New Regionalism across the Korea–Japan strait: Cross-Border Cooperation between Busan and Fukuoka

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Silk Road: Inter-city Trade
Trans-Siberian Railway
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2. Emergence of Cross-border Regions (CBR)
3. Busan–Fukuoka (Bu–Fu) CBR
4. Current Development of Bu–Fu CBR
5. Suggested Future Action
1. Introduction: A New Trend

1) A Rise of New Regionalism

<table>
<thead>
<tr>
<th></th>
<th>Old Regionalism</th>
<th>New Regionalism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Action space</td>
<td>International region</td>
<td>Transnational region</td>
</tr>
<tr>
<td>Actor</td>
<td>States and international bodies (collective characteristics)</td>
<td>Non-state actors (collective, social, local, and individual characteristics)</td>
</tr>
<tr>
<td>Goal</td>
<td>Concrete cooperation in security and economy (centripetal and protective characteristics)</td>
<td>Comprehensive and multi-dimensional societal procedures (centrifugal and open characteristics)</td>
</tr>
<tr>
<td>Characteristics of international order</td>
<td>Cold War and bipolar system</td>
<td>Globalization and multi-polar System</td>
</tr>
<tr>
<td>Characteristics of governance</td>
<td>Top-down policy-led Processes</td>
<td>Bottom-up market oriented processes</td>
</tr>
</tbody>
</table>

1. Introduction: A New Trend

2) Era of Mega City-Regions (MCRs) in Northeast Asia

China: 3 mega city-regions

Japan: 3 mega city-regions + 道州制

Korea: 5+2 Economic Regions (廣域 經濟圈)
1. Introduction: A New Trend

Interaction of centripetal and centrifugal forces
Between central and local government and within city-regions

Mega city region
1. Introduction: A New Trend

3) Repositioning of China

- Emerging as an new economic power
  → G2

- “the rise of China makes countries all around China's periphery to adjust their relations with China as well as each other” (Shambaugh 2005)
1. Introduction : A New Trend

- Back to Sino-centric order?
  
  • International trade with China moving to China in Asia
  
  • Investment destinations: China-centric
## 2. Emergence of Cross-border Regions (CBR)

### 1) CBRs in Europe and Asia

<table>
<thead>
<tr>
<th></th>
<th>Europe</th>
<th>East Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Example</strong></td>
<td>Euroregion: EUREGIO, Transmanche, Øresund, etc.</td>
<td>Local Economic Zones: South China Economic Zone, China–Taiwan Economic Zone, Yellow Sea Rim Economic Zone, East Sea Rim Economic Zone, Korea–Japan Strait Zone</td>
</tr>
<tr>
<td><strong>Characteristics</strong></td>
<td>Total opening of borders</td>
<td>Selective opening of borders</td>
</tr>
<tr>
<td></td>
<td>Product of supranational policy</td>
<td>Product of an international agreement or open door policy</td>
</tr>
<tr>
<td></td>
<td>Policy plays a key role</td>
<td>Markets play a key role</td>
</tr>
<tr>
<td></td>
<td>Top-down governance structure</td>
<td>Bottom-up governance structure</td>
</tr>
</tbody>
</table>
2. Emergence of Cross-border Regions (CBR)

2) Conditions for CBR

① Geo-political conditions

<table>
<thead>
<tr>
<th>Macro</th>
<th>Micro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ideology/open or closed</td>
<td>Visa requirement</td>
</tr>
<tr>
<td>Diplomatic relation</td>
<td>CIQ</td>
</tr>
<tr>
<td>Nation-State</td>
<td>Regional policy/politics</td>
</tr>
<tr>
<td>Legal system</td>
<td>Regional governance</td>
</tr>
</tbody>
</table>
2. Emergence of Cross-border Regions (CBR)

2) Conditions for CBR

② Geo-economic conditions

<table>
<thead>
<tr>
<th>Labor market</th>
<th>Other economic conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment condition</td>
<td>FTA or equivalent</td>
</tr>
<tr>
<td>Social welfare system</td>
<td>Regulations (FX, enterprises)</td>
</tr>
<tr>
<td>Wage level and system</td>
<td>Banking system</td>
</tr>
<tr>
<td>Market size</td>
<td>Competitive/Complementary Economies of scale and scope</td>
</tr>
</tbody>
</table>
2. Emergence of Cross-border Regions (CBR)

