. The Gazprom will promote the gas development and pipeline construction projects in the East Siberia as they were shown the East Program in the UGSS (United Gas Supply System), and also the company will construct the LNG export terminal at the Pacific region for the export of natural gas to the Asia-Pacific region. Gas production in the region will reach to 150 bcm per annum.

Coal production in Russia will steadily increase until 2020. Particularly, production capacity of the Kansk-Yachinsk coal mines will be expanded. For the electricity industry, stability of power supply will be enhanced and electricity export will be increased through continuous expansion of the unified electricity system (UES) and development of regional power interconnection with neighboring countries.

The roles of nuclear energy, coal, renewable energy will be increased in power generation in Russia.

According to the the 'Energy Strategy 2030', Russia will effort to increase energy exports and to diversify energy export markets in future. Russia's energy export is expected to increase from 883 million tce (ton of coal equivalent) in 2008 to 985 million tce in 2030. Crude oil export is expected to increase to 252 million tons by 2022 from 243 million tons in 2008. Gas export is to increase from 241 bcm (billion cubic meter) in 2008 to 368 bcm in 2030.

<Table 6> Russia Energy Export Outlook by 2030

	2005	2008	~ 2015	~ 2022	~ 2030
Total Exports (million TCE)	865	883	913-943	978-1,013	974-985
Crude oil (million tons)	253	243	243-244	240-252	222-248
Natural gas (bcm)	256	241	270-294	332-341	349-368
Coal (million TCE)	58	70	72-74	74-75	69-74
Electricity (billion Wh)	12	17	18-25	35	45-60

Source: ES-2030

Russia will promote the diversification of energy export market from Europe to the Asia-Pacific region. The share of the Asia-Pacific region in Russia's total energy exports is projected to increase to 16~17 per cent by 2022 and to 26~27 per cent in 2030.

V. Concluding Remarks

Sustainable economic growth in Northeast Asia cannot be accomplished without achieving effective security of energy supply. Economic growth will bring about increase in demand for energy and in the other way should be supported by stable supply of energy resources, oil, gas and electricity.

Regional energy cooperation for development of indigenous energy resources, i.e. oil and natural gas, being reserved in Northeast Asia will contribute to improving self-sufficiency of energy supply in the region as a whole and thus to reducing dependency on imports from outsides of the region, particularly the Middle East. Development of the Eastern Siberian energy resources and construction of the intra-regional gas pipeline network from the Russian Far East to Korea, China and Japan will provide the countries in the region with opportunity of benefits of diversification of energy sources (from coal and nuclear) and of improvement of environmentally friendly energy system. Eventually, the project will contribute to the creation of integrated regional energy system in Northeast Asia.

However, the lead times involved in energy projects are long, and the capital requirements for implementing projects and necessary infrastructure are enormous. Particularly, large capital demands will be required in the energy sectors to develop and upgrade energy facilities and infrastructures, to develop natural gas fields and pipelines, and to explore and extract the energy resources. There is a strong need for action to avoid bottlenecks in this development. These demands may exceed capability of a single country. Thus, regional and/or international cooperation to secure the longer term energy supply sources and financing the large-scale energy project will be required for sustaining economic growth in the region.

There exist currently political and economic obstacles in implementing the ambitious plan, due mainly to project uncertainty in Russia, project financing risk, and security issues in the Korean peninsula. Routing the pipeline network from Siberia to Korea through the DPR Korea would probably be one of the most difficult problems, unless political stability is settled between two Koreas.

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Some environmental and forest-related issues in Northeast Asia

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I. Introduction

Numerous regional initiatives have emerged after the Earth Summit in Rio (1992) and the endorsement of the Millennium Development Goals (2000). Based on the decisions of these global high-level gatherings and other Multilateral Environmental Agreements (MEAs), environmental issues at global level performed some progress, while at a regional level many problems are to be resolved or at least articulated. One of such regions is Northeast Asia that is another concept describing the East Sea Rim or Asia in the Pacific Realm, which includes China, the Korean Peninsula, Japan, the Russian Far East, and Mongolia due to the historic development of this part of the World.

Northeast Asia has a diverse environmental structure scattered from the marine seashore line in the East towards the Himalayas in the West, from Arctic polar tundra in the North to mega-biodiversity areas in the South. This extreme diversity of ecosystems overlapped by uneven population distribution and economic development create a mosaic picture of the World environmental and societal representativeness. From environmental point of view, almost all biomes can be found here. China is one of 14 countries recognized as mega-biodiversity countries. From economic and social points of view, almost all variations of industrial and agricultural as well as well most developed and developing countries can be found here. Countries of the region comprise less than 4% of state parties to the UNESCO World Heritage Convention having WH properties, although, they possess almost 9% of global natural heritage properties and 14% of mixed properties. The regional forests are the home for many rare and endangered wildlife species as Amur tiger, snow leopard and others.

Forests in the region are still inevitable source of environmental stability due a high demand on timber and timber products, fuel wood, non-timber forest products and a variety of externalities that are costly, such as soil and watershed degradation, desertification, loss of biodiversity, illegal activities in the forests and illegal timber trade, specific issues of forest governance and many others. Due to the countries unequal development over time, the problems widely vary both at sub-national, national and international/regional level. However, above-mentioned problems are universal and can be attributed to the most of countries globally.

II. The character of challenges in environment and the scope of the problem

Each country in the region has its own way of forest resources use. The patterns are different, but the result usually the same – overexploitation of forest resources for whatever reasons (agriculture, infrastructure, energy, etc.) leads to irreversible deforestation, land and forest degradation, biodiversity extinction, population move to other places. If there is no places where to move or local resources become scarce, people switch on illegal activities and land/forest grabbing or initiate conflicts with others for resources. History can give numerous examples to support these theses.

High level of deforestation in Japan of 15-17 centuries has later brought the country to the wise use of natural resources, specifically, forests, and now the country has one of the highest levels of forest cover in the world. China and South Korea went through similar process during their development, Japanese occupation and wars of the 20 century, and since 1970-80s, they steadily increase the countries' forest covers. In opposite, when North Korea experienced lack of energy from crude oil and coal, the rate of deforestation increased. During last 20 years, deforestation rate was the highest, but the country does not have capacity for scaled reforestation to replenish forest resources. The size of the Russian Far East (RFE) allows this part of the Russian Federation to retain vast forest areas now, although this area has passed through the development of the Trans-Siberian Main Railroad, the Japanese occupation, a few wars, unregulated forest concessions, etc. Currently, on top of the timber logging, it is under the pressure of forest clearance for the oil and natural gas pipelines directed from Siberia to the Pacific Ocean coastline.

