Regional Economic Cooperation under the Framework of the Greater Tumen Initiative

High-Level International Workshop on
“WTO Agreement on Trade Facilitation: Implications for LLDCs”
Ulaanbaatar, Mongolia, 2-3 June 2014

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Outlines of the Presentation

1. Greater Tumen Initiative
2. Key Economic Sectors for Cooperation
3. Case one: Transport Corridor Study
4. Case two: Trade Facilitation Study
5. Case three: Multi-Destination Tourism Study
6. Regional Cooperation for LLDCs
The **Greater Tumen Initiative (GTI)**, originally known as the Tumen River Area Development Programme, is a unique intergovernmental economic cooperation mechanism in NEA, supported by the United Nations Development Programme (UNDP), with four members: China, Mongolia, ROK and Russia.

<table>
<thead>
<tr>
<th>China</th>
<th>Mongolia</th>
<th>Republic of Korea</th>
<th>Russian Federation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northeastern provinces:</td>
<td>Eastern aimags</td>
<td>Eastern ports:</td>
<td>Primorsky Territory</td>
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<td></td>
<td>(provinces):</td>
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<tr>
<td></td>
<td>- Heilongjiang</td>
<td>- Busan</td>
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<td></td>
<td>- Inner Mongolia</td>
<td>- Sokcho</td>
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<td>- Jilin</td>
<td>- Ulsan</td>
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<td></td>
<td>- Liaoning</td>
<td>- Pohang</td>
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<td></td>
<td>Sukhbaatar</td>
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</table>
Greater Tumen Initiative

**Vision**
- Building a great partnership for common prosperity between neighbors
  *In specific terms, the member countries aim to create a growth pole for development in the NEA region, and make the Greater Tumen Region (GTR) an attractive region for investment*

**Mission**
- Increase mutual benefits and common understanding
- Strengthen economic and technical cooperation
- Attain sustainable development
Greater Tumen Initiative

**TRADP**

- **UNDP regional programme**
  - 1990
  - Tumen Delta SEZ
  - 1991, Tumen River Area Development Programme (TRADP) initiated by UNDP

**GTI**

- **Intergovernmental Economic Cooperation Platform**
  - 1995
  - Signing a formal agreement on the establishment of the intergovernmental mechanism among 5 members incl. DPRK
  - Members assuming full ownership
  - Geographic Scope expanded
  - Strategic Action Plan (SAP) for 2006-2015 adopted

- **Post-GTI**
  - 2005
  - Members assuming full ownership
  - Geographic Scope expanded
  - Strategic Action Plan (SAP) for 2006-2015 adopted

- **2011~2013**
  - Complete Strategic Review
  - Institutional Setup for Projects
  - Completion of Baseline Studies & Action Plan for Priority Areas
  - Local Cooperation Committee
  - EXIM Banks Association
  - Revised SAP for 2012-2015
Greater Tumen Initiative

Chairperson

GTI Consultative Commission
\textit{(Minister level)}

National Coordinators

GTI Secretariat

- Transport Board
- Trade Facilitation Committee
- Tourism Board
- Environmental Board
- Energy Board

\textbf{China: Ministry of Commerce}
\textbf{ROK: Ministry of Strategy and Finance}
\textbf{Mongolia: Ministry of Finance}
\textbf{Russia: Ministry of Economic Development}

- NEA Local Cooperation Committee
  GTI countries + Japan
- NEA EXIM Banks Association
- Business Advisory Council

\textbf{NEA Local Cooperation Committee}
\textbf{GTI countries + Japan
Key Economic Sectors Cooperation

Priorities of GTI cooperation
- Transport
- Tourism
- Trade & Investment
- Energy
- Environment

Priority projects & activities
- capacity building
- research & studies
- policy advisory
- knowledge-sharing
### Institutional Setup for Project Implementation

