

**PART I**

**OPENING REMARKS**

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## Opening Remarks

Sung Sang Park

President, Asia-Pacific Institute of Korea

In cooperation with the Northeast Asia Economic Forum, the Asia Pacific Institute (API) of Korea is proud to host the fourth Conference on Regional Economic Cooperation in Northeast Asia. Furthermore, on behalf of API, it is a distinct pleasure and honor for me to receive all of you here in Yongpyeong on this perfect autumn day.

This series of conferences on Northeast Asia economic cooperation was, as you know, initiated by Dr. Lee-Jay Cho of the East-West Center in Hawaii and was first held in Changchun, China in July of 1990. This was followed in August 1991 by the Changchun Conference II, in which the Northeast Asia Economic Forum was formally established to serve as an institutional mechanism to coordinate subsequent research and conferences on economic cooperation in Northeast Asia. Since then, our gatherings in this effort continued in Pyongyang, North Korea in May 1992 and in Vladivostok, Russia in August of the same year, followed in 1993 by this Conference. As such, this three-day conference in Yongpyeong constitutes the fourth meeting of the Northeast Asia Economic Forum.

I would like to take this opportunity to extend a warm welcome to Professor Bin Ma and his Chinese delegation, Professor Hisao Kanamori and his Japanese group, the Russian delegation headed by Dr. Pavel A. Minakir, Ambassador Khumbagyn Olzvoy and his Mongolian delegation, Mr. John J. Whalen representing the United Nations Development Programme, New York, and Mr. Jacob Guijt from UNDP, Seoul. Unfortunately, however, I must share with you my feelings of regret on the absence of our colleagues from North Korea, who had attended all three previous meetings. While we were very much counting on their participation in this conference, we received early this month the message that they were unable to attend.

I also want to express my sincere appreciation, as well as a warm welcome, to Dr. Burnham O. Campbell and his colleagues from the East-West Center in the United States for their participation in and scholarly contributions to this conference.

In this conference, special emphasis will be placed upon discussing specific feasible schemes for regional cooperation and development and

the exploitation of rich natural resources in the Northeast Asian region, as well as the promotion of a Northeast Asian Development Bank to help finance the construction of the necessary transportation and communication infrastructure in the region.

This conference will also feature the participation of three Chinese experts who came by way of Donghae, an eastern coastal city of Korea about 30 miles from Yongpyeong, on a Chinese research ship which originated from Qingdao, China. In coordination with the schedule of the Yongpyeong Conference, they joined with some 60 experts on board the ship, which was launched for the purpose of making a field study of the Tumen River coastal area. The research ship arrived in Donghae on September 23 – in time for our conference.

As in the previous ones, this conference is also blessed with the largest delegation from Japan. In as much as the Japanese participation in this undertaking is important, I would like to acknowledge their continuing concern and support for our common efforts.

For those from the Republic of Korea, I wish to express my sincere gratitude to the former Prime Ministers Dr. Duck Woo Nam and Dr. Won-Shik Chung, Governor Han Jong Hahn of Kangwon Province, and President Young-Chul Paik of Kwangdong University for their active participation in and dedicated support to this conference. I would also like to thank other distinguished scholars and experts as well as the government representatives from Korea for sharing their precious time with us here.

Finally, I am especially grateful to those from the press, whose coverage I believe is no less important for our cause.

I hope all of you have a pleasant stay here in Yongpyeong.

## Opening Remarks

Lee-Jay Cho

Chairman, Northeast Asia Economic Forum

In the closing speech for that historical international conference on Cooperation in the Economic Development of the Coastal Zone of Northeast Asia, the first Changchun Conference, I said, "We have a dream here of building a 'Northeast Asian property line' – not along the imperial lines of Japan or Mongolia, but on the basis of equality and pursued to the equal advantage of all countries involved." This would contribute to the prosperity and welfare of the peoples, connecting Hokkaido, Tokyo, Shimonoseki, Pusan, Seoul, Pyongyang, Changchun, Harbin, Vladivostok, Ulan Bator and ultimately Europe. I ended my speech saying, "I look forward to seeing you again in the not too distant future, possibly in Pyongyang, Vladivostok and Ulan Bator (for the subsequent meeting)." I never thought at the time that what subsequently followed was possible in such a short span of time.