Common problem for all countries is decline of biological diversity. It is not only valuable tree species under threat of extinction due to extensive logging, but also many wildlife species, which habitat is forest. For example, the region is a home of Amur tiger and Siberian crane, which were common in China, Korea, Japan and Russia. In nature, it can be found now only in the RFE and China. To preserve the most threatened species, Northeast Asian Subregional Programme for Environmental Cooperation (NEASPEC) identified six so-called flagship species such as Amur tiger (*Pantera tigris altaica*), Amur leopard (*Pantera pardus orientalis*) and snow leopard (*Uncia uncia*), black-faced spoonbill (*Platalea minor*), white-naped crane (*Grus vipio*) and hooded crane (*Grus monacha*). These species do not automatically inhabit all the countries in the region (including Mongolia), but each species represents the sub-region as a solitary natural centre of the population. This is especially true for all six mentioned species, which habitats are forests and wetlands of NE Asia.

The NEASPEC has published "Saving the Flagship Species of Northeast Asia. Nature Conservation Strategy of NEASPEC", in which it underlined that the integrity should be recognized as a community of the flagship species of NE Asia; their existence makes nature borderless, and "their ecological status bring multilateral actions for protecting not only the species but also wide habitats for many other species. Thus, addressing challenges in the life of the flagship species requires connecting policies and actions across national borders and ultimately contributes to saving nature" (2007, p. ii).

The NEASPEC clearly shows that decline of habitats are very harmful for these valuable wildlife species. Forests is direct shelter for tigers and leopards and indirectly, as watersheds support water balance in wetlands, hence, maintaining and sustaining habitats for birds. In this case, to meet the CBD conservation targets, major focal areas in this region were 1) promote sustainable use; 2) address threats to biodiversity; and 3) ensure provision of adequate resources.

From this point of view, there are at least four major challenges are to be mentioned, such as

- growing demand on timber, wood products, and non-timber products, leads sequentially to
- increasing deforestation, land and forest degradation, desertification/drought (DLDD), etc. at local level, if forest use and management is unsustainable, but which can cause regional problems, and consequently, lead to
- the intentions to mitigate the most harmful effects of DLDD through forest restoration, and, therefore, changes in
- on-going forest policy and governance reform.

High demand on timber, e.g., mining poles, sawn wood, railroad sleepers, wood products, e.g., fibre, paper, boards, and non-timber products, e.g., fodder, medicinal and ornamental plants, nuts, mushrooms, ferns, etc. lead to the question about the capacity of the resources to supply these demands. A system of Sustainable Environmental Management (SEM) in a simplified manner can be show as in Figure 1.

This system reflects a few flows of information and resources:

1. The 'Demand' of the 'Society' comes to the 'Management system';

2. 'Management system' trying to fulfil the 'Demand' should assess how the 'Request' for certain goods and services can be balanced with capacity of ecosystem via constant monitoring of the conditions of the resources ('Respond of ecosystem');

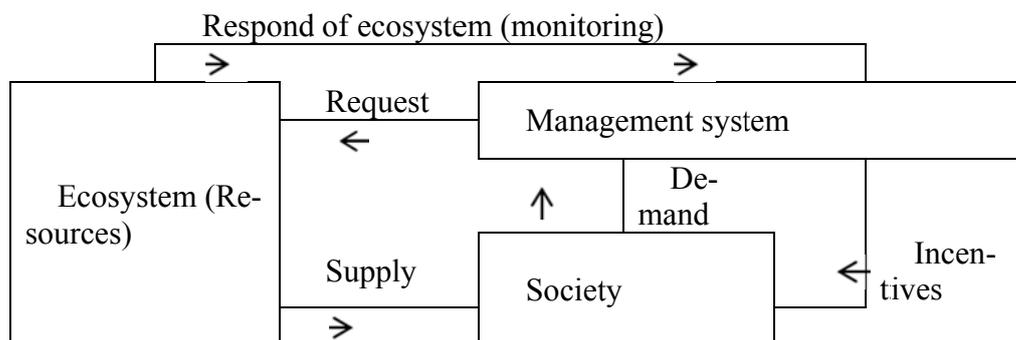


Figure 1 Sustainable Environmental (Ecosystem) Management

3. SEM can increase the 'Supply' via balancing between for example timber growth and harvesting by use of calculated Available Annual Cut (AAC) and/or replenishment of the 'Supply' through forestry and silviculture activities for intensive economy. Similar approach is applicable to land use, marine and other resource use, either biological or mineral.

4. If the resources are scarce or becoming rare, the 'Request' can be decreased through regulating the consumption ('Demand') via people's enlightening and education, creating the incentives for deeper biomass utilization, introducing recycling programs or substitution of timber with other materials, substituting fossil fuels with renewable energy sources, etc.

Understanding the SEM system allows to see the complexity of relationship of two super systems 'Society' and 'Nature', where 'Ecosystem' interacts with both of them and as a biological object has certain life span, and always under stress of both societal (mining, harvesting, gathering, recreation, etc.) and natural (hurricane, tsunami, flood/drought, etc.) pressures.

III. Forests, industries and trade in the region

Over centuries in many countries, forests and forest sector, and their conditions played inevitable role in economic development, growing and declining of powers, as well as a reflection of public role of forest goods and services and private manner of their exploitation, revenue receiving and benefit sharing. This is also a conflict of interests of many groups or/and interested parties, including land and forest tenure rights, investments in an economic sector, incentives of local people, concerns about environmental quality to be kept for the future generations and today's request of indigenous peoples, urban citizens or forest dwellers. Taking all this into consideration, the major theme of this paper is forest sector development.

Forest resources. According to the UN FAO Global Forest Resources Assessment (2010), forests cover over substantial part of Japan (69% of total land area of 364,500 km²) and South Korea (63%, area 98,730 km²), while in North Korea this characteristic comprises 47% (area 120,410 km²), and in China – only 22% (area 9,425,300 km²). The Russian Far East (area 6,216,000 km² out of total land area of Russia 16,381,390 km²) is represented by 9 provinces. The mean value of forest cover is 44% (in Russia total – 49%) with significant variations, e.g., Chukotka Oblast – 7% (north, area 721,480 km²), Republic of Sakha–Yakutia – 47% (middle, area 3,083,520 km²), and Primorsky Krai – 77% (south of the region, area 164,670 km²) due to geographical and climatic conditions. The less forested country in the region is Mongolia – 7% of forests cover (1,566,500 km²).

