

The Hong Kong Statement

26th Annual Conference of the Northeast Asia Economic Forum
Held at The University of Hong Kong, Hong Kong, China
16-18 August 2017

The 26th Annual Northeast Asia Economic Forum (NEAEF) was held in Hong Kong, China, from 16-18 August 2017. The event was hosted by the Institute for China and Global Development (ICGD) at the University of Hong Kong. Participants from China, Japan, Mongolia, Russia, the Republic of Korea, the United States, and the European Union gathered to advance the NEAEF's mission of facilitating research, networking, and dialogue relevant to the economic and social development of Northeast Asia.

The 2017 Forum addressed various issues and themes, starting with the first session on China's Belt and Road Initiative (BRI), in the context of cross-border economic cooperation and infrastructure developments in Northeast Asia, including the Korean Peninsula. The following sessions examined regional tourism trends and prospects, economic and financial cooperation, and energy and environmental issues. Speakers and participants agreed on the emerging role of Northeast Asian countries given the challenges of recent years: the rise of populism and nationalism in world politics, a wave of protectionism in global trade relations, and intensification of security concerns in the Asia-Pacific region.

Dr. Lee-Jay Cho, Chairman of the NEAEF, officially opened the Forum, warmly welcoming the distinguished participants. He noted Hong Kong's success as a major finance and trade nexus as a model for the development of institutions for Northeast Asian financial cooperation. Next, Wang Shuzu, former Vice Mayor of Tianjin, China, spoke on the role of the NEAEF in promoting regional cooperation and collaboration in Northeast Asia. Park Kwan-Young, former Speaker of the National Assembly of the Republic of Korea, noted the importance of the NEAEF for problem-solving in Northeast Asia. Stephen Cowper, former Governor of Alaska, discussed the Forum's impact on the process of creating solidarity in the region. Pavel Minakir, Academician in the Far East Branch of the Russian Academy of Sciences, touched upon the space for development for the NEAEF, highlighting the importance of removing language barriers between Northeast Asian nations. The Mongolian Ambassador to the Republic of Korea, Ganbold Baasanjav, concluded the opening remarks, describing the role of the NEAEF as a vanguard for establishing the regional architecture of economic cooperation. He cited the Forum as a factor in strengthening Mongolia's eagerness to participate in integrative processes in Northeast Asia.

The Keynote Address of the 2017 NEAEF was delivered by Kawamura Takeo, Former Chief Cabinet Secretary, Member of the House of Representatives of Japan. Mr. Kawamura mentioned the diversity among Northeast Asian countries and described the consequent challenges and opportunities. Mr. Kawamura expressed deep hope for the great potential of the Northeast Asian region in terms of geographical position and economic advantages. He also emphasized the role of regional cooperation initiatives, such as China's BRI and Japan's "Partnership for Quality Infrastructure." Mr. Kawamura stressed the importance of cross-border infrastructure development, trade and economic cooperation, and solving diplomatic and political issues between countries.

The first session, titled "China's Economic Development and Northeast Asian Regional Cooperation in the Context of the Belt and Road Initiative (BRI)," was chaired by Liu Lanbiao, Associate Dean, School of Finance, Nankai University, China. Zhang Jianping, Director General of the Center for Regional Economic Cooperation, and Liu Ming, Secretary

General of the China Asia-Pacific Institute, presented on the premises of China's economic growth and its influence on its current market position both regionally and internationally. The key goal of the BRI, they explained, as a principal strategy of the Chinese government since 2013, is to build intraregional connections in five directions—infrastructure, policy, trade, capital, and cultural cooperation—with infrastructure currently representing the leading priority. The BRI also aims to strengthen peace, cooperation, and mutual learning in the world. Implementing the BRI has demanded common effort from various nations involved, especially in terms of market openness and mutual respect. The presenters also stressed the importance of two other major strategies of China: the Free Trade Pilot Zone and the Beijing-Tianjin-Hebei-Xiong'an Special Economic Zone. All strategies require cooperation in the Northeast Asian region. Northeast Asian countries should take advantage of such opportunities and promote such cooperation.

The second session, on “Future Tourism Cooperation in Northeast Asia,” explored recent challenges and achievements in the region's tourism industry. The session was co-chaired by Dr. Lee-Jay Cho and Mead Treadwell, former Lieutenant Governor of Alaska. The presenters were Bo Bernhard, Executive Director, International Gaming Institute, University of Nevada Las Vegas; S. Ray Cho, Research Assistant at the International Gaming Institute, University of Nevada Las Vegas; and Andrew Oh, Director of Paradise Future Research, Korea. They outlined the specifics of the tourism industry in Northeast Asia, including the rising middle class and the impact of financial and security issues on the development of tourism in the region. The gaming and hospitality industries have large potential in Northeast Asia, provided that development is carried out in a cooperative and responsible way. The countries of the region can look to the success of integrated resorts (IR) in Las Vegas and Macau as potential models for developing infrastructure to increase tourist flows. Glenn McCartney, Associate Professor in International Integrated Resort Management, Acting Associate Dean of School of Hospitality, University of Macau, spoke on the case of Macau and its successful development of the IR model.

