

**Initiatives to promote exchange in  
Northeast Asia  
and  
establishment of an international ferry  
service crossing over the Sea of Japan**

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# **Content**

**&1. Advent of Great Exchange Age that is sweeping the current world**

**&2. Possibilities of East Asia economic integration**

**2.1. Examination on inevitability of economic integration**

**2.2. Position of Northeast Asia in East Asia**

**&3. How to develop the Sea of Japan**

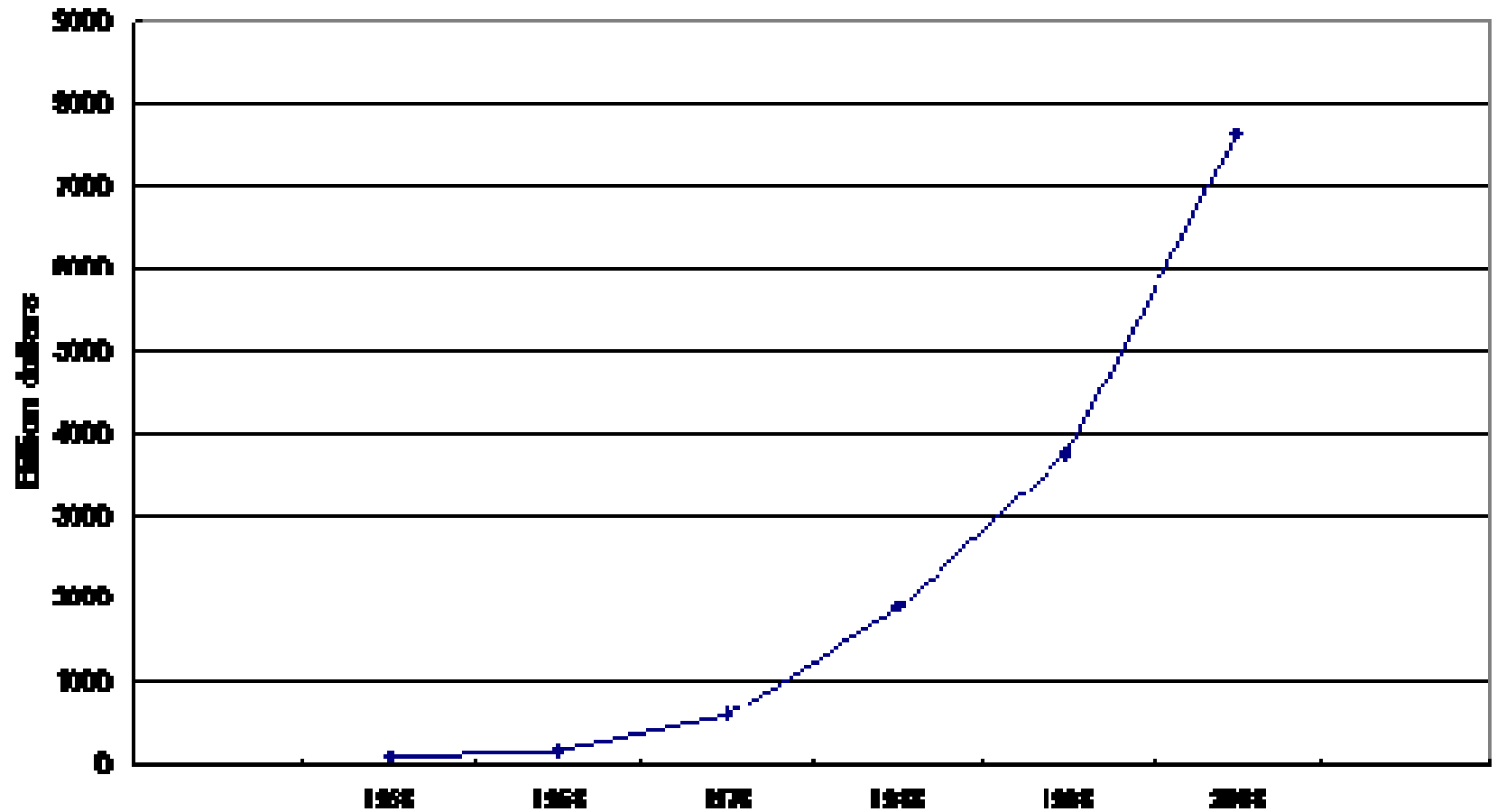
**3.1. How to bring about a storm of Great Exchange in Northeast Asia**

**3.2. Concrete proposal to promote the exchange of the Japan Sea**

**&4. Challenge of establishing the international ferry service crossing over the Japan Sea**

# Change of world trade

World Export (in value)