During last 20 years, forest cover is relatively stable in Japan, South Korea and the RFE, has dramatically decreased in North Korea (about 2.5 million ha or 30%, comparatively to 1990) and substantially increased in China (almost 50 million ha or 32%).

The region has large areas of planted forests, especially in China, which is the global leader in reforestation and afforestation activities. Planted forests in China comprise over 77 million ha (37% of total forest area), in Japan – over 10 million (41%), and in South Korea – about 2 million (29%), being much smaller in North Korea (about 0.8 million ha) and the RFE. It is difficult to compare these with Mongolia as it belongs to the nomadic life style, and forest is not a primary concern of the nation. Meanwhile, Mongolia increased an area of planted forests from 25 thousand ha in 1990 to 145 thousand ha in 2010.

It is noteworthy to mention that primary designated functions of forests vary significantly due to economic situation in each country. For example, economic categories of forests comprise 77-80% in the Korean Peninsula, while in the RFE – about a half, in China – 41% and only 17% in Japan, where the main category is protection (70%) and social service forests (13% of total forest area) and 7% in Mongolia having 92% and 1% consequently.

Forestlands ownership (FAO FRA 2005) in the region is representing two major margins – 100% of public forests are there in Russia, Mongolia and North Korea, while 68% in China, 41% in Japan and 31% in South Korea.

All forests are under the pressure of biotic and abiotic factors (see Table. Note: The area of affected forests represents the whole country), mitigation of harmful effects of which is costly for national forest services. General situation in Japan and Republic of Korea is improving, with natural fluctuation in Russia, worsened, and then stabilized in China. There is no data for North Korea, while the country reported about 46,000 ha of forests damaged by forest fires in 1990. The situation in China, a dramatic increase of forestlands affected by biotic factors is due to vast areas of planted forests that are under stress of the juvenile forests' diseases and pest outbreaks.

From another point of view, harmful effect to the endemic forests in this region is caused by over 25 different invasive species growing in North America, while some species, e.g., Eurasian water milfoil (*Myriophyllum spicatum*), kudzu (*Pueraria lobata*), and multiflora rose (*Rosa mulliflora*) from North-east Asia are weeds in North America. For example, kudzu kills plants via taking nutrients and vegetation expansion by shading them and unavoidable coverage of entire tree. Weeds control is not that evident in forest policy of the countries in the region, except, perhaps, Japan, although, this problem can be rigorous because of dramatic decline of timber production, dying out and drying trees that might be followed by severe forest fires. Alien or invasive species or weeds are considered as biological hazard in plant community. Fortunately, biological control of such weeds can be introduced then natural enemies are found. Pervasively, people in consider as a useless weed bamboo – in New Zealand, common juniper (*Juniperus communis*) – in Korea, while in Russia it is aspen (*Populus tremula*).

<Table 1> Area (in 1000 ha) of forest affected by fire and other disturbances (FAO FRA 2005)

Factors	Year	China	Japan	S.Korea	Russia
Abiotic factors	1990	n.d.	27.4	n.d.	174
	2000	n.d.	18.5	n.d.	508
	2005	n.d.	18.7	n.d.	1,351
Diseases	1990	89	1.4	2	124
	2000	414	0.5	1	957
	2005	348	1.2	0	1,132
Insects	1990	402	2.4	397	1,718
	2000	3,192	0	339	4,953
	2005	3,152	0.2	315	1,668

Timber harvesting and trade. Industrial production of timber (roundwood and wood fuel) varies widely in the countries of the region reflecting economic situation globally and in timber market especially. Some specific particularities exist in each country.

For example, lack of energy sources in North Korea has led to the exaggerated timber harvesting especially after 1990: in 1980-s, roundwood production was 4.5 million m³ and then it has increased gradually to 5 million m³ (1990), 7 million m³ (2000) and 7.5 million m³ (2011). The country has almost no timber trade.

In contrast, when China has introduced logging ban for harvesting in natural forests, the country's own roundwood production decreased from 395 million m³ in 1980 to about 290 million m³ in 2011. The growing economy enforced the country to find additional resources via timber import, and during 30 years timber import increased over fivefold – from over 8 million m³ to more than 43 million m³, including that from Russia – 0.5 million m³ in 1996 to 27.6 million m³ in 2007.

However, it creates another problem as illegal logging and timber trade in concert with the formula “cut and run” that creates the pre-conditions for corruption, immediate economic income with follow up long-lasting environmental and social problems. According to WWF (2006), from 30% to 50% of timber production and 30% of products for export in China have illegal or unknown origin, while Russia is blamed for 15-60% of production and 15-50% of exports. Mainly, such law fraudulent activities occurred in the border zones.

Due to privatization of forest industries and economic turmoil in Russia, roundwood production decreased from 324 million m³ in 1990 to 158 million m³ in 2000. Timber export became the easiest way for timber industry to get “fast money” from export of roundwood. Russian timber export increased from 6.5 million m³ in 1980 to 48 million m³ in 2005, while the top year ever was 2006 – 51.1 million m³. To reduce raw timber export and increase timber processing in the country, in 2008, Russia introduced higher export taxes. This action has diminished timber export from the country to 21 million m³ in 2011, and that enforced its trade partners in the Pacific Region to re-orient the routs of timber supply from northern direction to southward (Indonesia, Malaysia, PNG) and eastward (Canada). To note, annual Russian timber export to Japan during long time was about 4.5-5.5 million m³ and dropped to 2 million m³ in 2007, while export to South Korea was stable around 1.5 million m³ reaching 2 million m³ in 2007 and then cut to 0.7 million m³ (2011).