After another important conference in Changchun, namely, the Changchun Conference II in 1991, in which DPRK presented their official development plan for the Tuman River Area Development, the Pyongyang International Conference on the Tuman River Area Development took place in April-May 1992 with an extraordinary site visit to the Korean side of the Tuman River. And in September of 1992, the Vladivostok Conference was preceded by the field trip in which the Conference participants, some 80 people, made the historical crossing of the Chinese-Russian border at Changlingzi on foot.

Actually, we began looking at the Japan Sea (East Sea) and clouds beyond from Niigata in 1988 dreaming about free exchange across the sea during the Japan Sea Conference for which Dr. Okita Saburo and I served as co-chairmen. We owe a great deal to Dr. Okita, who unfortunately passed away last spring, for his vision of this region and his tireless effort. Eventually, we had a subsequent meeting in 1989 in Nakhodka, and here we are now in Yongpyeong-Kangnung area of the South Korean east coast, completing a circle around this sea.

On this Sunday morning before our opening ceremony, I was able to go to the Kangnung Tourist Hotel on the beachside and watch the blue water of the Japan sea, the white sand and the same pine trees that we have been seeing all around the beaches of the Japan sea. From

Kangnung, I was able to see Mount Sorak, Naksan and part of Sokcho City, which is the small northernmost port of South Korea. Beyond the demilitarized zone is Diamond Mountain, which is not visible. Hunchun and Sokcho have just agreed to establish a sister relationship. It is only a short distance, roughly one thousand *li*, which reminded me of Li Bai's famous poem referring to Kangnung:

*At sunrise leaving Bodi castle in the midst of colorful cloud,  
One thousand li journey, returned to Kangnung in a day*

Of course, Li Bai's Kangnung was located on the bank of the Changjiang (Yangzi River) and he traveled around 300 km on a small light boat in one day. The distance between Hunchun and Kangnung could easily be navigated in a day, were it not for the political, economic and institutional barriers that exist in the Japan Sea rim.

Needless to repeat here is the fact that beyond the horizon of this sea lay the factor endowments that can be harnessed cooperatively to generate economic dynamism throughout Northeast Asia. The Russian portion of the region is endowed with rich mineral, gas, timber and marine resources. Three northeastern provinces of China have a population of about 100 million people and thus an abundant labor supply as well as agricultural and mineral resources. North Korea has a potentially high quality labor and a geographically strategic coastline. Japan's massive capital and advanced technology, South Korea's central location, capital and medium cost industrial technology, and Mongolia's vast land space, resources and geographical linkage to Europe are all important contributing factors.

To generate this economic dynamo, the idea of the Tuman River Area Development evolved from the discussion I had in 1988 with Chairman Song Jian of SSTC of China and subsequently developed into the plan for the first Changchun Conference to propose the feasibility of port facilities in and around the Tuman River mouth in the context of transportation infrastructures in the adjacent countries across the borders of then USSR and North Korea. I want to express our tribute to Dr. Song, my friend of many years, for his vision and enormous support, both physically and spiritually, in the promotion of economic cooperation in Northeast Asia and the Tuman River Area development.

UNDP has since established the Tuman River Area Development Programme whose manager, Mr. Whalen, is here with us to carry out technical feasibility studies and to provide inter-governmental coordination. This fourth conference is the continuation of the non-governmental efforts through the mechanism of the Northeast Asia

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Economic Forum established in 1991. The purpose is to generate new ideas, knowledge and research, while promoting exchanges and understanding among academic, policy and business communities, and to prepare for future economic cooperation and development in the Northeast Asian region.