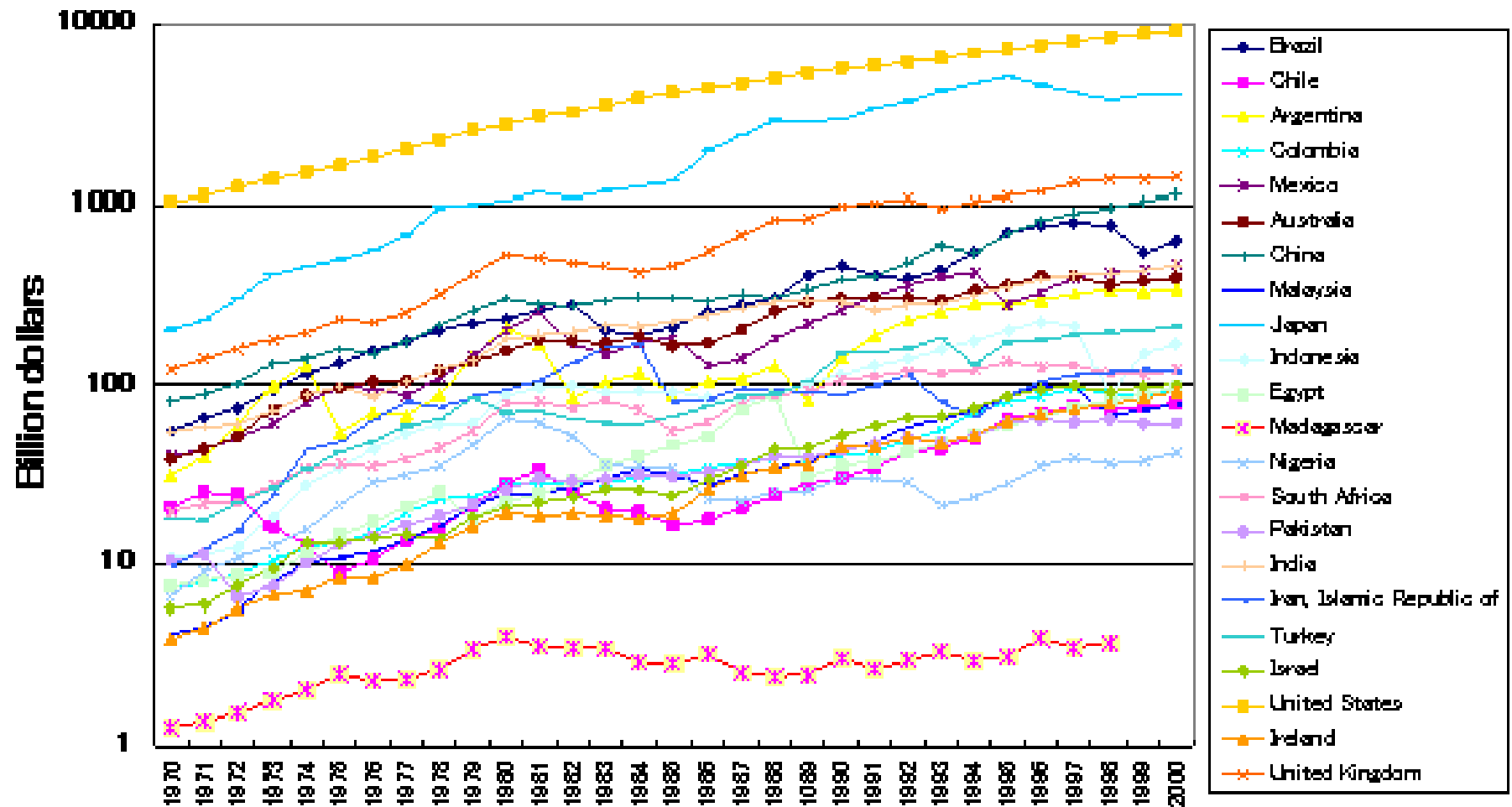


# Change of international passengers in the world

Arrival passengers in international tourism (million persons)			
	1990	2004	Growth ratio 2004/1990
Northeast Asia	28	87.6	312.9
Southeast Asia	21.5	47.3	220
Oceania	5.2	10.2	196.2
South Asia	3.2	7.5	234.4
Asia&Pacific Ocean	57.7	152.5	264.3
World	441	763	173
(Source:2004 Overview of international tourism, World Tourism Organization, March, 2006)			