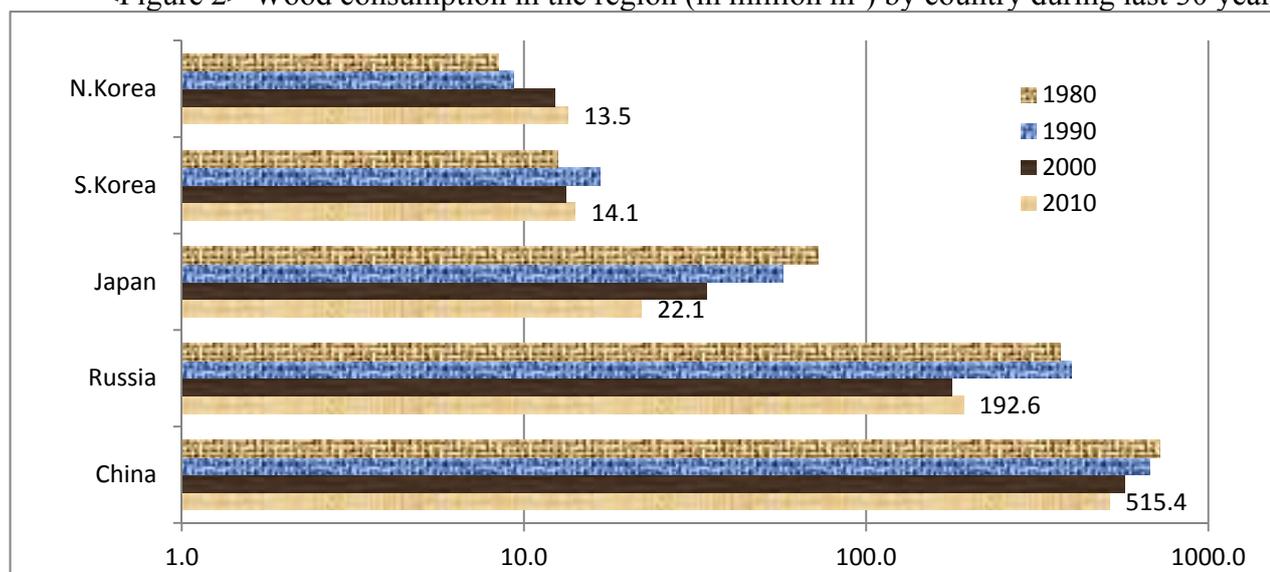
Japan for a long time has led a policy on reducing wood consumption and hence, timber harvesting in the country, which shrunk almost twice from over 34 million m³ in 1980 to over 18 million m³ in 2011. As well, the country decreased import from other countries from almost 38 million m³ in 1980 to 4.6 million m³ in 2011 or over 8 times.

From mid-1960s to 1980s, South Korea made a great deal in reforesting the country, and this allowed to increase own roundwood production from 3.7 million m³ in 1980 to 5.7 million m³ in 2011 and stabilize timber import from other countries at about 6-7 million m³ annually.

Taking into consideration wood fuel production, import and export, the overall consumption within countries can be presented as follows (Figure 2).

Overall consumption in all countries decreased by 28% in China, 48% in Russia, 69% in Japan, relatively stable in South Korea and increased in North Korea. Such situation reflects the general trends in substitution of timber as building material and a fuel (in North Korea – reverse process), while increasing environmental values recognition by society.

<Figure 2> Wood consumption in the region (in million m³) by country during last 30 years.



IV. National forest policies and development

National Forest Laws are adopted in all countries but in different time, e.g. Japan (2001, based on 1951 and 1964 laws), South Korea (1961 and follow up revisions), China (1979, revised in 1984 and 1998), North Korea (1992), and Russia (2006 – the last one, while during the 20th century, there were four of them, e.g., 1923, 1978, 1993, and 1997). Besides, China/ the only country in the region, has sub-national forest laws.

Forest legislation is under revision and further development in Russia and Japan. For example, in April 2011, the Ministry of Agriculture, Forestry and Fisheries (MAFF) of Japan revised the “Forest Law” in order to introduce major changes. They are: a) the system that should guarantee the proper forest management in places with unidentified owners, b) the administrative regulation system to stop the progress of harvesting without permission and enforce those operators to reforest the site, and c) the “Forest Management Plan” framework to encourage harmonization of forestry practices among groups of small forest owners. This was done within forest policy review process for revitalization of forests and forestry.

Formal forest policy framework is established in three countries of the region – South Korea (1972), Japan (2001) and China (2008), while in Russia it is under public discussion, and there is no information for North Korea. National Forest Programs (NFPs) are developed and adopted in all countries during 2002-2008, and currently are under implementation.

For example, China introduced Natural Forest Protection Program (NFPP) also known as Logging ban (2000-2010, 17 provinces); a program on key shelterbelt forests along the middle and lower Yangtze River (2001-2010, 31 provinces); a program on conversion of cropland to forest (2001-2010, 25 provinces), programs to combat desertification, etc.

Japan has developed the “Basic Plan on Forestry Resources and Long-range Demand and Supply Projection on Important Forest Products” (1999) to promote sustainable forest management (SFM). This program represents a long-term framework on which all forest policies, measures and management plans should be based.

South Korea has launched its first National Forest plan in 1973. Currently, the country elaborates its Fifth National Forest Plan (2008-2017) aiming at further expansion of SFM, maximizing forest functions, supporting welfare of society, achieving well balanced land use and conservation. This plan especially highlighted recreational and cultural values of forests in urban and rural areas.

V. International and regional forest policy processes

The Earth Summit (Rio 1992) has opened a new page in relationship of people and nature. The major conventions, the Rio Declaration, the Forest Principles and Non-legally Binding Instrument on All Types of Forests (NLBI), also known as the “Forest Instrument”, have called the nations and people to be generous to our nature, introduce sustainable forest ecosystems’ use and management, conservation of biodiversity, combating land degradation and desertification, poverty eradication, and etc. The countries of Northeast Asia are also parties to a few other multilateral international agreements (MEAs) as Ramsar, World Heritage, CITES and others. Russia, though, is not a party to the International Tropical Timber Agreement (ITTA), and North Korea, besides, not a participatory party also to the Ramsar and CITES conventions.

Regional forest policy does not exist, but there are many movements and initiatives. These initiatives seems aimed at taking a lead in the regional forest sector development, coordinating efforts, cooperating in variety forest fields of interests, but mainly lay in the sphere of political influence via forest-related affairs. Chronologically, it looks as follows:

1947 – The United Nations FAO Regional Office for Asia and the Far East was provisionally opened in China, and in 1948, it has been moved to Bangkok, which subsequently became its permanent site in 1953 and is there until now. Currently, the Asia-Pacific Forestry Commission (APFC) is one of six FAO Regional Forestry Commissions. The APFC is a forum for advising and taking action on key forestry issues. The Office unites 44 member countries and focuses on problems relevant to Asia-Pacific region that is characterized by its diversity and rapid changes. Out of 5 countries related to the East Sea Rim, only North Korea does not participate in the work of this Commission. Recently (2010) the APFC published “Forestry policies, legislation and institutions in Asia and the Pacific. Trends and emerging needs for 2020: Asia-Pacific Forestry Sector Outlook Study II” prepared by Yurdi Yasmi, Jeremy Broadhead, Thomas Enters and Cole Genge with support of many individuals and organizations. Only China from Northeast Asia countries was included into review. Current China’s forest policy objectives are formulated as 1) to improve biodiversity conservation and secure national ecological safety; 2) to restore key ecosystems; 3) to promote SFM; 4) to clarify forestland tenure and secure farmers’ rights on forest and forestland management; 5) to promote forest industry; and 6) to strengthen international cooperation.

