

The Changchun Statement

Jilin University, Changchun, China, 12 August 2016

The 2016 Northeast Asia Economic Forum (NEAEF) was held in Changchun, Jilin Province, China from August 10-12, 2016. Hosted by Jilin University and its Northeast Asian Studies College and Center for Northeast Asian Studies, leaders and experts from China, Japan, Mongolia, Russia, The Republic of Korea, The United States, and the European Union gathered to advance the NEAEF mission of facilitating research, networking, and dialogue relevant to the economic and social development of Northeast Asia. The 2016 Forum addressed themes covering Jilin Province's role in regional economic development and cooperation, China's Belt and Road Initiative (BRI), cross-border infrastructure and special economic zones, tourism cooperation, building an economic community, financial cooperation, energy, and the environment – all within the context of Northeast Asia, one of the most dynamic regions in the world.

Dr. Cho Lee-Jay, Chairman of the NEAEF, officially opened the Forum, warmly welcoming the distinguished participants and noting its return to Changchun, one of the birthplaces of the Forum 25 years ago. This was followed by the welcoming remarks of Yang Zhenbin, Secretary of the CPC Committee of Jilin University who highlighted the University's importance to the themes of the forum and cooperation in Northeast Asia more broadly. Jiang Zhenghua, Former Vice-Chairman of the Standing Committee of the National People's Congress of China, Park Kwan-Yong, Former Speaker of the National Assembly of the Republic of Korea, and Stephen Cowper, Former Governor of Alaska also added generous congratulatory remarks to conclude an enthusiastic and high profile opening ceremony.

The Keynote Address of the 2016 NEAEF, "Promoting a Northeast Asia Economic Community", was delivered by Tsuyoshi Yamaguchi, Member of the House of Representatives and Former Deputy Minister of Foreign Affairs of Japan. Mr. Yamaguchi set a challenging tone for the Forum, noting the recent tide of events including the United Kingdom voting to leave the European Union and trends in the United States election process that have been undermining faith in regional cooperation. However, he ended with optimism about the potential of a Northeast Asian Economic Community, encouraging all participants to continue hard towards this vision and articulating some potential instruments of progress such as continued free trade negotiations and a Northeast Asia Development Bank (NEADB).

The opening session, titled "Jilin Province's Economic Development and Northeast Asia Regional Cooperation in the Context of the 'One Belt, One Road' Initiative," opened with a discussion of the BRI as an example of a comprehensive, multilateral, and systematic platform for cooperation that was inclusive and different from typical regional organizations, involving both bilateral and multilateral economic cooperation. The BRI initiative also has the potential to connect with and build upon other regional organizations such as the Greater Tumen Initiative (GTI) and APEC. With its key position in Northeast China, Jilin Province may play a key role in connecting other Russia, Japan, and North and South Korea to the historic Silk Road trading route that the BRI aims to better integrate. There will be challenges including China's slowing economic growth and the difficulty of financing projects in Northeast China, and work will be needed to overcome political, economic, and cultural bottlenecks that have limited concrete advancement of cross-border trade in Northeast China particularly.

The second session on "Cross-Border Infrastructure and Special Economic Zones in Northeast Asia" began with several presentations on two examples of Special Economic Zones (SEZs) in North Korea, namely Rason and Kaesong. The close links between economic development of North Korea and its military program were discussed, as well as

the potential for SEZs to contribute to economic development, higher wages, improved communications, and manufacturing infrastructure. Rason provides an example of the importance of maintaining cooperation between China and North Korea to ensuring success in jointly managed zones, in contrast with Kaesong, which was recently closed due to political tensions between North and South Korea. The session continued with a presentation on shipping and logistics in Northeast Asia, which outlined areas in which express container shipping, customs procedure integration, and coordinated information systems can greatly improve the integration of regional economies. Discussants commented on the ability for Mongolia to facilitate discussions, potential for Russia providing energy across borders, and the further development of cross-border infrastructure and SEZs.

The third session on “Future Tourism Cooperation in Northeast Asia” explored some key issues in promoting both inbound and outbound tourism especially in Japan, China, and North and South Korea. Japan’s recent campaigns to increase inbound tourism were presented, as well as key steps for tourism activation, such as developing customized itineraries and products, alliances between different modes of transportation, simplifying travel documentation and visa procedures, greater seasonal attentiveness, and improving human resources for local tourism including language and cross-cultural training. The Tumen River has many assets that have not been developed for tourism, and more research will be necessary to unlock the potential of the intersection of natural beauty and intersecting cultures in this area. It will also be important to determine how the modern integrated resort, which includes regulated gaming, can be responsibly developed in the interest of stimulating local economies while managing competition across the region. Discussants recognized the importance of conducting investment in tourism infrastructure in a realistic and market research-based way in order to avoid overinvestment or wasted resources.