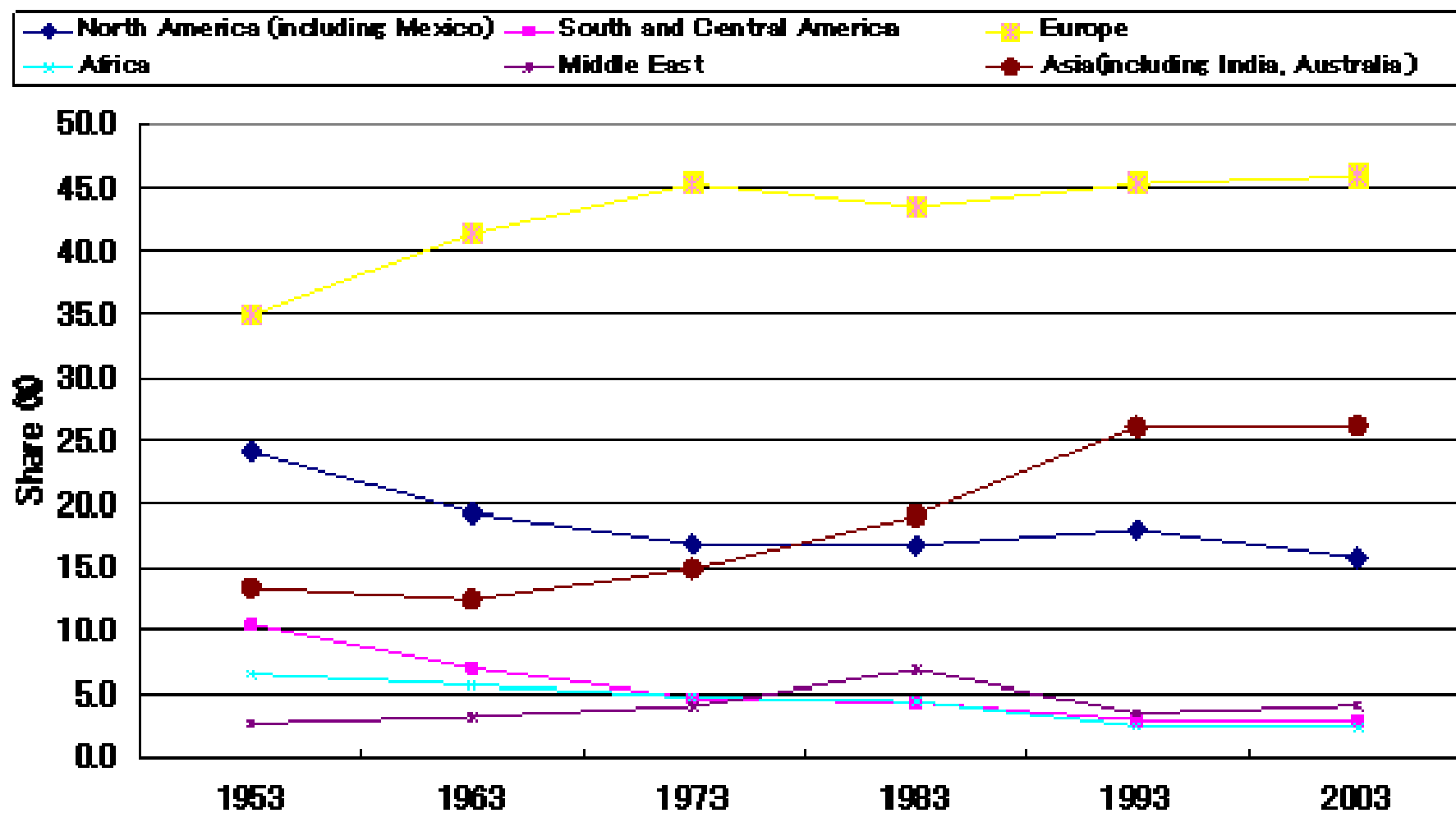
# Change of GDP by country

## 1970-2000 GDP Change by country



# Change of share of trade amount in the world by region

Share of world merchandise export by region



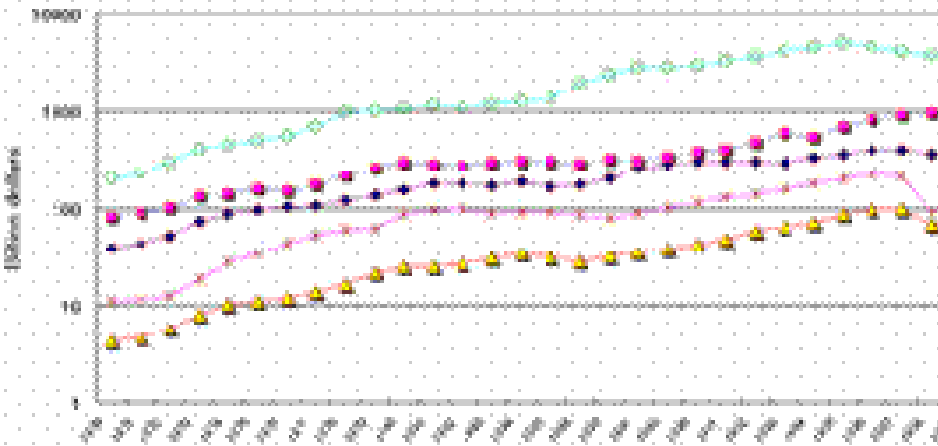
# Change of GDP by region

## 1970-2000 Change of GDP by region

### East Asia

1970-2000 GDP of East Asia

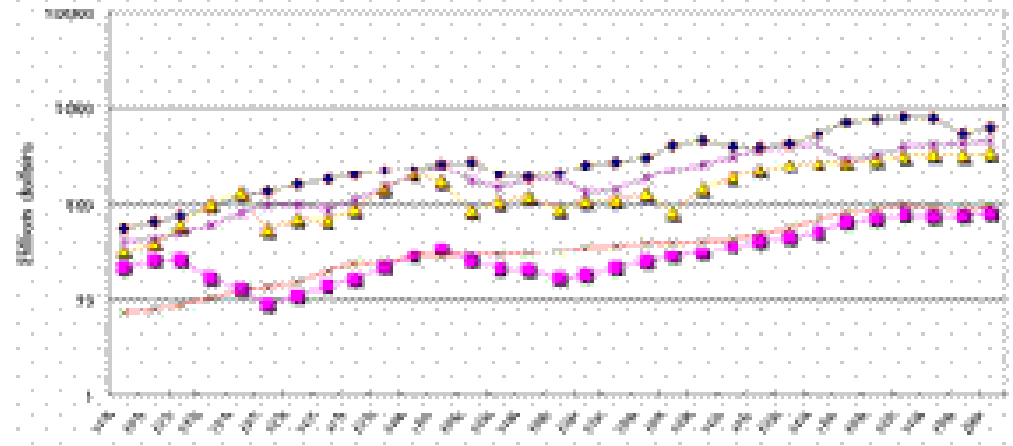
Australia, China, Malaysia, Japan, Indonesia