1993 – Northeast Asian Subregional Programme for Environmental Cooperation (NEASPEC) being a part of the UN ESCAP was launched “as a comprehensive intergovernmental cooperation mechanism” comprising Northeast Asia countries: China, Japan, Mongolia, North and South Korea, and Russia “in order to jointly address environmental challenges in this subregion”.

2002 – Asia Forest Partnership (AFP) was launched as an institution involved in its activities inter-governmental, governmental, and non-governmental, organizations, representatives of business and civil society united of under the leadership of the Japan Ministry of Foreign Affairs and Forestry Agency of Japan. The major objectives of AFP are to encourage sustainable forest management in Asia-Pacific region via addressing: (a) Good governance and forest law enforcement; (b) Developing capacity for effective forest management; (c) Control of illegal logging; (d) Control of forest fire; (e) Rehabilitation and reforestation of degraded lands. Currently APF Secretariat is located in CIFOR, Jakarta, Indonesia. The initial mandate of AFP was five years (2002 – 2007), but at the 7th meeting in Yokohama, Japan, the decision was made to expand the mandate for an eight-year second phase (2008-2015). Currently, APF includes 20 governments, out of which three are from Northeast Asia – China, Japan (leading partner along with Indonesia), and Republic of Korea.

2005 – Europe and North Asia Forest Law Enforcement and Governance (ENA FLEG) process was initiated to improve forest governance and reduce harmful effect of illegal logging and timber trade. All countries of Northeast Asia except of South Korea are participated in the ENA FLEG Ministerial Conference held in St.-Petersburg, Russia on November 22-25, 2005.

2008 – The Asia-Pacific Network for Sustainable Forest Management and Rehabilitation (APFNet) was proposed by China (2007) during APEC meeting in Sydney, Australia and launched as a regional

network organization in Beijing, China (2008). According to the APFNet “Strategic Plan 2011-2015: Adding Green for Asia and the Pacific” (2011), the objectives of APFNet are The objectives of APFNet are to: a) Contribute to the achievement of the aspirational goal of increasing forest cover in the APEC region by at least 20 million hectares of all types of forests by 2020; b) Help to enhance forest carbon stocks and improve forest quality and productivity by promoting rehabilitation of existing but degraded forests and reforestation and afforestation of suitable cleared lands in the region; c) Help to reduce forest loss and degradation and their associated emissions of greenhouse gases by strengthening sustainable forest management and enhancing biodiversity conservation; and d) Help to increase the socio-economic benefits of forests in the region” (p. 2).

2011 – The Asian Forest Cooperation Organization (AFoCO) as a regional organization was established by an intergovernmental multilateral arrangement involving ASEAN Member States and South Korea after the Agreement on ASEAN-Korea Forest Cooperation has been signed at the 13th ASEAN-ROK Summit on 11th of November 2011 in Bali, Indonesia. AFoCO is expected to fulfil the primary objectives of strengthening forest cooperation among the members to prevent deforestation and forest degradation and promoting SFM on ecological, environmental, and economical aspects. AFoCO and ASEAN-Korea Forest Cooperation Secretariat are located in Seoul, Republic of Korea. Currently, activities of AFoCO are concentrated in ASEAN countries (seven forest projects), but the work is going on to involve a few Central Asia countries and the Russian Federation in this organization.

VI. Conclusions

Forests in Northeast Asia are under a long process of development and many countries passed their lowest point of deforestation. Deforestation in the region has resulted in the decline of habitats of many species and endangered regional and global biodiversity. Currently, six flagship species are under special attention at regional level that is involving political decisions and actions beyond national borders.

Linking biodiversity conservation with economic development, four major issues are growing population and demand in wood resources, deforestation, land degradation and drought (DLDD) and its mitigation, as well as policy and governance reforms. These factors are major threats not only to biodiversity but they create substantial pressure on people and environment as soil erosion, dust storms, floods, and others creating a basis for diverse natural hazards

One of the most effective instruments to remove a conflict between nature conservation and development is sustainable forest management. SFM is the mainstream of forest policy in the region, and many national initiatives and programs help in achieving the goals of nature conservation and sustainable development, meanwhile, in North Korea SFM is rather formal instrument because forest areas continue to decline due to economic problems. In addition, some solution are rather reactive than proactive, and that is a source of problems in forest sector.

Forest law and national forest programs are on place in the region, while forest policy as an official document is absent in the Russian Federation and North Korea. Implementation of some specific forest policies and governance decisions have led to decreasing the level of forest degradation and loss in China (logging ban), export of raw timber from Russia (export tax regulation), while in Japan, timber harvesting and timber import dramatically decreased due to changing a priority in the policy towards forest conservation and acknowledgement of environmental values.

Although countries in the region represent diverse ownership patterns, forest cover in Northeast Asia is steadily increasing due to scaled reforestation and afforestation in China, which is a global leader in reforestation and afforestation actives. From another side, increased forest cover brought a problem with dramatic increase of areas of forests affected by diseases and insects in this country, while the undertaken efforts have stabilized the situation.

The regional timber production and in-regional timber trade is decreasing over last 30 years due to certain changes in forest policy, substitution of timber with other materials and energy sources, and consequently reducing the volumes of illegal logging and trade.

At international level, the regional forest sector follows international agreements, including major conventions and other multilateral environmental agreements. During last two decades forest partner-

ship, a network, a cooperative organization and other coordinating and cooperating bodies are established, although, it may create a problem when these institutions begin competing each other at international level for resources and leadership.

The pressures on forests are remained due to high demand on lands for farming and infrastructure development. Meanwhile countries in Northeast Asia have favorable pre-conditions for effective environmental and forest policy advancement, and the most challenging tasks are to ensure political will for on-going reforms and improvements and finding optimal solutions and their implementation.