<table>
<thead>
<tr>
<th>Institutional Structures</th>
<th>Year of Establishment</th>
<th>Meetings Concluded</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transport Board</strong></td>
<td>2009 (10th CC)</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; Meeting: June 2010, Busan</td>
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<td></td>
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<td>2&lt;sup&gt;nd&lt;/sup&gt; Meeting: July 2012, Sokcho</td>
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<td>3&lt;sup&gt;rd&lt;/sup&gt; Meeting: August 2013, Vladivostok</td>
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<td>4&lt;sup&gt;th&lt;/sup&gt; Meeting: June 2014, Arshan</td>
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<tr>
<td><strong>Trade Facilitation Committee</strong></td>
<td>2010 (11th CC)</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; Meeting: Nov 2011, Beijing</td>
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<td>2&lt;sup&gt;nd&lt;/sup&gt; Meeting: Oct 2012, Seoul</td>
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<tr>
<td></td>
<td></td>
<td>3&lt;sup&gt;rd&lt;/sup&gt; Meeting: August 2013, Ulaanbaatar</td>
</tr>
<tr>
<td><strong>Tourism Board</strong></td>
<td>2007 (9th CC)</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; Meeting: June 2008, Seoul</td>
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<td></td>
<td></td>
<td>2&lt;sup&gt;nd&lt;/sup&gt; Meeting: Sept 2009, Changchun</td>
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<td></td>
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<td>3&lt;sup&gt;rd&lt;/sup&gt; Meeting: May 2010, Vladivostok</td>
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<td>4&lt;sup&gt;th&lt;/sup&gt; Meeting: Aug 2011, Ulaanbaatar</td>
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<td>5&lt;sup&gt;th&lt;/sup&gt; Meeting: Sept 2012, Hunchun</td>
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<td>6&lt;sup&gt;th&lt;/sup&gt; Meeting: June 2013, PyeongChang</td>
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<td>7&lt;sup&gt;th&lt;/sup&gt; Meeting: May 2014, Vladivostok</td>
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<tr>
<td><strong>Energy Board</strong></td>
<td>2007 (9th CC)</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; Meeting: Sept 2009, Ulaanbaatar</td>
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<tr>
<td></td>
<td></td>
<td>2&lt;sup&gt;nd&lt;/sup&gt; Meeting: May 2013, Vladivostok</td>
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<td></td>
<td></td>
<td>3&lt;sup&gt;rd&lt;/sup&gt; Meeting: June 2014, Ulaanbaatar</td>
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<tr>
<td><strong>Environmental Board</strong></td>
<td>2007 (9th CC)</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; Meeting: June 2011, Beijing</td>
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<td></td>
<td></td>
<td>2&lt;sup&gt;nd&lt;/sup&gt; Meeting: Sep. 2014,(tbc)</td>
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### Selected Projects by Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Projects Implemented</th>
</tr>
</thead>
</table>
| Transport       | - TRED A Transport Forecast Study (1997-1999)  
                    - Pre-Feasibility Study for Mongolia-China Railway (1997-1998)  
                    - Rajin-Wonjong Road Pre-Feasibility Study (2001)  
                    - Integrated Transport Corridor Study (2012)  
                    - NEA Sea-land routes evaluation Study (2012~)  
                    - 2nd round of Transport Corridor Study (2013~, Financing; Software support) |
                             - GTR Comprehensive Trade Facilitation Study (2013~) |
| Tourism         | - Mt. Paekdu/Changbai Tourism Study (1998-1999)  
                             - Multi-destination Tourism (MDT) Study (2013) |
                             - Energy Capacity Building Enhancement programme (2013~) |
| Environment     | - Survey of Leopard and Tigers in Jilin Province (1998)  
                             - Jilin Pulp and Paper Mills Pre-Feasibility Study (2002)  
                             - Musan Iron Ore Mine Pre-Feasibility Study (2000-2005)  
                             - Tumen River Area Water Quality Assessment (2010) |
## Selected Projects by Activity Type