### Central & South America

1970-2000 GDP of Central & South America

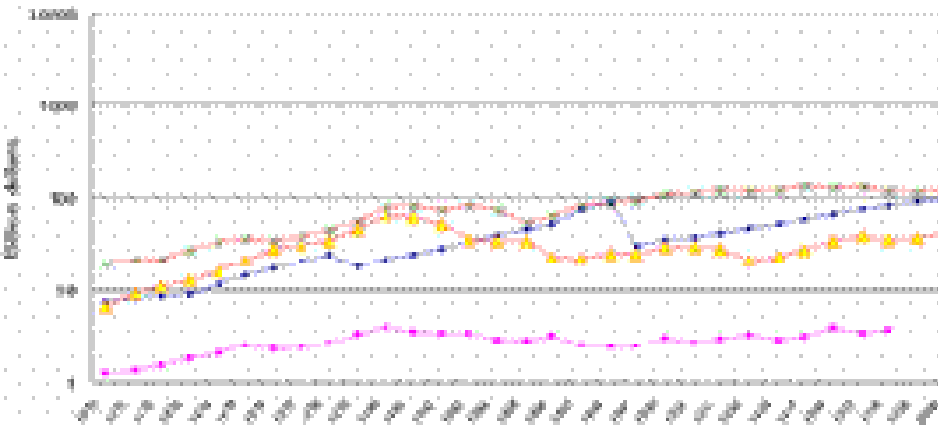
Brazil, Chile, Argentina, Colombia, Mexico



### Africa

1970-2000 GDP of Africa

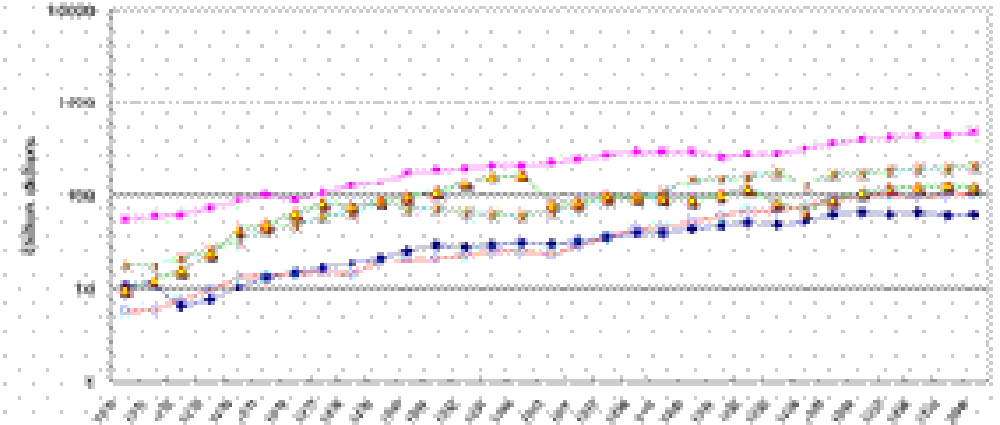
Egypt, Madagascar, Nigeria, South Africa



### Middle East & South Asia

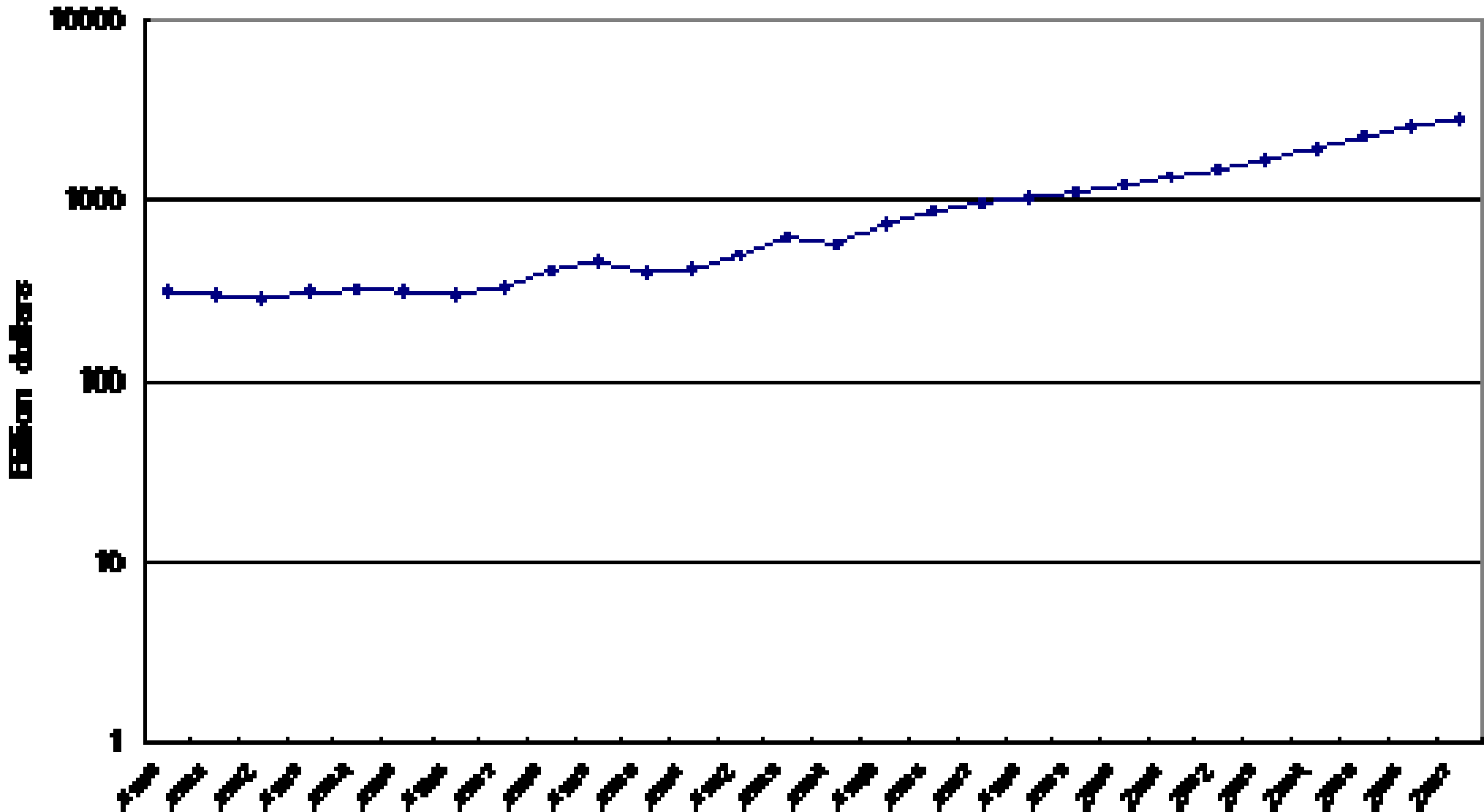
1970-2000 GDP of Middle East & South Asia

