

---

## **The Progress and Function of the Tumen River Area Development Programme in the Northeast Asian Regional Economy**

Zhang Donghui

With the coming of the new century, the worldwide trend of economic globalization is becoming more visible. As a symbol of economic globalization, the regional economy is also developing rapidly. Northeast Asia's regional economy has attracted worldwide attention because of its unique national relations, geographical location, and development potential. After ten years of development, the Tumen River Area Development (TRAD) Programme, an important part of the Northeast Asian regional economy, has made substantial progress and has promoted the formation and development of the Northeast Asian regional economy.

The special location of the Tumen River makes the TRAD Programme the core of the Northeast Asian regional economy.

The Tumen River area is located at the center of Northeast Asia. Russia and the Democratic People's Republic of Korea (DPRK) have numerous good natural harbors around the mouth of the Tumen River, and there are abundant natural resources and labor in the region. The Tumen River area offers easy access to the Korean peninsula, Siberia, and the Russian Far East, Northeast and North China, Mongolia, Japan, and the west coast of the United States. The routes that radiate from these areas all converge on the Tumen River area.

Economic complementarities are an important premise and basis of cooperation in and the development of the Northeast Asian regional economy. Japan is a world economic superpower, the Republic of Korea (ROK) is a developing industrial country, and the rest of the countries in Northeast Asia have differing economic development levels. These differences in development level and economic structure form complementarities. Complementarities also exist in resource distribution in this area. Japan has advanced technology and equipment, sufficient funds and management experience, as well as powerfully expanding investment abilities. Like Japan, the ROK also has advanced technology, production facilities, and capacity to invest abroad. Russia is rich in resources, especially energy, mineral products, and various industrial raw materials. There is great export potential and allocation ability in the area. Mineral products from the DPRK and Mongolia have great development potential, and there is a substantial market for them. Northeast and North China have abundant natural resources, agricultural products, light industrial products,

and labor. The effective allocation of resources in the Tumen River area is a remarkable characteristic of the complementarities and the special geographic location.

This area is likely to become the new eastern starting point of the Asian-European land bridge. There are numerous Korean and Russian harbors at the mouth of the Tumen River, with a utilization rate of only about 30%. Since the implementation of the TRAD Programme, highway and railway networks have been constructed in this area. According to a UNDP idea, when the railways in China's Jilin Province are connected with those in Mongolia, a new Asian-European land bridge will be formed, which is expected to form a new transport corridor. This will connect the west coast of Japan with the west coast of the United States, by utilizing the Tumen River's numerous harbors.

### **TUMEN RIVER AREA DEVELOPMENT (TRAD) PROGRAMME**

TRAD Programme provides an example of and impetus for Northeast Asian regional economic cooperation, as well as helping to promote the phenomenon. Great improvements in infrastructure mean that the hardware aspect of regional economic cooperation is no longer a matter for concern. During the Cold War, Northeast Asia was the front line. Governments invested little in infrastructure construction. After the implementation of the TRAD Programme, all countries in the area laid emphasis on improving infrastructure. China has spent nearly ten million renminbi on infrastructure construction and has laid a railway from Tumen to Hunchun, as well as one from Hunchun to the Russian frontier. Russia has also invested in an extension of the railway to Makhhalino, to form the Far East railway network. China is constructing an expressway that extends more than 500 km from Changchun to Hunchun; of this, 141 km has already been opened to traffic. Highways from Hunchun to the Sino-Russian border (17 km) and the Sino-DPRK border (39 km) are also now open to traffic. During the Tenth Five-Year Plan period, Jilin Province will increase investment to accelerate infrastructure construction. In Russia, a highway from the Sino-Russian border to Slavyanka is now being built, and the DPRK is also busy constructing a highway from the Sino-Korean border to Rajin. The Chinese government has invested in an extension to Yanji airport, and offers chartered flights from Yanji to Seoul. Over a period of only four months in 2000, a total of 10,599 passengers traveled on 88 flights. Digital and mobile communication facilities have been installed that can connect with over 180 countries and regions.

The constant increase in bilateral and multilateral cooperation has laid the foundations for expanding cooperation in the future. The development of this area began with bilateral cooperation and then gradually grew into multilateral cooperation. Over the past several years, marine transportation developed rapidly

from nonexistence to prosperity. Between 1995 and the present, a bulk cargo sea route was established from Hunchun to Iyomishima via Zarubino, and a regular container route was established from Hunchun to Busan via Rajin. In addition, a regular fixed container route from Hunchun to Akita and Maizuru via Posiet has been established. It should also be noted that a passenger-cargo land and sea route from Hunchun to Sokcho via Zarubino was established in April 2000. By the end of 2000, 86 voyages had been made, transporting a total of 35,978 people, and goods for import and export comprising 391 standard-size containers and 44,867 other pieces of bulk cargo. This is an example of successful multilateral cooperation. China, Russia, and the United States are now discussing a transportation corridor to be set up from the east to the west, which is an opportunity for the development of multilateral cooperation in this area.

