

# **Part I: Opening Remarks**

## **Opening Remarks**

Vladimir Sergeyevich Kuznetsov

Dear friends!

Our conference entitled "Regional Economic Cooperation in Northeast Asia" is being held in a remarkable time. The world economic order based on separation of humankind into two opposing systems has collapsed. There are global changes in international political relations from rigorous principles of military security to economic cooperation.

At the present time three regional world trade economic centers are being formed: North America, Europe, and APR (Asia—Pacific Region). In this process, Russia is taking a unique geographical, cultural, and historical position. Russia is a Euro—Asian country which through its trade routes connects Europe and Asia. The city Vladivostok is the doorway of Russia and Europe to the Pacific coast. This is its main advantage. Our common task is to open this doorway wider. Of great significance is enhancing economic and cultural cooperation with the northern provinces of China and the People's Democratic Republic of Korea. We will support the project of establishing an international free-trade zone known as "The Golden Delta of Tumenjiang" which will make the Sea of Japan accessible to both China and Mongolia. The land transport routes in this region will enhance connection of these territories with the Republic of Korea. Possibly, this project will serve as the basis for building linkages connecting Seoul—Changchun—Vladivostok—Moscow—Rotterdam.

We are sure that, in the 21st century, the countries of Northeast Asia (APR) will become a very dynamic region. For instance, the outlet for China and Mongolia to the Sea of Japan through the Tumenjiang international zone will facilitate integration

processes in Northeast Asia. This will allow participating countries in this project to create an effective market and overcome domestic economic and political difficulties.

We appreciate the interest that the industrial countries of the Pacific Region (Japan, the U.S., and the Republic of Korea) have taken in us. Their desire to help with our development, to overcome problems, and to share expertise in different spheres is emphasized by the great number of delegations at different levels and by the growing number of economic, scientific, and cultural contacts. Since the opening of the city of Vladivostok this process has significantly increased. One of its shining examples is today's conference initiated by our American, Japanese, and Korean friends.

The process of creating a new civilization, an open society, is possible along with the aspiration for mutual understanding and cooperation. The regional community in Northeast Asia has its own model for constructing a regional Northeast Asian civilization of a new type, the aim of which is to achieve prosperity in this region. I wish the participants of this conference—the scientists, the diplomats, and the businessmen—to work out a common view of the problems, and to find effective ways for their solution. This union of scientists, politicians, and businessmen is the basis for new prosperity. The Administration of the Primorye Krai will exert its maximum effort to strengthen and develop this new union further. I wish you all success and a fruitful endeavor!

# Opening Remarks

Lee—Jay Cho

On behalf of the Northeast Asia Economic Forum, I would like to extend to everyone a warm welcome to this conference on regional economic cooperation, held in this beautiful city of Vladivostok. This conference was planned by the Northeast Asia Economic Forum, in collaboration with the East—West Center in Honolulu, Hawaii. It is being hosted by the provincial government of Primorye. Financial support for this conference has been received from the Sasakawa Peace Foundation of Japan, the Korean Traders Association, and the Korean Institute for Economics and Technology, and their support is greatly appreciated. I would also like to acknowledge the contributions made by the conference implementation committee of Japan (chaired by Dr. Kanamori), which has financed and made possible the participation of a large Japanese delegation.

Only three years ago, the East—West Center and the Far Eastern Branch of the Soviet Academy of Science jointly sponsored an important meeting in the cities of Vladivostok and Nakhodka. That conference focused on the Japan Sea and Okhotsk Sea, with participants from the People's Republic of China, Japan, the USSR, North and South Korea, and the United States. At that conference, regional economic cooperation affecting coastal areas of Northeast Asia was discussed.

Shortly afterward, a major international conference sponsored here in Vladivostok by the Soviet foreign ministry and the Soviet Academy of Science. The theme of the conference was "Peace, Cooperation and Dialogue", and I had the honor of chairing a round—table discussion on regional functional cooperation. In the subcommittee report, regional economic cooperation was proposed for the area around the Tumen River basin.

Two years ago, in 1990, the historic Changchun Conference was hosted by the Jilin provincial government in Changchun, China, with sponsorship by the East—West Center and China's Asia—Pacific Institute. The theme of that conference was "Regional Economic Cooperation in the Coastal Areas of Northeast Asia", and a major focus was the development of the Tumen River basin (the Golden Delta).

Last year, when the Changchun Conference II took place, six participating countries—including the Democratic People's Republic of Korea (DPRK)—reaffirmed the importance, desirability, and potential benefits of regional cooperation in Northeast Asia, and in the Tumen River basin in particular. The DPRK's formal expression of their interest and support for this project was remarkable. The Changchun Conference II resulted in the Changchun Initiative, establishing the Northeast Asia Economic Forum, to promote the non—governmental dialogue and

research that are so important to the identification and development of concepts and prospects for economic cooperation and development in this region. Equally important is the building of a sense of community among scholars, policy-makers, and businessmen for this great undertaking.

This year, under the auspices of the Northeast Asia Economic Forum, an international conference on the Tumen River basin and Northeast Asian economic cooperation was held in Pyongyang, from 28 April to 3 May. The Pyongyang conference can be regarded as a landmark in the sense that North Korea, for the first time in recent history, hosted this type of meeting and allowed foreign participants to visit the area encompassing the mouth of the Tumen River and the three nearby seaports of Chongjin, Rajin, and Sonbong.

The Northeast Asian region is characterized on the one hand by differences in the level of economic development, ranging from the highly advanced economy of Japan to the economic backwardness of Mongolia. On the other hand, the region has been divided in the past by ideological differences: the socialist versus capitalist economic systems. The differences in the stages of development that have been attained by these countries can serve as a basis for mutual interaction and dynamic growth, like the growth that has been experienced by the developed East Asian countries during recent decades. In this regard, given the natural resources, human resources, capital, and technology available in this region, and if the vagaries of history had seen fit to make this region one country, that country could easily have become one of the world's premier economic powers.

Recently, there has been a trend of political and economic decentralization in most of the countries in the region. As the local governments increase their authority, they will play a greater role in regional economic cooperation. Especially in the case of Japan, the role of the provincial governments will be extremely important in promoting the development of hitherto neglected Japanese provinces facing the Sea of Japan, in the context of the Tumen River basin development. By involving local governments and the private sector in this development, creative ways may emerge to generate and transfer the necessary capital and technology needed to develop the economic infrastructure of the Tumen River basin.

Despite the potential of the region, however, it is the differences themselves—namely, the past and current ideological and economic system differences—that continue to make difficult the dynamic interaction process that will lead to rapid economic growth. The ideological barriers of the past are rapidly crumbling. The institutional barriers, values, perceptions and attitudinal differences that have been built and formed during recent history still stand high. But they cannot long withstand the prevailing global trend in the direction of a global and borderless economy and the inexorable march toward regional and inter—regional economic cooperation.

Regardless of whether a country had a socialist system in the recent past or still follows this economic model, a simple transplant of the market economy will not work, because of the tremendous weight of "institutional drag". Time and effort are required for the necessary institutional and social adjustments to be made. For example, the region's human resources and labor are plentiful. But national and institutional barriers prevent mobility and migration across national and provincial

boundaries. A creative way must be found to make institutional arrangements for the necessary migration of labor, which in turn will help to realize great economic gains for the countries involved.

Our challenge in this conference, and in the years to come, is to think, discuss, and work together, to reduce or pull down the old barriers, and to seek new ways to facilitate the movements of people, labor, goods and services across national boundaries, including transfers of capital and technology. Successful economic development will benefit all the people of this region. I believe the currents and rhythm of history are with us and will help us to meet this great challenge.