Pakistan, India, Iran, Islamic Republic of, Turkey, Israel



# China's growth in GDP

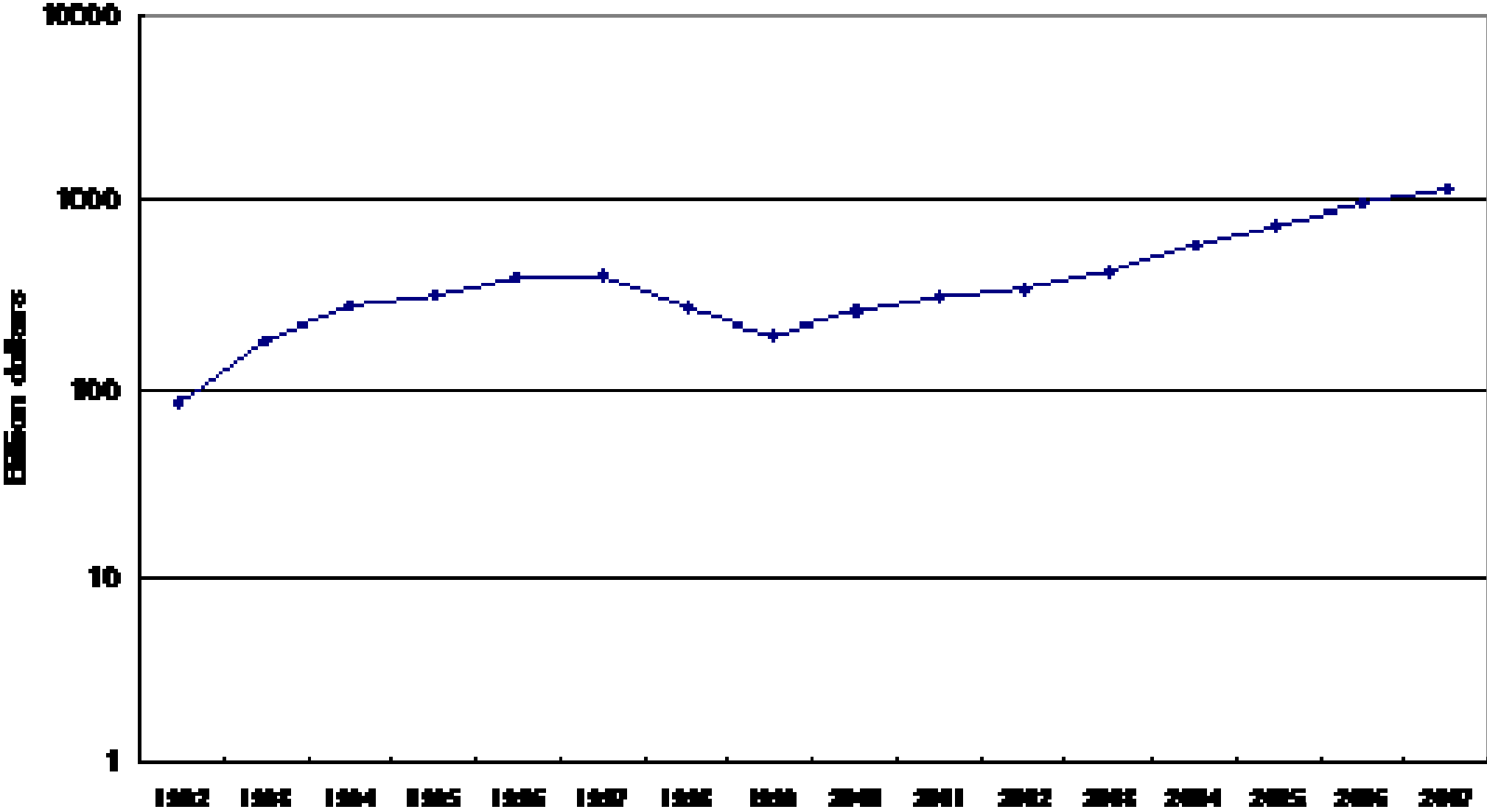
China GDP





# Russia's growth in GDP

Russia's GDP



## Share of transport volume in the world in 2004 by main sea lane

Share of container transport volume in the world in 2004 by main sea lane(%)						
Sea lane between	East Asia -North America	East Asia - Europe	East Asia -East Asia	Europe -Europe	North America -Europe	Others
Share(%)	20.1	15.6	14.7	9.3	6.8	33.5