Regional Financial Safety Nets in East Asia: CMIM

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I. Motivations of Financial Cooperation in Northeast Asia

That we live in an increasingly connected world is well known and understood. Economic and financial integration in Asia has produced significant benefits for our economies. But increased close connection also means greater potential for contagion and for the transmission of economic and financial shocks across countries within the region.

In an environment of increased uncertainty and volatility, it is incumbent on each of our economies to build strong buffers. This includes financial buffers in the form of a healthy foreign reserve position and a well-capitalized banking sector. It also includes policy buffers in the form of prudent monetary and fiscal policies. But sometimes we cannot do it alone,

The history could be traced up to the 1997-1998 financial crisis in East Asia. The financial crisis taught us a lesson: had the region better harnessed the resources it had available, it might have been in a stronger position to deal with the crisis. It was this conviction that provided the impetus for the first proposals for a regional financing arrangement in East Asia. While the role of the IMF and multilateral organizations remains critical in this regard, regional arrangements can be a useful complement.

Any country is vulnerable to financial channels of a crisis, even if the crisis is occurring elsewhere. It is no exception for East Asia. Most of Asian countries suffer from financial market collapse and economic recession. Economic linkages within the region might, however, lead to the risk of crisis contagion. The Asian financial crisis in 1997-1998 provided a direct impetus for countries to recognize the need for regional financial cooperation. The global financial crisis of 2008 became a new catalyst. Having experienced the financial crisis, Asian countries reached a consensus on the need to enhance their own risk management abilities in order to prevent and resolve any future financial crises. They needed to do so by strengthening regional financial cooperation, instead of depending merely upon support from international financial organizations, including the International Monetary Fund (IMF) and from developed countries.

Furthermore, East Asia, including China-Japan-South Korea, is an area where real economic activities are closely linked. The brisk trade in goods and services among East Asian countries shows a well-integrated East Asian economy. Most trade by East Asian countries is cleared in U.S. dollars, and it implies that when foreign exchange shocks occur, countries in the region are highly vulnerable to financial crisis caused by foreign exchange market risks. Hence, developing an effective regional financial cooperation could be necessary.

II. Evolutions on establishing regional financial safety nets in Northeast Asia

With the increasing importance of regional reserve pooling system, global tendency arose to cooperate with the existing regional system. For instance, IMF started to establish connection with the existing

regional monetary cooperation systems. Recently, it is agreed that a robust response to crisis can entail three concentric layers of defense: the first layer of credible economic policies backed by national resources; the middle layer of regional mechanisms to provide added credibility, minimize spillovers, and foster regional stability; and the third layer of multilateral support through the IMF.

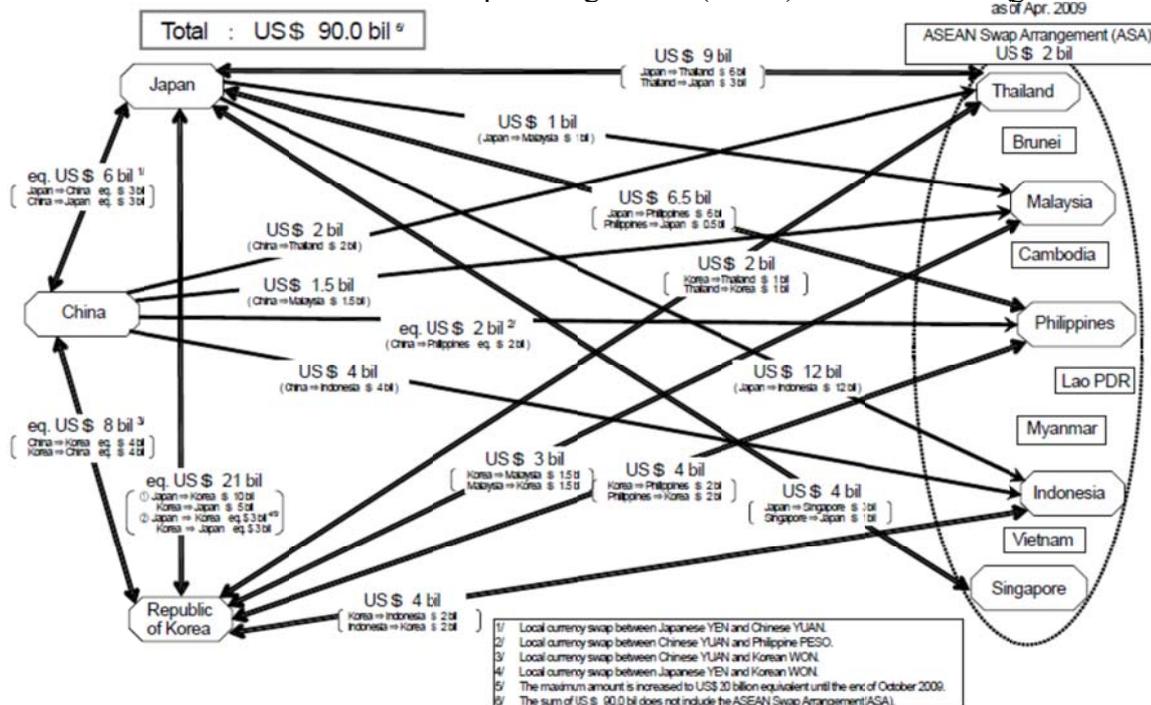
In October 2010, IMF held a conference with regional financial organizations in Asia, Europe, Latin America, and Middle East to discuss mutual cooperation. Moreover, as the result of G20 Summit in Seoul in November 2010, G20 and IMF proposed “G20 Principles for Cooperation between the IMF and Regional Financing Arrangements” during the G20 Summit in France in November 2011.

Actually, since the late 1990s, financial cooperation in East Asia has mainly concentrated on regional financial forums, especially the Association of Southeast Asian Nations plus Three (ASEAN + 3) and the Executive Meeting of East Asia-Pacific Central Banks (EMEAP). These endeavors have achieved considerable results, albeit slowly, including the setting up of regional liquidity support arrangements through the Chiang Mai Initiative (CMI), the establishment of the Asian Bond Fund (ABF), and the progress of the Asian Bond Market Initiative (ABMI), and Chiang Mai Initiative Multilateralized (CMIM). In order to grant more independence of CMIC, we agreed on establishing an independent surveillance unit called the ASEAN+3 Macroeconomic Research Office (AMRO), which has started operation since May 2011.

Actually, it is a truth that the safety net provided by Regional Financial Arrangement (RFA) plays an important role. Using the case in East Asia, it is agreed that the effectiveness of the region’s RFA is so far limited. Its accomplishment is not as originally expected. Hence, some of member the countries are trying to cooperate in a bilateral mechanism.