A Chinese research ship carrying some of our Chinese participants along with some 60 experts started from Qingdao in China, stopped at Niigata in Japan and Chongjin in North Korea, and arrived at Donghae of the Korean east coast on the 23rd of this month. The research ship, launched for the purpose of scientific investigation of the Tuman River coastal area, was scheduled to coincide with this conference. We welcome this sea journey and express our gratitude for including their navigation as part of this conference activity.

In planning this conference, we placed emphasis on some of the emerging important functional issues that must be dealt with sooner or later. First is the subject of developing financial institution for the Northeast Asian region. For example, in the Tianjin Conference in 1991, Dr. Duck-Woo Nam of Korea proposed a regional development bank for Northeast Asia. The question of expanding the role and function of the Asia Development Bank was raised, but more and more experts appear to be endorsing the idea of a separate and independent financial institution for the region. Second is the issue of developing a transportation and communication infrastructure. However, there are both the hard and soft side of this problem. Building an infrastructure in the Tuman River basin area of the larger triangle cutting across the natural boundaries of China, North Korea and Russia is the hard and long term side of the problem, whereas facilitating and expediting the transportation and communication flow using currently available technology and facilities is the immediate and soft side of the problem. For example, in order to communicate with Dr. Minakir in Khabarovsk for arranging his participation in this conference, we had to mobilize Mr. Touma of Niigata and telex facilities at the East-West Center. Not being able to travel through Niigata because of the problem of obtaining a transit visa, Dr. Minakir had to fall back upon the once-a-week Sunday flights between Khabarovsk and Seoul, and thus he found himself having to stay for two weeks in Korea to attend our three-day conference.

Third is the subject of labor, namely, the distribution, availability, quantity and quality of workforce in the region. This region is characterized by different stages of industrial and demographic transition, thus, manifesting remarkable country differences in size, quality and availability of labor: extreme scarcity in the Russian Far East to

abundance in Northeast China, and extremely high labor costs in Japan and Korea. The challenge is to make these differences complementary and to induce an interactive process whereby each country and region as a whole can benefit.

Fourth is the increasing role of the business community and provincial governments. Business enterprises are taking a more active part in outlining future possibilities for regional economic cooperation and development in Northeast Asia. For example, Japan's newly formed Northeast Asia Development Group, consisting of major business corporations, has already made an initial commitment to investing \$50 million for construction of railroad and port facilities in the Chinese-Russian part of the Tuman River Basin Area.

Finally, during this conference we would also like to deal with the institutional aspect, namely, the institutional management of research, training, exchange, collection and dissemination of information at community, national and regional levels, that will be increasingly important for economic cooperation and development in Northeast Asia.

The Vladivostok Statement of last year's conference calls for the continuation and enhancement of international dialogue, research and exchange of information as well as "institutionalization of an annual conference and publication of a regional newsletter."

Much of the ideological barrier has eroded, but cultural, institutional, and attitudinal barriers still stand high, thus blocking effective and efficient economic cooperation from a long-term perspective. Although we in the region share a common historical background and heritage, the events of the last century that brought conflict, tension and war still linger in our consciousness and are reflected and sometimes distorted in the history books of each of the countries in the region. We must overcome these barriers by expanding our dialogue beyond economic cooperation. In April of this year in Yokohama, Japan, I participated in the international symposium on the early history of Northeast Asia aimed at objectively documenting this region's history on a factual basis so that the countries in the region could pass it to following generations. This is only one example of promoting mutual and common understanding between the countries in the region.

There are other barriers that we need to deal with in the conference, but one that needs immediate attention and is more difficult to overcome is the language barrier that all of us will experience in some way during this conference. I understand that centuries ago, for example, during the 7th and 8th century, people in Japan and three kingdoms in Northeast Asia were able to communicate 60 percent of the time using Chinese

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characters. Our challenge here is to prepare our next generation so they may communicate better in the coming century.

I want to extend our sincere appreciation to the Japan Sea Rim Economic Development Association, especially Mr. Takeo Touma, for planning and arranging the participation of the Japanese group, and for his tireless effort in promoting Northeast Asia economic cooperation. While he is not able to attend this conference due to a pending operation on his leg, Mr. Touma deserves our support and encouragement for his effort to promote our cause in Japan. I also want to acknowledge Mr. Kojima of the Japan Tourist Bureau for contributing his time and effort towards serving as secretary to the Japan group. Deep appreciation is also extended to Kwandong University and to President Young-Chul Paik for his whole-hearted support for this conference.