## Share of handled container volume of the world, by loading/unloading port, by region in 2004

Share of handled container volume of the world, by loading/unloading port, by region in 2004 (Unit: %, Source: MOL)								
	North America	East Asia	Europe	Central & South America	Middle East	India sub-continent	Africa	Oceania
Loading port	12.4	45.1	24.9	7.1	1.7	3.7	3	2.1
Unloading port	22.5	30.8	26.9	4.9	4.9	2.8	4.1	2.4

## **&2. Possibilities of East Asia economic integration**

### **2.1. Examination on inevitability of economic integration**

- 1) Advent of the Great Exchange Age**
- 2) Spread of international standard**
- 3) Emergence of borderless issues to be tackled through joint cooperation with neighboring states**
- 4) Breaking away from the thought following the law of the jungle as human being's frontal lobe has evolved**
- 5) Enhancement of power of international agencies functioning as driving forces of economic integration**
- 6) The advanced regions of the world have stepped into economic integration**

### **2.2. Position of Northeast Asia in East Asia**

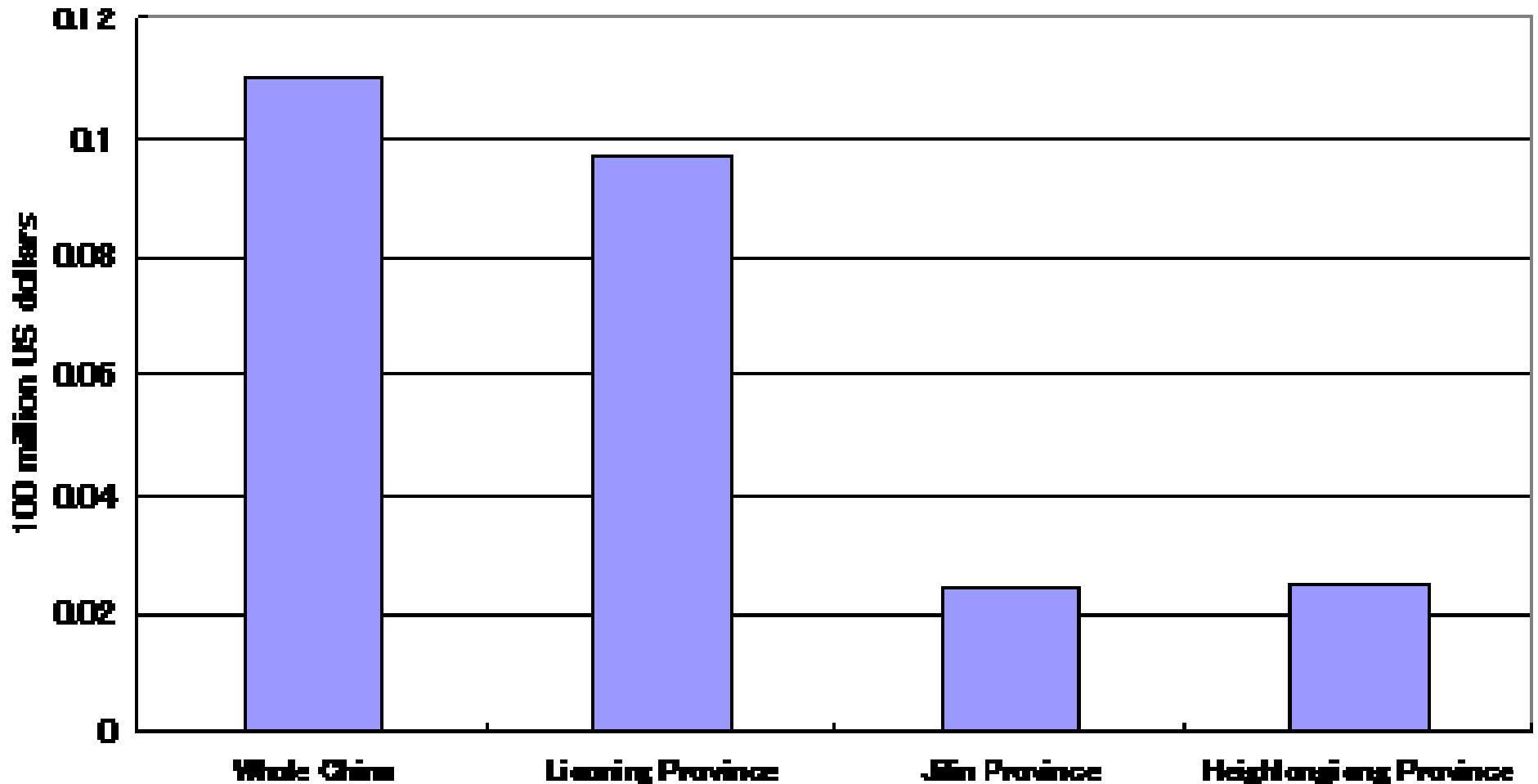
# &3. How to develop the Sea of Japan

## 3.1. How to bring about a storm of Great Exchange in Northeast Asia



# Trade amount of Northeastern China in comparison with whole China (2005)

Foreign trade amount per 10000 persons  
(Unit:100 million US dollars)



## 3.2. Concrete proposal to promote the exchange of the Japan Sea

First stage: Research and survey



**Second stage: Materialization of small scale exchange (1)**

**Third stage: Materialization of small scale exchange (2)**



## **Fourth stage: Research to identify the way to meet large volume of demand in future**

### **Three alternatives:**

- 1) Use of the existing road and port in Russian territory.**
- 2) Use of the existing road and port in territory of the DPRK**
- 3) Provision of new international public road and port**