The third session, on “Cross-border Infrastructure and Special Economic Zones in Northeast Asia,” was co-chaired by Dr. Lee-Jay Cho and Glyn Ford, Former Chairman of the East Asia Policy Committee of the EU Parliament. This session started with a discussion of issues in North Korea (NK). Although Korean unification talks have been taking place for many years, it was noted that currently, political “games” prevail over economic recovery and development needs for NK. The presenters discussed the establishment of special economic zones (SEZ) in NK and collaborative efforts by other Northeast Asian countries to implement bilateral development projects with NK. The last part of the session was devoted to discussion of interregional logistic connectivity in Northeast Asia. The benefits of improving regional logistics systems are clear and relate to three trends: regionalization of supply chains, transformation from production-driven to market-driven collaboration, and the shift from a hub-and-spoke system to a point-to-point system. Currently, the nearly 20 seaports in China, Japan, and Korea are connected through a single hub-and-spoke system, and there is a strong need for other Northeast Asian countries to integrate into this existing infrastructure.

The fourth session focused on the theme of “Building a Northeast Asian Economic Community and Its Extended Regions.” It was chaired by Lee Chang Jae, Visiting Senior Fellow at the Korea Development Institute and Former Vice President of the Korea Institute for International Economic Policy. Presenters included Jeong Hyung-Gon, Vice President of the Korea Institute for International Economic Policy; Guo Yanjun, Director of the Trilateral

Cooperation Study Center at China Foreign Affairs University; Pavel Minakir; Ganbold Baasanjav; and Glyn Ford.

Speakers discussed the potential of deeper economic integration in the region following the example of ASEAN and European Union countries. The speakers emphasized the importance of solving political tensions between the countries of Northeast Asia. The discussants, included Kilaparti Ramakrishna, Head of the UNESCAP-ENEA Office, and Sergey Sevastianov, Director of the Asia Pacific International Institutions and Multilateral Cooperation Studies Center of the Oriental Institute-School of Regional and International Studies, Far Eastern Federal University, Russia. They agreed that the number of integrative initiatives in the region should be expanded in a timely fashion and that the success of these initiatives will be vital for the joint sustainable development of Northeast Asian countries. The panel members also cited internal challenges in each country of the region as significant obstacles to pursuing the path of cooperation.

The fifth session, on “Financial Cooperation in Northeast Asia,” was co-chaired by Dr. Lee-Jay Cho and Wang Shuzu. The presenters included Maeda Tadashi, Representative and Chief Executive Officer, Japan Bank for International Cooperation; Lee Jai-Min, Professor, Korea Maritime University and Former Vice President of the Korea Export-Import Bank; Stanley Katz, Former Executive Vice President of the Asian Development Bank; and Li Zeguang, Chair of the Department of International Finance, Nankai University, China. The presentations focused on the BRI, the Trans-Pacific Partnership (TPP), and bilateral ties between the countries of Northeast Asia. Speakers discussed the prospects of the Northeast Asian Development Bank (NEADB) and admitted that the political issues facing this important project have thus far prevented it from being established. Stanley Katz put this in the context of political events involving other regional banks including the AIIB and the ADB. The discussants, included Hong Jae Hyung, Former Deputy Prime Minister and Minister of Finance, Republic of Korea; Chiba Yasuhiro, Vice Chairman of the Northeast Asian Studies and Exchange Network, Japan; and Zhang Xiaoyan, Former Secretary General of the Tianjin Municipal Government, China. They suggested that bilateral financial cooperation between Northeast Asian countries represents the best interim solution due to simpler procedures to raise financial support for investment projects. Public-private partnerships here seem to be an efficient approach, since the majority of investment projects in the region concern infrastructure development. A recent agreement on the creation of the Russia-Japan Investment Fund (between the Japan Bank for International Cooperation and the Russian Direct Investment Fund) was mentioned as a positive example of bilateral financial cooperation in Northeast Asia.

The sixth session, on “Energy and Environment in Northeast Asia,” was co-chaired by Stephen Cowper and Kim Kyung Sool, Senior Research Fellow at the Korea Energy Economics Institute. Presenters included Mead Treadwell, Former Lieutenant Governor of Alaska; Yoo Haksik, Associate Research Fellow at the Korea Energy Economics Institute; Inuma Yoshiki, Director of the Research Department, Japan Electric Power Information Center; Terry Surles, Interim Energy Administrator at the Hawai‘i State Energy Office; and Tarui Nori, Associate Professor of Economics at the University of Hawai‘i at Mānoa. These experts provided an overview of energy project proposals and coordinating mechanisms as they relate to the ‘North,’ specifically the Arctic and the implications for Northeast Asia. The session also provided an overview of energy markets and policies in Japan, Korea, and China, including the role of nuclear power, greenhouse gas emission targets, and the remarkable growth rate of renewables in parts of the region, as well as the support policies that are

encouraging this growth. Terry Surlles emphasized that, in spite of current rhetoric, US energy policy is primarily determined at the state level. Participants underscored that seeking greater efficiency is the most cost-effective approach to solving energy problems.

Acknowledgments

The NEAEF offers its sincere appreciation to this year's host, the Institute for China and Global Development at the University of Hong Kong. The Forum is most grateful to the Korean Institute for International Economic Policy for their active cooperation and support. Deep appreciation is extended to the China Asia-Pacific Institute, and the Korea Energy Economics Institute for their support and contributions. Special thanks also go to the Korea Asia-Pacific Institute, the Japan Bank for International Cooperation, the Japan Electric Power Information Center, Nankai University, Track2Asia, and UNESCAP for East and North-East Asia.

The NEAEF would like to specially thank the Freeman Foundation for its continuous financial support for the Young Leaders Program and also appreciates the University of Hawai'i College of Social Sciences for its cooperation. The Forum would like to express its deepest gratitude to all participants in its 26th meeting and looks forward to another successful year of progress toward promoting its mission of peace and prosperity in Northeast Asia and globally.