Sincere appreciation also goes to our host, Korea API, especially Chairman Duck Woo Nam and President Sung Sang Park for all their work and support in preparing for this undertaking, not to mention Mr. Cha who also worked very hard as the program officer.

Finally, I want to acknowledge the dedicated effort and work of Dr. Hoil H. Choi of HAPI who coordinated different and difficult parts of the conference, and at the East-West Center, Dr. Won Bae Kim, Dr. Mark Valencia and my secretary Cynthia Yamane. I truly appreciate the Ssang Yong Group for letting us use the hotel facilities at sacrificial prices.



## Opening Remarks

Jong-Han Hahm  
Governor, Kangwon Province  
The Republic of Korea

On behalf of Kangwon Province and its people, I would like to extend our sincere welcome to all of you who have come a long way to participate in the 4th International Conference on Regional Economic Cooperation in Northeast Asia, sponsored by the Northeast Asia Economic Forum in cooperation with the Asia-Pacific Institute of Korea. I am also delighted to say that Kangwon Province is proud to be a part of this important conference.

As the nation's cleanest area environmentally, the province of Kangwon is also best known for its natural scenery, particularly the beauty of the rugged mountain ranges, as well as its historical and cultural remains. Indeed, over 20 million people visit our province each year to enjoy and appreciate its natural beauty, combined with its rich vestiges of culture and history. Yongpyeong, where this conference is taking place, has established its reputation as the cradle of winter sports in Korea and is expected to host the Asian Winter Olympics in 1996.

With the Pacific Rim Era approaching, it appears that the recent notion of economic cooperation in Northeast Asia has also generated an increasing interest in and concern for the East Sea of Korea. In this respect, it is of particular significance that this 4th conference on Northeast Asia economic cooperation has chosen its site in our province fronting the East Sea (or the Japan Sea). It is my firm belief that the Conference will provide an important opportunity for the people of this Province to move forward with a new sense of determination and progress.

I also wish to express my sincere appreciation to those who have taken so much time and effort in planning and organizing this conference, which I believe will contribute to a better, brighter future for Northeast Asia. Finally, I do hope that all of you will have a pleasant and memorable stay here in Yongpyeong, enjoying its clean environment.

## Opening Remarks

Bin Ma  
Head, Chinese Delegation

I am very pleased to come to your beautiful country to attend the 4th Conference of Northeast Asia Economic Cooperation.

It was only three years ago that the first meeting was held in Changchun, China. Since then, the situation of economic cooperation in Northeast Asia has significantly developed. Institutions and organizations devoted to this purpose have been established not only in non-governmental communities, but also in governmental agencies as well as in universities and business circles.

I would like to take advantage of this opportunity to call upon the industrialists and businessmen to move forward. Many studies have been done with respect to the rational means and policy. I hope that we will now start working on the problems of formulating practical projects for the future.

Thus, in my paper prepared for this meeting, I have proposed a project which would bear great significance in the long run: build a bridge linking Shandong and Lushun in Liaoning.

## Opening Remarks

Hisao Kanamori  
Head, Japanese Delegation

It is a great honor and pleasure to address you on behalf of the Japanese delegation to the Conference on economic cooperation in Northeast Asia. The idea to develop regional cooperation based on economic complementarity between neighboring countries appeared quite a long time ago, but at first it seemed hardly possible to be implemented because of political and other barriers of the Cold War era. But now the cold war is over and cooperation is gaining momentum. And the academic community has made an important contribution to this movement. Symposiums, conferences, studies, publications and other research activities have contributed significantly to the solidification of the regional cooperation concept.

From now on, I hope we continue with our studies regarding not only the basic concept, but also the specific directions and themes of cooperation. In this respect, I am sure the conference in Yongpyeong will play an important role.