# Three states border zone



## Zoom in border zone



## **Fifth stage: Construction of international public road and port**

- 1) The international public road:**
- 2) The road is constructed at the shortest distance site (10km) in Tumen River Area from the viewpoint of connection between Jilin Province and the Sea of Japan.**
- 3) The road is underground or semi-underground style with 6 lanes in total and double track railway.**
- 4) The international public port:**
- 5) The above road extends to offshore. At the offshore side edge of the road, the port is constructed. This is artificial floating island and functions as the foothold of international ferry transport that conveys land transport trucks crossing national borders.**
- 6) These facilities are designed on the premise of preventing smuggling.**

# Construction of international public road and port



## **&4. Challenge of establishing the international ferry service crossing over the Japan Sea**

- 1. Wide range of survey conducted by ERINA as for current transport situation of continental Northeast Asia**
- 2. Establishment of NPO (Non Profit Organization) in Japan**
- 3. The process of obtaining consents among 4 parties**
- 4. The first consent**
- 5. Domestic coordination in each country**
- 6. Second consent**

# Meetings and forums held toward accomplishment of the Undertaking

Meeting	Venue	Date	Minutes of Meeting	Contents of the Meeting
1	Hunchun	Oct. 2003	Y	Confirmation of intention of local people concerned, i.e. Hunchun City and Hasan district
2	Niigata	Feb. 2004	Y	Confirmation of intention of Russian Local Government under attendance of Vice-Governor of Primorsky Krai
3	Vladivostok	July 2004	Y	Studying port-related problems in Zarubino Port, under participation of Korean side
4	Niigata	Oct. 2005	No	Port sales of Zarubino Port conducted by joint team of China and Russia
5	Hunchun	Feb. 2006	Y	Exchange views between Chinese consignors and shipping lines from overseas.
6	Zarubino	May 2006	Y	Establishment of new ferry service was concluded by 4 state's officials.
7	Vladivostok	Aug. 2006	Y	Rate of investment by state was concluded.
8	Changchun	Sep. 2006	Y	Reconfirmation of No. 6 Meeting
9	Niigata	Feb. 2007	Y	Meeting of 5 mayors from 4 states regarding the ferry projects
10	Hunchun	May 2007	Y	Amendment of the rate of investment by country
11	Sokcho	July 2007	Y	Tentative schedule of establishment of the Joint Company and starting date of ferry service were decided

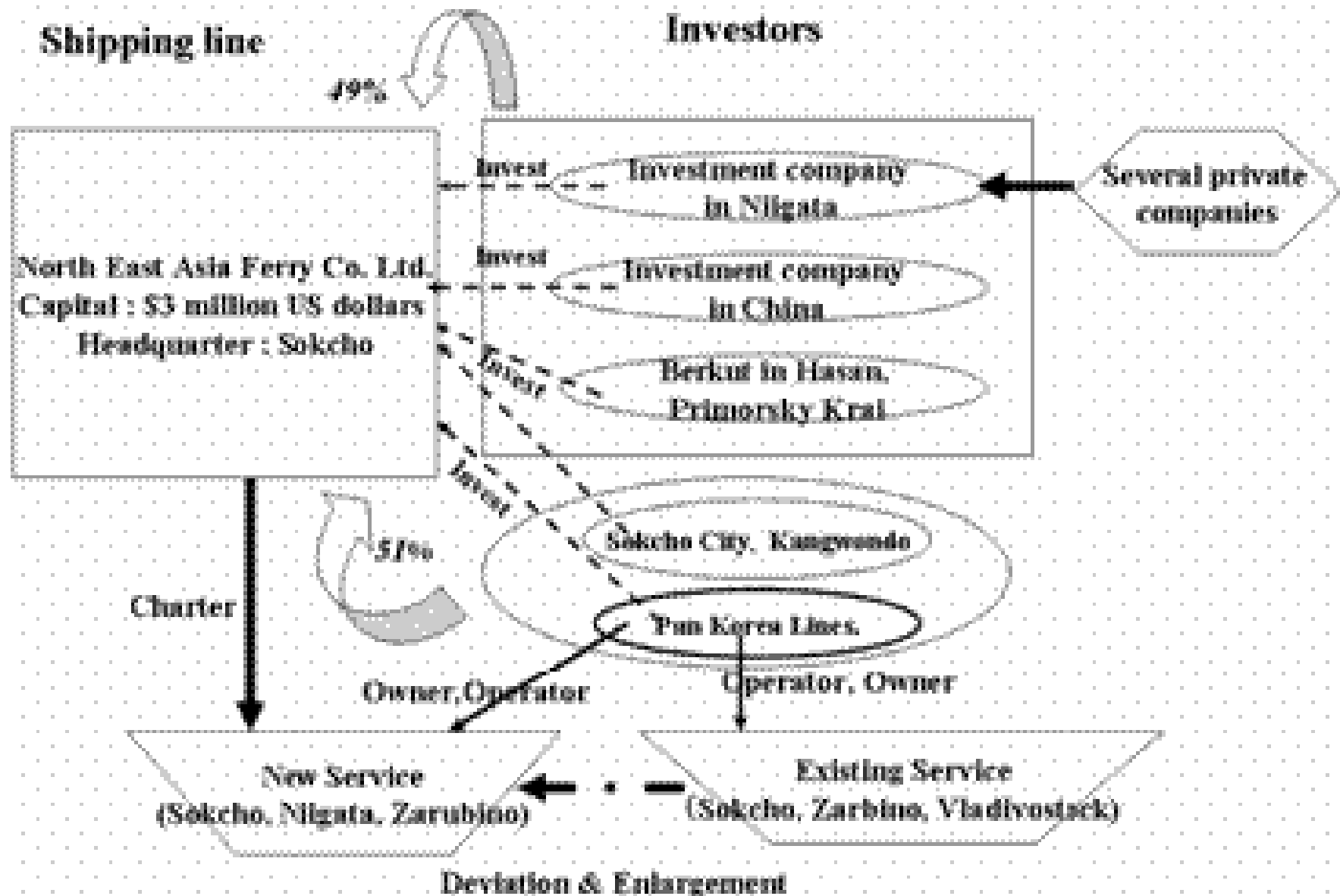
# Conclusion of Sokcho Meeting dated 6 July, 2007