<table>
<thead>
<tr>
<th>Type of Projects</th>
<th>Projects Implemented</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>➤ Capacity Building Program for Local Governments (2011)</td>
</tr>
<tr>
<td></td>
<td>➤ International Capacity Building Program of Trade Facilitation (2012~)</td>
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<tr>
<td></td>
<td>➤ GTI-ROK Customs Joint Capacity Enhancement Training Workshop (2012~)</td>
</tr>
<tr>
<td>Seminars &amp; Workshops</td>
<td>➤ GTI Transport Workshop (2009)</td>
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<tr>
<td></td>
<td>➤ 2nd Scientific Workshop for the Feasibility Study of Tumen River</td>
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<tr>
<td></td>
<td>Water Protection Project (2011)</td>
</tr>
<tr>
<td>Studies, Surveys and Research</td>
<td>➤ Rajin-Wonjong Road Feasibility Study (2005)</td>
</tr>
<tr>
<td></td>
<td>➤ Survey on Zarubino Port Cargo Turnover Outlook (2010)</td>
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<tr>
<td></td>
<td>➤ GTI Tourism Visa Study (2010)</td>
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<tr>
<td></td>
<td>➤ Feasibility Study on Rajin(DPRK)-Khasan(Russia) Dev't Project(2013~)</td>
</tr>
<tr>
<td>Guides and Promotional Publications</td>
<td>➤ Economic Outlook of the Northeast Asia Region (2009-2010)</td>
</tr>
<tr>
<td></td>
<td>➤ GTI Tourism Guide in 5 languages (2011)</td>
</tr>
</tbody>
</table>
## Partnership Development

<table>
<thead>
<tr>
<th>Category</th>
<th>Partners/Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UN Agencies</strong></td>
<td>UNDP, UNIDO (UN Industrial Development Organization), UNWTO (World Tourism Organization), GEF (Global Environment Facility), UN/ESCAP</td>
</tr>
<tr>
<td><strong>International Organizations, Development Banks</strong></td>
<td>ADB (Asian Development Bank), GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit), WTO</td>
</tr>
<tr>
<td><strong>Member Countries</strong></td>
<td>ROK (via UNDP-ROK Trust Fund), China (special account), Mongolia (seconded officer)</td>
</tr>
<tr>
<td><strong>Bilateral Donor Countries</strong></td>
<td>Finland, Sweden</td>
</tr>
<tr>
<td><strong>Local governments</strong></td>
<td>LCC, All local governments</td>
</tr>
<tr>
<td><strong>Academic Institutions</strong></td>
<td>Research Institute Network</td>
</tr>
<tr>
<td><strong>Private sector and NEA EXIM Banks Association (NEA/EBA)</strong></td>
<td>*BAC &amp; EBA, Under identification of jointly financed projects</td>
</tr>
</tbody>
</table>
Strategic Process of GTI Cooperation

Public Sector:
- International Organizations
- Central Government

Private Sector:
- Public/Priv. Investors
- Business Advisory Council (BAC)

A: Current
B: EXIM Expanded
C: Full Scope

TS
Transport
Trade/Invest
Tourism
Energy
Environment

NEA EXIM Banks Association
Local Governments

GTI
• Ownership + Partnership  
  to mobilize more resources

• Central government s + Local government s  
  to strengthen policy coordination

• Public sector + Private sector  
  to promote regional investment

• Institutional capacity + Operational capacity  
  to improve cooperation efficiency
Major Achievements

- Enhanced institutional capacity and normalisation of programme operations (e.g. CC+NC+Boards+TS)
- Increased member countries’ confidence, ownership and (political & financial) commitment
- Successful implementation of a number of priority projects
- Improved policy environment for economic development and enhanced mutual understanding among neighbors
- Enlarged funding base (e.g. EXIM backs association) and expanded partnerships (GIZ, ESCAP, PATA, WTO, etc)
- Enhanced participation of NEA local governments (e.g. LCC)
Post GTI after 2016

- **Post-GTI institutional setup**
  - Reached a consensus to transform current GTI into an independent legal entity by 2016; the transition Roadmap is to be agreed this year
  - **Strategic Issues** will also be considered during the transition (e.g. additional priority sectors, geographical coverage, funding capacity, political level, rebranding, etc.)

- **Engagement of Japan and DPRK in GTI**
  - GTI members have unanimously encouraged both countries to engage in GTI cooperation
Case one: Transport Corridor Study

Development Objectives

- Foster development of a reliable, cost-effective and efficient integrated transport network in the GTR through planning and facilitating the activation and development of international transport corridors in the region

- Create conditions for unblocking of GTR corridors and establishment on this basis of an international transport network for sea-land transit transport

Purpose

To serve as a stepping stone in the regional cooperative activities in the transport sector of the GTR
Case one: Transport Corridor Study
Case one: Transport Corridor Study