2) Conditions for CBR

③ Socio-cultural conditions

Language

Education system

Social capital
2. Emergence of Cross-border Regions (CBR)

3) Development Stage of CBR

- Trade
- Cooperation
- Institutional development
- Economic Integration

- Sister-city relation
- Øresund CBR
- FTA
- Bu-Fu CBR
2. Emergence of Cross-border Regions (CBR)

3) Development Stage of CBR

- Difference between CBR and IDL
- Difference between CBR and FEZ

eg: Marquiladorea, Mexico
3. Busan-Fukuoka (Bu-Fu) CBR

Busan ↔ Fukuoka

Busan+Ulsan ↔ Fukuoka+Kitakyushu

Southeast Korea (SEK) ↔ Northern Kyushu/Kyushu
Busan+Ulsan+Gyeoungnam
3. Busan-Fukuoka (Bu-Fu) CBR

Paradigm change in alliance and competition

Past: <Korea + China> ← Japan

Future: <Korea + Japan> ← China
### Economic Characteristics of KJSCBR

<table>
<thead>
<tr>
<th></th>
<th>Busan</th>
<th>SEK</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Area</strong></td>
<td>763 km²</td>
<td>340 km²</td>
</tr>
<tr>
<td><strong>Population</strong></td>
<td>3,620,000</td>
<td>1,350,000</td>
</tr>
<tr>
<td><strong>GRDP</strong></td>
<td>48,849 million dollar</td>
<td>71,710 million dollar</td>
</tr>
<tr>
<td><strong>Industrial Structure</strong></td>
<td>Primary 1.0%</td>
<td>Primary 0.1%</td>
</tr>
<tr>
<td><strong>Secondary</strong></td>
<td>Secondary 18.0%</td>
<td>Secondary 15.2%</td>
</tr>
<tr>
<td><strong>Tertiary</strong></td>
<td>Tertiary 81.0%</td>
<td>Tertiary 84.7%</td>
</tr>
</tbody>
</table>

#### Major Industries

- **Busan**: Harbor, Logistics, IT, Tourism, Shipbuilding parts machinery, etc
- **SEK**: Automobile, Foods, Robot, Recycling, IT, Semiconductor, Bio, Environment etc.
- **Busan**: Harbor, Logistics, Machineries
- **Ulsna**: Automobile, Shipbuilding, Chemical Industry
- **Geongunnam**: Machine parts, Aerospace
- **Fukuoka**: Automobile, IT, Bio
- **Kitakyushu**: Steel, Machine, Ceramics
- **Nagasaki**: Shipment, Electron, Machinery
- **Kumamoto**: Electricity, Foods, Metal
3. Busan-Fukuoka (Bu-Fu) CBR

Geo-economic Condition of Busan and Fukuoka

Busan: Weakening economic position against capital region

Fukuoka: Isolated from three MCRs

⇒ Economies of periphery cooperation (integration)
### 3. Busan-Fukuoka (Bu-Fu) CBR

**<Southeast Korea + Kyushu> as a CBR**

<table>
<thead>
<tr>
<th>World rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
</tr>
<tr>
<td>Area</td>
</tr>
<tr>
<td>GDP</td>
</tr>
</tbody>
</table>
### 3. Busan-Fukuoka (Bu-Fu) CBR

<table>
<thead>
<tr>
<th>transportation</th>
<th>line</th>
<th>times/week</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ferry</td>
<td>Busan-Hakata</td>
<td>14</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>Busan-Moji</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Express boat</td>
<td>Busan-Hakata</td>
<td>68</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td>Busan-Tsusima</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Airplane</td>
<td>Busan-Fukuoka</td>
<td>28</td>
<td>128</td>
</tr>
<tr>
<td></td>
<td>Jeju-Fukuoka</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Seoul-Fukuoka</td>
<td>64</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Seoul-Nagasaki</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Seoul-Kumamoto</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Seoul-Oita</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Seoul-Miyajawa</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Seoul-kagoshima</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>140</strong></td>
<td><strong>234</strong></td>
</tr>
</tbody>
</table>