Minutes of Meeting regarding Establishment of New Ferry Service conducted by Joint Group of Korea, Japan, China and Russia

On 6th July 2007, the representatives of Korea, Japan, China and Russia held meeting in Sokcho to establish the new ferry service connecting Sokcho, Niigata, Zarubino and Hunchun, and concluded the following matters.

1. People concerned of Korea, Japan, China and Russia will jointly set up the joint company. The rate of the investment by country is shown as Korea : Japan : China : Russia = 51:16:16:17.
2. Headquarter of the joint company is located in Sokcho City, Korea.
3. The capital of the joint company amounts to \$ 3 million US dollars. When and how much the investment is undertaken will be decided after checking the long-term profit and expenditure statement prepared by the Korean side.
4. The joint company shall be called as North East Asia Ferry Co, Ltd.
5. Directors of the joint company to be legally registered are 7 in total, composition of which is Korea 4, Japan 1, China 1 and Russia 1.
6. The joint company is scheduled to be founded on August 2007 based on the Articles of Incorporation prepared in accordance with the Korean Commerce Law. Principal contents of the Articles, including Joint Agreement, shall be decided through discussion among participants of the working group
7. The ferry service is scheduled to starts on September 2007. Constituent countries shall cope with problems relating to the ferry service swiftly. Japanese side shall promptly inform the propriety after consultation with Japanese agency concerned
8. The working group shall be organized in order to discuss the establishment of the joint company etc. The working group meeting will be held during July 2007 to coordinate among the states with respect to matters concerned.
9. Every participant country shall settle swiftly disputes of its own to be improved or overcome individually before starting the ferry service.

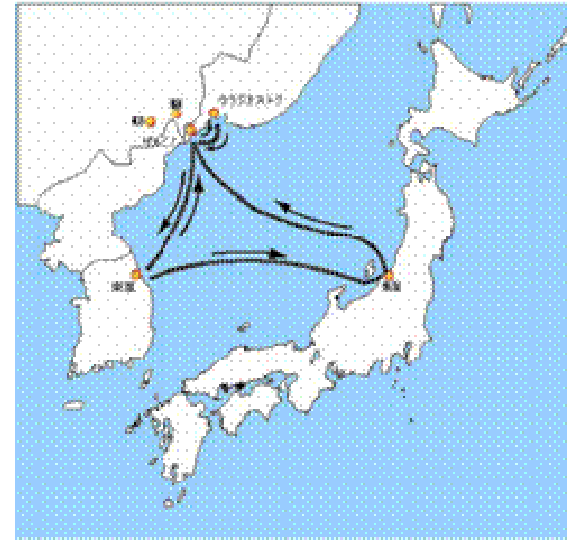
# Organization chart to be expected for managing the Undertaking





## **7. Summary of ferry service to be expected**

### **Expected service route**



**The size of the vessel to be expected is as follows:**

**13,213 gross tonnage**

**Passenger capacity is 600 persons**

**Cargo capacity is 132 TEU or 500 used cars**

**Velocity of the vessel is 24 knot.**

## 8. Cargo statistics of the existing service conducted by Dongchun Ferry

### ● CARGO

UNIT : TEU

IN/OUT	2000	2001	2002	2003	2004	2005	TOTAL
N	495	1,646	2,751	3,260	2,830	2,454	13,436
OUT	507	1,008	1,828	2,427	4,044	4,595	14,409
TOTAL	1,002	2,654	4,579	5,687	6,874	7,049	27,845

### ● PASSENGER

UNIT : PERSON

IN/OUT	2000	2001	2002	2003	2004	2005	TOTAL
N	18,070	26,172	26,467	24,647	26,596	27,366	149,948
OUT	18,610	25,950	24,965	22,477	27,320	29,317	148,659
TOTAL	36,680	52,122	51,452	47,124	53,916	57,313	298,607

## **9. Advantages of the Undertaking**

- 1) The ferry service will become a bridge of exchange between continental Northeast Asia and Japanese coastal area facing the Japan Sea, which is an earnest wish of Japan.**
- 2) Niigata has linkage with Russia (Primorsky Krai), China (Heilongjian Province, Jilin Province) and Korea (Gangwon Province).**
- 3) The route is the shortest way connecting Tokyo Metropolitan Area and Seoul Metropolitan Area.**
- 4) The route has shortest travel time in trade connecting between Japan and continental Northeast Asia.**

# **10. Current situation as of the end of September 2007**

# **11. Issues to be tackled hereafter**

- 1) Coping with difficulties in coordinating among 4 parties**
- 2) Ensuring profitability as a private company**
- 3) Improvement of border transport between Russia and China**
- 4) Measures to be taken to deal with request from the ROK and Chinese parties**
- 5) Need of local government assistance**
- 6) Need of central government assistance**
- 7) Spread of thought of joint cooperation in Northeast Asia**

Thank you for your listening