In our Japanese delegation we have people both from the Japan Sea coastal prefectures, mostly involved in cooperation activities, and also from the Tokyo area. We are looking forward to fruitful discussions. We believe that the conference will be a success and we will be able to bring forward some valuable proposals and ideas which will hopefully speed up further cooperation between those countries belonging to the Japan Sea economic time region.

Finally, I want to express our gratitude to the hosts and organizers of the conference – the Asia Pacific Institute of Korea, the Northeast Asia Economic Forum, and the Government of Kangwon Province.

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## Opening Remarks

Khumbagyn Olzvoy  
Head, Mongolian Delegation

It is a pleasure for me to be a participant in the 4th Meeting of the Northeast Asia Economic Forum, designed to discuss various aspects of regional economic cooperation in this part of the world.

At the outset, let me express on behalf of the Mongolian delegates our sincere thanks to our host Dr. Sung Sang Park, President, Asia-Pacific Institute of Korea, as well as the people and authorities of Kangwon Province of the ROK for their warm welcome and hospitality extended to all of us here in this beautiful Yongpyeong Resort.

For us, Mongolia, the ROK is an important country with which our trade and economic relations have been recently developing rapidly. The ROK actively supports Mongolia's drive towards democracy and a market economy.

I thank wholeheartedly Dr. Lee-Jay Cho for his untiring efforts to promote the goals and ideas of the Northeast Asia Economic Forum. My thanks go equally to Dr. Hoil Choi, the Conference Coordinator. I also wish to tell you, dear participants, how pleased I am to see my old friends and to get acquainted with new friends.

Today, international economic cooperation has a solid political foundation. As a result of the end of cold war rivalry and the emerging tendency towards democracy and economic openness, every nation has obtained a historic opportunity to concentrate its attention and efforts on promoting developmental goals. In order to accelerate economic cooperation, however, each nation needs greater economic and trade cooperation with other nations. It is significant in this sense that nations in Northeast Asia are striving to find ways and means with a view to expanding economic, technical and trade cooperation among themselves. Mongolia, as a country belonging geographically and culturally to the region of Northeast Asia, has not only a deep-seeded interest in participating in economic cooperation, but also has potential in terms of its rich mineral resources and others to contribute to deepening the cooperation.

Time should not be wasted. Only six years will pass before we enter the 21st century. Nations should seize the historic opportunity offered by the short span of time in order to create a favorable condition for

cooperation in the 21st century. For this purpose I call on you to become *saduns* (Korean and Mongolian word having identical meaning as fathers-and mothers-in-law) for our children so that they not only live together in peace and prosperity, but also work together for the benefit of our nations.

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## Opening Remarks

Pavel A. Minakir  
Head, Russian Delegation

It is my privilege and honor, on behalf of the Russian delegation, to thank all the organizers for inviting us to this very important and, I believe, very constructive meeting. It is very understandable why the Northeast Asian region is attracting the common attention of different countries and international organizations. With huge natural resources, this region is populated by almost 400 million people. History shows that many political and military conflicts took place in this region in the past. Even today, complicated and difficult political relations between the countries of the region are generating much concern of the world community.

However, the situation in Northeast Asia during the last 10 years has been characterized by great changes. Market reforms in China, dramatic political and economic changes in Russia and Mongolia, some progress in South-North Korean relations are some of the remarkable features of the new Northeast Asian era. All these changes provide a good basis for economic cooperation in the Northeast Asian Rim. Of course, some countries, such as Japan and South Korea, have achieved impressive economic results without subregional cooperation within the Northeast Asian Rim. But joining resources on a multilateral basis will help to achieve more impressive success for all countries in the region and the results thereof will be the most important from a strategic point of view.

The Russian delegation will present papers describing the function and development of general systems of transportation and labor exchange as well as possible economic development schemes in the Russian Far East itself.

We are sure that investigations and discussions of the basic tendencies of multilateral cooperation as well as the behavior and intention of each actor in the NEA Rim will help contribute to the development and cooperation in Northeast Asia.