Source: Korea-Japan Joint Research Association (2008)
4. Current Development of Bu-Fu CBR

1) Public sector

- Formation of Bu–Fu Economic Cooperation Committee
  - 8 members including Mayor each side
  - The 3rd meeting in 09/08/28 in Busan

- Steering committee(working level)

- Co-research project
  - Busan Development Institute and Kyushu Economic Research Center
4. Current Development of Bu-Fu CBR

1) Public sector

- Asian Gateway 2011 Project (Fukuoka)
  - Co-marketing of tourism

- Development of 64 agenda for mutual promotion including industries, academics, culture, logistics, tourism and regional government (representative office)
4. Current Development of Bu-Fu CBR

- National Plan (Korea)
  The concept of CBR is included in the Regional Development Plan by the Presidential Commission.

Diagram:

- Basic Economic Region
- Economic Region 5+2
- Trans-Economic Region

基礎生活圈 廣域經濟圈 超廣域經濟圈
including Bu-Fu CBR
4. Current Development of Bu-Fu CBR

2) Enterprise Sector

- Sister and exchange agreement between Bu-Fu Chamber of Commerce

- Exchange agreement between professional associations
  - eg: BIKI (釜山・九州 IT協議會)
4. Current Development of Bu-Fu CBR

- Investment Support Organization

  • Busan Investment Support Association led by Shinhan Bank, Busan regional HQ, 09/08/20

  • Fukuoka Investment Support Association led by Shinhan Bank, Fukuoka
4. Current Development of Bu-Fu CBR

- International Cooperation Association
  - New Asia HR & Technology Cooperation Association, 08/06(Fukuoka)

- Tourism Promotion
  - eg: Coupon system
4. Current Development of Bu-Fu CBR

3) Academics

- Consortium of universities in Bu–Fu area
  (Busan 11 Univs, Fukuoka 13 Univs)

- Exchange Agreement between universities, high schools, middle schools and elementary schools

- Graduate School for CB Economic Region, Dongsuh Univ. 東西大, 超國境廣域 經濟圈 大學院
4) Civilian, NGO sector

- Busan–Fukuoka Forum, 06/09/01
  - led by civilian leaders in both cities
  - Promotions of “Year of Friendship, 2010”
4. Current Development of Bu-Fu CBR

- Exchange between various associations, clubs, NGOs
  
  • Bu–Fu NGO(Kyushu) NGO Agreement, 08/10/30
### 4. Current Development of Bu-Fu CBR

#### 5) Labor market

**Case of Øresund CBR**

<table>
<thead>
<tr>
<th>Denmark</th>
<th>Factors</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher</td>
<td>wage</td>
<td>lower</td>
</tr>
<tr>
<td>lower</td>
<td>unemployment rate</td>
<td>higher</td>
</tr>
<tr>
<td>higher</td>
<td>labor force (25–64)</td>
<td>lower</td>
</tr>
<tr>
<td>more from Income</td>
<td>social security tax</td>
<td>more from employer</td>
</tr>
<tr>
<td>through collective agreements</td>
<td>regulation</td>
<td>through legislation</td>
</tr>
<tr>
<td>relatively weaker</td>
<td>job security</td>
<td>greater</td>
</tr>
<tr>
<td>37</td>
<td>work hour(week)</td>
<td>40</td>
</tr>
</tbody>
</table>
4. Current Development of Bu-Fu CBR

Internship

Utilization of retired workers

Cross Industry–University

Cooperation program
(eg: 第一施設工業 in Fukuoka: hiring Korea graduates from the contracted univ)
5. Suggested Future action

1. Confirmation of the principle of civilian initiative

2. Support and assistance from Central Governments like EU

3. Establishment of governance system like foreign predecessors including Øresund CBR

4. Research and survey on potential resources for cooperation in both regions