

## **The Busan Declaration 28 August 2009**

The Northeast Asia Economic Forum (NEAEF), in partnership with the Busan Metropolitan Government, convened the 18<sup>th</sup> annual Northeast Asia Economic Forum meeting in Busan, Republic of Korea, on 27-28 August 2009. Representatives from the People's Republic of China, Japan, Republic of Korea, Mongolia, the Russian Federation, the EU, and the United States met to take steps toward greater cooperation and integration among Northeast Asian nations. Busan, Republic of Korea, a port city with a long tradition as a vital economic hub for Northeast Asia, served as an excellent backdrop for discussing the opportunities for Northeast Asia to reemerge from a global crisis.

This year's annual conference was particularly important in developing a functional framework for cooperation, in line with continuous efforts that have been made for almost two decades, since the NEAEF launched its vision for a peaceful and prosperous Northeast Asia through regional economic cooperation and development. Much of the discussion in the Forum noted that the current environment provides opportunities to revitalize regional development and facilitate regional economic recovery.

The annual conference also provided another milestone toward a common goal of regional integration through productive discussion of vital themes within the Forum's sessions. The specific sessions focused on Cross-Border Transportation and Logistics Cooperation, Energy Cooperation in Northeast Asia, Green Energy Cooperation and Partnerships in Energy Efficiency and Conservation, Financial Cooperation in Northeast Asia and Steps towards a Regional Financial Institution for Cooperation and Development, and Communication and Contents Industries in Northeast Asia.

A dynamic opening ceremony included a statement delivered on behalf of President Lee Myung Bak of the Republic of Korea and noted the importance of the work of the Northeast Asia Economic Forum in providing direction for future regional economic development, especially the potential for NEAEF to act as a catalyst for multilateral functional cooperation. Congratulatory remarks were delivered by representatives of China (the former Vice Chairman of the Standing Committee of the People's Congress, PRC), Japan (Dr. Nakayama Taro, Member of the Diet and former Foreign Minister), Mongolia (a statement from the President of Mongolia), Russia, the EU and the USA. The keynote address was delivered by the Chairman of the Korean International Trade Association and of the G20 Summit Coordinating Committee of the Office of the President of the Republic of Korea, who stressed the importance of Northeast Asia's role in bringing rapid stability to the global economy.

The session on Cross-Border Transportation and Logistics Cooperation clearly identified the role that cross-border transport plays in localized regional development in the area. Talks on highway and rail transport underscored the need for greater financing to improve cross-border transport links, to develop regional transit hubs, and to standardize transit tariffs and documentation. This would benefit regional efforts to

develop more efficient bilateral and multilateral trade relationships and tie into a larger set of global networks for greater economic prosperity.

The session on Energy Cooperation in Northeast Asia showcased the opportunity for cross-border cooperation created by the new post-economic-crisis equilibrium in energy supply and demand. Global factors such as restructuring of energy markets, the problem of carbon emissions and global climate change, and a new US administration with a green energy and environment agenda suggest a significant opportunity to develop regional strategies to diversify sources of energy resources to meet a diverse profile of energy needs. These strategies should promote stability for the Northeast Asian region and continue to support the region's position as the fastest growing region of the world. It was proposed that Northeast Asia would likely continue to have growing demand for energy resources and that this demand would require significant investment in infrastructure in order to take advantage of real efficiencies in utilizing energy, as well as gaining access to new sources of energy.

The session on Green Energy Cooperation and Partnerships in Energy Efficiency and Conservation informed the participants about the new Green Growth Policy of the Republic of Korea. This policy proposes a new pathway that provides a solution to the issue of climate change, energy vulnerability and economic recovery. The session provided information on the tangible recent achievements within China in energy efficiency and reduction of greenhouse gas emissions. In addition, technological solutions, specifically the use of electricity within Japan, were offered as a significant pathway for energy efficiency and emissions reduction. Energy storage and smart-grid technology were identified as areas of particular promise. Finally, it was recognized by the session that Northeast Asia should feature its strength as a leader in Green Growth that is broadly defined as an approach that simultaneously promotes economic growth, quality of life, job creation and concern for the environment, especially the role of emissions in global climate change.

The session on Financial Cooperation and Development highlighted the role a Northeast Asian bank would play in the region in attracting sufficient capital for cross-border projects for Northeast Asia. It was noted that Northeast Asia is the only region in the world without a multilateral bank to serve it. It was noted that the NEAEF would be the ideal organization to organize and prepare relevant documents for policy makers and the general public. The research center for financial cooperation under the leadership of NEAEF is located at Nankai University. The presentations and comments provided tangible and functional approaches to create a multilateral development bank. There was also discussion about Free Trade Agreements (FTAs) among the countries of Northeast Asia and this how they might affect Northeast Asian economic cooperation.

The session on Communication and Contents Industries in Northeast Asia featured a new direction for the NEAEF annual forum. The communication and contents industries are becoming a significant engine of growth for Northeast Asia and are moving from a regional to a global commodity. Significant synergy may be possible for

cooperation within Northeast Asia for the communication and contents industries in the face of technological changes.

A major topic that the participants discussed throughout the conference is the timing, structure and financing requirements for establishing a Northeast Asian Bank for Cooperation and Development (NEABCD). The regional bank is seen as an ideal regional and multilateral vehicle for capitalizing cross-border infrastructure development projects.

It was announced that the Government of Mongolia has invited the Forum to Ulaanbaatar, which will be the venue for the 19<sup>th</sup> Northeast Asia Economic Forum next year.

Forum participants expressed appreciation for the support provided by the Freeman Foundation and other cooperating institutions for the Young Leaders Program, now in its fourth year, that features Fellows from the People's Republic of China, Japan, Republic of Korea, Mongolia, the Russian Federation, and the United States. The Fellows' attendance contributed to the Forum's goal of ensuring a long-term future of cooperation and integration in Northeast Asia.

The NEAEF expressed its gratitude to the Busan Metropolitan Government for hosting and providing generous support for the Forum's annual conference in Busan. The NEAEF also expressed its gratitude to the Northeast Asia Center for Regional Innovation of Pusan National University, to Dong-A University, and to other cooperating institutions for their assistance with the Forum conference and the Young Leaders Program in Busan.

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