The fourth session continued discussion on the theme of “Building a Northeast Asia Economic Community.” Presenters varied in their optimism about the likelihood of major progress towards this in the short-term, but united in their view that it is a dream worth fighting for and continuing to work for into the future. Recent regional development plans such as China’s BRI initiative, Republic of Korea’s Northeast Asia Peace and Cooperation Initiative, Russia’s Eurasian Economic Community, and Mongolia’s Steppe Road emerged from discussions as key building blocks to be harnessed, and presenters shared a number of national perspectives on the issues. Other points of emphasis included promoting people-to-people communication and advancing China-Japan-Republic of Korea relations, which lie at the heart of Northeast Asia relations, particularly through the tripartite FTA that remains under negotiation. The ramifications of international trends were also debated, with many interesting proposals emerging. For example, the possibility of Northeast Asia using economic cooperation with the European Union as a tool to incentivise the United States to re-engage with global economic integration should election results push it towards insularism.

The fifth session explored “Financial Cooperation in Northeast Asia.” Much of the discussion focused on the potentiality of the region to build new institutions of financial cooperation in addition to pre-existing institutions such as the ADB and AIIB. The concept of the NEADB has been a core concern and topic at the Forum for more than a decade, and the presenters made a strong case for why such a bank would foster mutually complementary relationships and enable sustainable economic growth in the region. Particular emphasis was placed on distinguishing the NEADB from other transnational development banks, and clarifying its mission. Significant hurdles arose in multiple presentations, including tensions surrounding North Korea’s nuclear program, uncertainty in global financial markets, uncertainty regarding callable capital, and difficulty avoiding national interest in building the bank’s governance system. Other topics that were discussed comprised the possibility of lending to

sub-sovereign infrastructure projects, how to identify projects that were bankable, how to increase limits on risk for development banks, and the importance of financial cooperation in promoting regional economic and political cooperation. The consensus was that planning for the NEADB should continue in spite of recent political setbacks, and research should be conducted through transnational collaborations to ensure multilateral buy-in and feasibility, principally, through Research Center for Financial Cooperation in Northeast Asia.

The sixth and final session examined “Energy and Environment in Northeast Asia.” A topic of crucial importance because of the region’s fossil fuel dependence and acute environmental challenges, presenters emphasized international trends such as low oil and gas prices as well as particular issues facing the domestic economies of Northeast Asian countries. Hawaii provided an example of how ambitious targets for renewable electricity generation can be achieved and Japan offered insights into the unique challenge of balancing nuclear energy with both safety concerns and greenhouse gas emission reductions. Crosscutting themes that emerged included the drivers and barriers to renewable energy adoption, equity concerns, the importance of appreciating the broader energy management landscape beyond just electricity generation, and how the private sector can be leveraged to drive innovation across the region. Discussants agreed that the future of energy in Northeast Asia remains uncertain and that regional cooperation will be crucial to promote sustainable development that both meets growing energy demand and addresses environmental challenges such as climate change.

In the closing ceremony, Dr Cho Lee-Jay thanked all of the Forum’s participants for their open discussions and thoughtful presentations. He shared his optimistic perspective for the future of the Forum and wished for its continued contribution to regional peace and prosperity.

In spite of the many challenges in a very complex region, the conference ended on a high note, providing a renewed sense of commitment to pursuing a multilateral strategy focusing on greater functional economic cooperation in the Northeast Asia community.

Forum participants expressed appreciation for the support provided by the Freeman Foundation and other sponsors of the Young Leaders Program, now in its eleventh year. This year’s Young Leaders Program fellows represented the People’s Republic of China, Japan, Republic of Korea, Mongolia, the Russian Federation, the United States, and the European Union. The program anticipates that the fellows’ attendance in the Forum will contribute to ensuring a long-term future of cooperation and friendship in Northeast Asia.

The Forum represented further progress towards the NEAEF goals and promoting understanding and relations among the peoples of Northeast Asia, North America and Europe. In doing so, NEAEF expresses its sincerest gratitude to Jilin University and all volunteers, participants, partners, and cooperating institutions such as the Korean Institute for International Economic Policy, Korea Asia Pacific Institute, Japan Bank for International Cooperation, Japan Electric Power Information Center, HITACHI, China Asia Pacific Institute, Research Center for Financial Cooperation in Northeast Asia, China Renewable Energy Society, Tianjin Municipal Government, Northeast Asia Tourism Forum, Track2Asia, and the International Expert Committee on Population Ageing and Longevity.