“Hard” Infrastructure Barriers
- Rail gauge difference
- Missing rail links
- Inadequate handling facilities at ports
- Insufficient capacities of BCPs
- Deteriorated or poor quality roads/railways - etc

“Soft” Infrastructure Barriers
- Inefficient Custom, Quarantine, Inspection procedures
- Inefficient Procedures for Visa, Export/Import/Transit Documents
- No Fast track lanes on BCPs
- Restricted International Vehicles Operations - etc

Absence of Common Agenda
- Limited Policy Coordination
- Insufficient Information Sharing
- No Regional Strategy
- No Joint Projects - etc

Trans-GTR corridors do not work and are not very attractive

Economic losses for GTI member countries
Case one: Transport Corridor Study

Example: the missing links in Tumen Rail Corridor

Arxan (China) – Khuut (Mongolia)
Case one: Transport Corridor Study

Suggestions to GTI Member Governments:

- Adopt National Action Plans

- Facilitate implementation of the Regional Transport Strategy and National Action Plans
  - Provide guarantees for projects under the Strategy and Action Plans
  - Promote projects under Strategy and Action Plans to attract investors/donors
  - Co-finance needed projects and follow-up activities
Case two: Trade Facilitation Study

Objectives

- to identify the existing unjustified administrative barriers hampering trade between GTI countries, and
- suggest measures needed for the elimination of such barriers and simplification of trade procedures.

Expected Outputs

- Survey of Technical Trade Barriers in the GTR
- GTI Trade Facilitation Strategy Paper
Case two: Trade Facilitation Study

Problematic factors: trade as an example - I

China
- Export
  - Supply capacity
  - Buyer identification
  - Technical requirements and standards
  - Regional transportation
- Import
  - Import procedure
  - Supplier identification
  - Tariff barriers
  - Regional transportation
  - Domestic transportation

ROK
- Export
  - Buyer identification
  - Para-tariff barriers
  - Regional transportation
  - Transit issues
- Import
  - Regional transportation
  - Supplier identification
  - Import procedure
  - Transit issues
### Case two: Trade Facilitation Study

**Problematic factors: trade as an example - II**

<table>
<thead>
<tr>
<th><strong>Mongolia</strong></th>
<th><strong>Russian Federation</strong></th>
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</thead>
<tbody>
<tr>
<td>Export</td>
<td>Export</td>
</tr>
<tr>
<td>➡️ Supply capacity</td>
<td>➡️ Tariff barriers</td>
</tr>
<tr>
<td>➡️ Regional transportation</td>
<td>➡️ Para-tariff barriers</td>
</tr>
<tr>
<td>➡️ Transit issues</td>
<td>➡️ Non-tariff barriers</td>
</tr>
<tr>
<td>➡️ Domestic transportation</td>
<td>➡️ Access to imported inputs</td>
</tr>
<tr>
<td>➡️ Tariff barriers</td>
<td>➡️ Quality requirements</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Import</th>
<th>Import</th>
</tr>
</thead>
<tbody>
<tr>
<td>➡️ Supplier identification</td>
<td>➡️ Tariff barriers</td>
</tr>
<tr>
<td>➡️ Regional transportation</td>
<td>➡️ Para-tariff</td>
</tr>
<tr>
<td>➡️ Domestic transportation</td>
<td>➡️ Non-tariff barriers</td>
</tr>
<tr>
<td>➡️ Para-tariff barriers</td>
<td>➡️ Import procedures</td>
</tr>
<tr>
<td>➡️ Transit issues</td>
<td></td>
</tr>
</tbody>
</table>
Case two: Trade Facilitation Study

Current TF status: For example, in Mongolia, use of ICT, mutual recognition agreement and post clearance audit was relatively better compared to other measures

Current status of TF measures (Mongolia)
Possible ideas/initiatives: overall recommendations:

- Free trade agreement within the sub-region
- Operation of a regional single window by linking all the national single windows
- Implementation of authorized economic operators system at the country level followed by signing of a mutual recognition agreement within the region
- Enactment and implementation of competition law at the country level
- Institutionalizing the process of organizing regular trade forums/fairs in major cities of the GTR region on a rotational basis
- Easing visa process and reducing costs
- Creation of institutionalized mechanism for consultation with private sector
Case two: Trade Facilitation Study