Since 1997, Asian countries have put great amount of efforts to perfect Regional Financial Safety Nets. They first came up with the idea of the Chiang Mai Initiative (CMI), which was first conceived on 6 May 2000 in Chiang Mai, Thailand as a framework for liquidity support among ASEAN+3 countries, which is a network of bilateral swaps (BSAs), which allows two different countries to swap U.S. dollars with their home currencies. (See Table 1)

<Table 1> Network of Bilateral Swap Arrangements (BSAs) under the Chiang Mai Initiative (CMI)



Source: Ministry of Finance, Japan (2009)

To enhance the effectiveness of BSAs, the ASEAN+3 Finance Ministers agreed in May 2006 to have an advanced framework of liquidity support, or CMI Multilateralisation. The CMIM, a multilateral currency swap contract, has come into effect on the 24th of March 2010. The participants set up two main

goals of CMIM: (1) to address balance of payment and short-term liquidity difficulties in the region, and (2) to supplement the existing international financial arrangements, the CMIM will provide financial support through currency swap transactions among CMIM participants in times of liquidity need.

The total size of the CMIM is USD 120bil. CMIM members are the ten ASEAN Member States+3 countries (including Hong Kong, China). Of the US\$120 billion contributions, US\$24 billion come from ASEAN and US\$96 billion from the Plus Three countries. As a reserve pooling arrangement, CMIM members contribute to the facility in the form of a commitment letter. Each of the contributing parties will transfer the amount of its contribution on a pro rata basis according to their respective commitments to the requesting party after the swap request has been approved. In effect, when there is no request for funds, the parties will continue to manage their reserves. Hence, CMIM has been taken the form of a “self-managed reserve pooling” arrangement governed by a single contractual agreement.

All parties to the CMIM can access the facility. The maximum amount that each country can draw is up to a certain multiple of its contribution, which is to swap its local currency with US Dollars for an amount up to its contribution multiplied by its purchasing multiplier. (See Table 2)

<Table 2> Contributions and Purchasing Multipliers of CMIM participants

Country	2010 Nominal GDP (billions of US\$) *		Foreign Reserves (billions of US\$) *		Financial Contribution (billions of US\$) **		Purchasing Multiplier **
People's Republic of China and Hong Kong	6,103.09	PRC	3,483.38	3,201.68	38.40	34.20	0.5
		5,878.63					
		Hong Kong		281.70		4.20	
		224.46					
Japan		5,497.81		1,129.11		38.40	0.5
South Korea		1,014.48		310.98		19.20	1.0
Indonesia		706.56		114.50		4.77	2.5
Thailand		318.85		171.32		4.77	2.5
Malaysia		237.80		126.27		4.77	2.5
Singapore		222.70		245.42		4.77	2.5
Philippines		199.59		75.83		3.68	2.5
Vietnam		103.57		10.00		1.00	5.0
Cambodia		10.87 ***		3.36		0.12	5.0
Myanmar		35.23 ***		1.78		0.06	5.0
Brunei		10.73 ***		1.21 ****		0.03	5.0
Lao PDR		5.60 ***		0.62		0.03	5.0

Source: * Bloomberg (2010), ** Ministry of Finance, Japan (2009), *** IMF (2009), **** IMF (2010)

Within such an amount, up to 30% can be drawn without linkage to the International Monetary Fund (IMF) facilities. The rest of the funds can be drawn if an IMF program already exists or a potential program is to be in place. Each currency swap shall mature 90 days after the date of drawing, and can be renewed up to seven times. For drawing without IMF linkage, the swap is renewable up to a maximum of three times. Borrowing is in US Dollars and is charged by a certain interest (LIBOR rate plus a premium).

Since 2008, China, South Korea and Japan have been operating about 50 intergovernmental consultation channels, including summit meetings, and more than a hundred cooperative projects. With the establishment of the Trilateral Cooperation Secretariat (TCS) in Seoul in 2011, financial cooperation among the three countries entered the stage of institutionalization (Lim Ho-yeol, 2012).

Taking China and South Korea for example, it began with a cooperative relationship under a multi-lateral mechanism, rather than a bilateral official links. Under the RFA in ASEAN+3: China and South

Korea have established a bilateral currency swap agreement since 2000. And in 2011 two central banks agreed to extend an existing won-yuan currency swap worth 64 trillion won (about \$55 billion) by three years. The size of the swap, set to expire in October 2014, can be expanded if needed. And in December 2012, the two central banks introduced a currency swap scheme that allows South Korean and Chinese companies to settle trade payments in each other's currency. The agreement, which is expected to alleviate over-reliance on U.S. dollars in bilateral trade, will bring down transaction costs and prevent risks resulting from fluctuations in currency rates for enterprises from both countries. Meanwhile, South Korean officials still argue that the world should shift from a model where nations agree bilateral deals, as South Korea has just done, to a more permanent swap regime that will be continuously available for solvent nations facing liquidity troubles.

III. Comparison between CMIM in East Asia and EFSF in Euro zone: Similarity & Difference

Europe also brings European Stabilization Mechanism which consists of EFSM, EFSF and funding from IMF. ECB contributes to the mechanism as well by purchasing sovereign debt in the debt markets.

The European Financial Stability Facility (EFSF) is a company which was agreed by the countries that share the euro on May 9th 2010 and incorporated in Luxembourg under Luxembourgish law on June 7th 2010. The EFSF's objective is to preserve financial stability of Europe's monetary union by providing temporary financial assistance to euro area Member States if needed. The EFSF could issue bonds or other debt instruments to raise the funds needed to provide loans to countries in financial difficulties.

EFSF issues are backed by guarantees given by the 17 euro area Member States for up to EUR 780 billion in accordance with their share in the paid-up capital of the ECB, and all financial assistance to Member States is linked to appropriate conditionality. (See table 3) All the funds financed under EFSF will be used to issue bonds, purchase sovereign debt in the debt markets and expand capital of financial institutions by lending loans to beneficiary governments.