Tourism and trade are expanding constantly, and the stream of people and goods is increasing gradually, laying the foundations for developing the market and the regional economy. With the rapid development of external trade and cross-border tourism, the volume of trade and the number of people entering and leaving increase greatly every year. In 2000, at all the ports in Hunchun, 206,490 tons of cargo were imported or exported, 275,550 people crossed the border, and the value of low-volume border trade, nongovernmental trade, and tourist trade reached US\$131 million. Last year, the number of travelers crossing the border reached 65,593, resulting in a big increase in tourist income.

The constant expansion in investment has encouraged the creation of favorable economic conditions. The area includes China's Hunchun Border Economic Cooperation Zone, Russia's Nakhodka Free Economic Trade Zone, and the DPRK's Rajin-Sonbong Free Economic Zone. All these countries have created preferential policies to attract investment. China has invested more than 200 million renminbi in infrastructure construction in the Hunchun Border Economic Cooperation Zone and has received investment worth US\$90.43 million from many sources, such as the ROK, Japan, and Hong Kong. The Rajin-Sonbong FEZ in the DPRK has also adopted vigorous measures to attract investment. At present, China, Hong Kong, Thailand, and others have investments in this area, which will stimulate the growth of the economy to some extent.

## **MECHANISMS FOR REGIONAL COOPERATION**

China's mechanism for opening up and developing regional cooperation in the Tumen River area is basically already formed. The TRAD Programme is a legal, multinational, cooperative arrangement among the governments of China, the DPRK, Russia, the ROK, and Mongolia. As a result, the Chinese government has continued to pay great attention to the development of the Tumen River area.

On 25 June 1995, President Jiang Zemin gave the following advice: “Develop Hunchun, develop the Tumen River area, develop friendly and cooperative relations with Northeast Asian countries.” The State Council included the “opening up and development of the Tumen River area” in the Ninth Five-Year Plan for China’s social and economic development, as well as in the long-term target for 2010. The government has strengthened its leadership in developing the Tumen River area, and adjusted the composition of the National Coordination Group for the TRAD Programme in 1999, enlarging the group from five departments to fourteen. The State Planning Commission has drawn up a “Development Plan for China’s Tumen River Area.”

To increase the degree to which it is opened up, the government decided to set up the Hunchun Export Oriented Processing Zone in the Hunchun Border Economic Cooperation Zone in April 2000. It also approved the establishment of the Hunchun Sino-Russian Frontier and Nongovernmental Trade Zone in February 2001, granting Hunchun a new series of preferential policies. Furthermore, the government has offered the Korean Autonomous Prefecture of Yanbian the same preferential policies as those of the “Development of the West” policy.

Under the government’s great leadership and with its powerful support, the provincial government of Jilin has set up a leadership office responsible for research and for the coordination and direction of the project and the development of the Tumen River area in general. All these measures are aimed at strengthening the role of the TRAD Programme, as an example of Northeast Asian regional economic cooperation, and forming an operating mechanism for international cooperation and development, to achieve mutual prosperity in this area.

## **SUGGESTIONS**

The following are suggestions for developing the Northeast Asian regional economy and for coordinating development efforts.

The development of regional economic cooperation should adhere to the principles of equality and mutual benefit. We should start with developing transportation, border trade, tourism, and mutual investments, to set up a mechanism of mutual trust, cooperation, and support, so that a regional economic model can be formed in accordance with international cooperation conventions. First, governments should stress the function of corridors, not to mention giving priority to transportation infrastructure, such as highways, railways, marine transportation, and aviation, so as to form transportation networks as soon as possible. Second, governments should reduce tariffs in a practical manner and promote the development of a variety of cross-border trade. Finally, governments should improve tourism facilities, simplify customs formalities, and improve

service and quality, while at the same time emphasizing environmental protection, thus increasing tourism income.

Governments should strengthen the cultivation and utilization of talent, in order to improve their human resources. They should focus on the training of staff in customs stations, border inspection stations, and government departments, as well as those personnel engaged in cross-border trade and tourism.

According to the key needs of regional economic cooperation, it is important to establish investment and financing mechanisms and to optimize the legal environment. By these means, the support of international financial institutions can be obtained, the attention of more private investors can be attracted, and global investment companies can be encouraged to set up branches in the area, making it possible to make the most of the initiative of nearby countries and to set up a development bank and increased funding as soon as possible.