Suggestions to GTI Member Governments:

- Joint study: GTI Research Institutions Network - Stock-taking of the GTI TF Study.
- Small-scale pilot projects generated from joint study.
- Regional single window: starting from training.
- Information-sharing mechanisms: training (GTI Trade Facilitation Workshop), forum, seminar and meeting (NEA Economic Forum), trade fair (GTI EXPO), etc.
Case Three: Multi-Destination Tourism (MDT)

- **MDT development**
  - a relatively new approach
  - 4 nations, 4 cultures
- **Market-driven**: response to regional and international demand
- Reinforce and promote intercultural exchange
- **Strengthen** cross border travel between Mongolia (landlocked), Russia, China and DPRK as well as adjacent territories of Russia, DPRK and Tottori Prefecture
- Support local **sustainable economic development** and job creation
- Reinforce **Ecotourism Development** (Nature and cultural interpretation, Contribution to biodiversity and cultural heritage protection)
Case Three: Multi-Destination Tourism (MDT)

**SHORT TERM**

- **Route 1**: “Sky to Sea” Land and Cruise Route  
  (China, DPRK, Russia, ROK, Japan, 10 to 12 days)
- **Route 2**: Yanji/Yanbian to Changbai/Baekdu Mountain and Region to Changchun (China, 7 days)
- **Route 3**: Ulaanbaatar, Khentii Province and Lake Baikal/Ulan-Ude  
  (Mongolia, Russia, 10 days)
- **Route 4**: Ulaanbaatar to the grasslands of Dornod Province to Chita and Lake Baikal (Mongolia, Russia, China, 10 days)
- **Route 5**: Changchun to Harbin to Bolshoi Ussuriysky/Heixiazi Island and Khabarovsk (China, Russia, 9 days)
Case Three: Multi-Destination Tourism (MDT)

← Route 6: Hohhot to Manzhouli and Southern Siberia/Lake Baikal
(China and Russia, 9 days)

← Route 7: The Tea Road: Hohhot to Ulaanbaatar to Ulan-Ude (China, Mongolia and Russia, 9 days)

← Route 8: Shenyang to Dalian to Incheon to Donghae to Vladivostok to Hunchun/Yanji (1) or to Sakaiminato and Tottori/Niigata Prefectures (2) (China, ROK, Russia and Japan, 10-12 days)

← Route 9: Ulaanbaatar to Sakaiminato for travel in either direction:
Choibalsan – Arxan – Changchun – Changbai/Baekdu Mountain – Hunchun – Rajin – Vladivostok – Sokcho/Donghae – Sakaiminato – Tottori/Niigata (Mongolia, Japan, China, DPRK, Russia and Japan Russia, 18-20 days)
Case Three: Multi-Destination Tourism (MDT)
Regional Cooperation for LLDCs

- Physical connectivity by strengthening cooperation in transportation
- Economic connectivity by initiating cooperation in trade facilitation, agriculture, energy and environmental
- People connectivity by developing tourist industry
- Policy connectivity by carrying out the policy dialogue
- Capital connectivity by developing partnership
The Greater Tumen Initiative (GTI) is a joint mechanism of the four member countries: China, Mongolia, the Republic of Korea and the Russian Federation. It is supported by the United Nations Development Programme (UNDP) and other donors.

The GTI provides a unique multilateral forum for the member countries to identify and implement regional initiatives that encourage economic growth, improve living standards and contribute to peace and stability in Northeast Asia.

**Common Vision:** All GTI member countries share a common vision for a region that is economically prosperous, politically stable, socially equitable, and environmentally sustainable.

**UPCOMING EVENTS**
- GTI Develops Capacity Building Programme for Local Governments in NEA

**GTI NEWS**
- Inaugural Meeting of the GTI Trade Facilitation Committee Convened
- 12th GTI Consultative Commission Meeting Concluded
- GTI NEA Economic Cooperation Forum and Local Development Forum
- The 4th GTI Tourism Board Meeting Held in Ulaanbaatar
- Appointment of the GTI Secretariat Director, Mr. Choi Hoon
- Kubuqi International Desert Forum to Address the Global Issue of Desertification

**Map of Greater Tumen Region**

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Thank you!

www.tumenprogramme.org