<Table 3> EFSF Guarantee Commitments and its contribution key

	New EFSF Guarantee Commitments (€m)	New EFSF contribution key (%)	EFSF Amended Guarantee Commitments* (€m)	EFSF amended contribution key* (%)
Austria	21,639	2.78	21,639	2.99
Belgium	27,032	3.47	27,032	3.72
Cyprus	1,526	0.20	1,526	0.21
Estonia	1,995	0.26	1,995	0.27
Finland	13,974	1.79	13,974	1.92
France	158,488	20.31	158,488	21.83
Germany	211,046	27.06	211,046	29.07
Greece	21,898	2.81	-	0.00
Ireland	12,378	1.59	-	0.00
Italy	139,268	17.86	139,268	19.18
Luxembourg	1,947	0.25	1,947	0.27
Malta	704	0.09	704	0.10
Netherlands	44,446	5.70	44,446	6.12
Portugal	19,507	2.50	-	0.00
Slovakia	7,728	0.99	7,728	1.06
Slovenia	3,664	0.47	3,664	0.51
Spain	92,544	11.87	92,544	12.75
Total	779,783	100	726,000	100

* The amended contribution key takes into account the stepping out of Greece, Ireland and Portugal. Source: ECB, "European Stabilization Actions – the EU's response to the crisis" (26 June 2011) at http://ec.europa.eu/economy_finance/eu_borrower/european_stabilisation_actions/index_en.htm

We take EFSF to compare with our CMIM. There are two similarities between these two mechanisms:

Firstly, in the current crisis resolution framework, IMF involvement has always been an important element. So, no matter in Asia or Europe these two mechanisms are to provide additional credit, just as a supplement to IMF and multilateral organizations. The IMF has also supported the policy monitoring outside its standard program.

Secondly, they are both created as a temporary institution and both intend to establish a new permanent crisis mechanism in future. In recent years, they are timely expanded their scale and function. Say, CMIM has been doubled the total size from US\$120bn to US\$240bn, since May, 2012. As well, EFSF's scale and function has been steadily promoted. On June 2012, its guarantee commitments are increased from €440 billion to €780 billion

However, they also have many differences:

For the motivation, CMIM was created to deal with external shocks from capital flow or hot money, which led to 1997-1998 Asian Financial Crisis. EFSF is the part of a wider safety net to preserve financial stability within Europe, so it is to defend the short term liquidity problems inside the euro zone members.

For the operation style, the CMIM is a foreign exchange reserve pooling arrangement. Members contribute to the facility in the form of a commitment letter. In effect, when there is no request for funds, the parties will continue to manage their reserves by themselves. From this point of view, it is not true sense of fund, but a relatively loose multilateral aid commitment. But the EFSF is a company which was agreed by the countries that share the euro and incorporated in Luxembourg under Luxembourgish law. The CEO is a former Director General of the European Commission's Directorate General for Economic and Financial Affairs. The board of the EFSF comprises high level representatives of the 17 euro area Member States i.e. Deputy Ministers or Secretaries of State or director generals of national treasuries, so that its operation mode like a general corporation might lock-in each member's liability in advance, so as to avoid dispute in burden sharing after the outbreak of a crisis.

For the source of financing, the CMIM uses the members' official foreign exchange reserves as the source of its fund. Any members can activate swap transactions by submitting a request for the purchase of U.S. dollars under arrangement with its local currency to CMIM Coordinating Countries. But the EFSF is authorized to issue bonds or other debt instruments on the global financial market, backed by guarantees given by the 17 euro area Member States for up to €780 billion, to raise the funds needed to provide loans to countries in financial difficulties.

For the independency and creditability, Under the CMIM, currently, up to 30% of loan could be drawn without linkage to the IMF facilities, and the rest of the funds can be drawn if and only if an IMF program already exists or a potential program is to be in place. Therefore, its strong link with the IMF program can delay quicker decision making since the IMF-related portion of CMIM lending takes longer time to receive. Again, there is an "Escape clause" in CMIM agreement. That means the member country could be exempted from liability to make swaps, which will probably increase the malicious escape risk of guarantors. Whereas, for EFSF, it usually provide financial assistance together with IMF support but not limited by it. Meanwhile, any financial support is linked to strict policy conditions, including strengthening and overhaul of the banking sector, fiscal adjustment and growth enhancing reforms and so on. Moreover, if members once become shareholders in EFSF, their own responsibilities are generally "irrevocable and unconditional". Overall, European regional reserve pooling system does not rely on the IMF when making a decision: European Commission and ECB take the leading roles in the decision making process.

Finally, for the Effect, to evaluate the effectiveness of CMIM is not easy because the facility has never been activated so far. KIF (2012) shows that the average numbers of other regional financial pooling arrangements are significantly greater than those of CMIM in the area of information, analytical expertise and speed of lending. CMIM recorded a lower score in information and analytical expertise because there was no specialized surveillance agency. CMIM received a lower evaluation in speed of lending because 70% of CMI lending was tightly linked to the IMF lending. In addition, compared with the IMF lending, regional financial pooling arrangements including CMIM have less financial re-

sources. But we can see the lending programs activated by EFSF for Ireland, Portugal, Greece, Spain and Cyprus in response to an intensifying sovereign debt crisis. The EFSF may not have worked as well as it could, but it has helped to prevent the crisis from escalating.

IV. Recommendation to Strengthen CMIM

Even with all the past efforts to perfect the regional monetary cooperation system, CMIM still has a room for the improvement.

Diversifying Supporting Methods, to create space for private capital participation: In terms of the size of funds, CMIM is relatively small; therefore, it is necessary to increase the size of CMIM and diversifying supporting methods. For instance, supporting funds for temporary liquidity shortage is easier to lend than general supporting funds. And we could create space for private capital participation like EFSF does.

Institutionalization: Since the ultimate goal is to be a legal international institution, the loose cooperation of CMIM is needed to be gradually institutionalized. In future, we could consider taking a company mode like EFSF, and then we are able to issue bonds under the guarantee of member countries. In this case, it can drive the development of Asian financial markets, and reduce the burden of government aid.

Expand the role of CMIM to crisis prevention function as well as crisis resolution function: So far, the major role of CMIM has been limited to ex-post crisis resolution. In order to resolve the moral hazard from the financial supports, the regional financial institution needs to intensify monitoring and surveillance systems. In future, our regional surveillance unit, ASEAN+3 Macroeconomic Research Office (AMRO), is expected to monitor macroeconomic and financial conditions, detect emerging vulnerabilities, and support the CMIM decision-making. Also, CMIM should communicate well with each other and work more closely to establish a necessary pre-set procedure. Also, it's important to enhance a firm cooperation with other international financial institutions such as the IMF, World Bank and the ADB, to learn and share information and technical expertise of crisis prevention to strengthen the CMIM and AMRO readiness for financial crisis with such simulation game.

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