REGIONAL DEVELOPMENT PLANNING

FOR NORTHEAST ASIA:

POSSIBILITIES AND POLITICS

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The Economic and Political Context

“The Mediterranean Sea was the ocean of yesterday, the Atlantic is that of today, while the Pacific will be that of tomorrow.”

The past two decades have witnessed the shifting of the center of gravity of the world’s trade to the Asia-Pacific Rim. Indeed tomorrow has become today. Now in the early twenty-first century, the spotlight is on Northeast Asia because it has the greatest potential for economic dynamism on the planet.

Despite its current economic problems, Japan has become one of the three driving forces of the world’s economic growth and it has an enormous accumulation of capital. China is now one of the most dynamic industrializing countries in the world and with a population approaching 1.2 billion is expected to become one of the globe’s largest markets within the next 20 years. Despite economic setbacks, South Korea is on the verge of joining the industrialized countries. Meanwhile, Russia - and the Russian Far East (RFE) - is exploring the benefits of a market economy. And even North Korea has begun to open slightly and is showing a desire to participate in a Northeast Asian economic community. All these elements have combined to attract worldwide attention to the prospects of regional economic cooperation in Northeast Asia and to an economic dynamism that could rival that of Europe and North America.

The dream of regional economic cooperation, i.e. regional development in Northeast Asia is tantalizing, titanic and, possibly transitory. It envisions combining the resources of the Russian Far East and Mongolia with the labor of China and North Korea, and the capital, technology and know-how of Japan and South Korea. But this dream will be impossible to realize without a minimally satisfactory regional transportation and communication infrastructure, now missing or overused in most of Northeast Asia. Thus realizing this dream requires integration of regional transportation systems.

But even more fundamental, it requires the foregoing of immediate national gain for the long-term regional good. And therein lies the problem. While policy makers in different Northeast Asian countries may share the larger dream, each has their own national priorities for transportation systems. And no country, particularly the economic ‘laggards’ - China, Russia, and North Korea - is willing to expose its population to perceived ‘exploitation’ by its richer neighbors. Moreover, several severe political
barriers – including ideological differences and divided nations - block the path to regional cooperation. Thus, the separate nations may share the same regional geographic ‘bed’ but are having different national ‘dreams.’

Indeed, the future of regional transport - system development in Northeast Asia depends on many uncertain factors - both promising and discouraging. They include the issue of reunification of the two Koreas because the Korean Peninsula is in a pivotal location for a regional transportation system; the demand for natural resources and their pricing relative to the world market; the degree of economic hegemony and exploitation in the formation of a regional economic bloc, and unforeseen technical innovations that may bring forth new modes of transportation and communication. Moreover, a regional transportation system requires capital – perhaps here more than elsewhere to achieve a given development goal, and thus investment will probably play a more prominent role here than in any other region of the world.

Regional Development Planning: Possibilities and Politics

China, Japan, the Koreas and Russia have yet to agree on a common vision for integration of regional transportation networks and may well compete with each other to maximize their national benefits. A second political barrier is the uncertain future of North Korea. Because of its geographic position, its future will greatly influence the form and progress of the integration of transportation networks. A third political issue is the role and capacity of Russia.

Let us look at a few examples. One long-term vision of regional development envisions three major north-south growth axes; one through Japan; one through the Korean peninsula to Khabarovsk; and one from Shenyang to Harbin (Figure 1). Others see development proceeding as ‘rings’: a Sea of Japan (East Sea) ‘Ring’; and a Yellow Sea (West Sea) ‘Ring.’ Some visions emanating from Russia border on fantasy – such as an 88 km railway tunnel under the Bering Strait connecting Alaska with the RFE. The point is that there are several different visions and which vision is realized will depend greatly on the future of North Korea and on Russian participation. And it also depends on where one ‘sits’ geographically as to which vision one prefers.

Specific examples exist in every transport sector.

In rail, there are several potentially competing options for a land bridge to Europe (Figure 2): China’s existing Tianjin-Beijing-Ulaanbaatar-Ulan Ude route; Russia’s existing Trans-Siberian Railway (TSR); Russia’s Baikal-Amur Mainline (BAM); the proposed Trans China Railway from Lianyungang to Urumqi (TCR); and the China Eastern Railway from the Tumen area to Manzhouli (CER). The most popular vision at the moment foresees a Trans-Korean railway (TKR) linking Japan with Korea via an undersea tunnel and then on to the CER or TSR. But of course its realization depends on the cooperation of North Korea. The recent agreement between North and South Korea to complete the Onjong-ri/ Jojin and Sinuiju/Seoul railways gives this alternative further impetus.

While some of these lines, e.g., the CER and the TSR, may be complimentary, others will compete for freight and passengers. And not all can be built simultaneously as there is limited investment capital – both domestically and internationally. Whichever line is completed or improved first will have a distinct advantage. And the viability of
each of these lines is inextricably linked to the capacity and efficiency of their feeder ports, e.g. Pusan, Kobe, Yokohama, Tokyo, Hong Kong, Shanghai, Vladivostok – and the outcome of competition between them to be the regional focal point for cargo distribution.

There is also competition to be the air hub in Asia, particularly between Seoul, Tokyo and perhaps Hong Kong (Figure 3). The Asia-Pacific region is the world’s fastest growing region in air passenger transport. The International Air Transport Association anticipates a 7 percent annual average growth in air travel there between 2000 and 2020. That means that the region’s share of world traffic will increase from about 36 percent in 1995 to over 51 percent in 2010. And these forecasts do not take into account the potential growth from developments in China and North Korea.

Three main routes dominate passenger traffic in the Asia-Pacific region. Intra-regional traffic is the most important market and will grow at an even faster rate than traffic between the Asia-Pacific region and the rest of the world. Already air space south of Japan is congested. A large proportion of intra-regional traffic involves connections between Japan and Hong Kong, South Korea and Taiwan. New Tokyo International Airport is likely to remain the dominant hub in the Asia-Pacific region. But forecasts suggest Seoul and possibly Taipei and the New Kansai International Airport at Osaka will be challenging Tokyo by the year 2010.

Uncertainties

South Korea’s strategy of becoming a regional hub, connecting sea and air service in the international transport market and serving secondary cities, involves a high degree of uncertainty and dependence on the actions of other parties. In particular, realization of the potential for Kwangyang Port and New Seoul Metropolitan Airport to become gateways for Northeast Asia depends on the establishment of an integrated transport network on the Korean Peninsula. In February 1992 the two Koreas signed agreements on South-North exchanges and cooperation that provide for the two nations to reconnect their railways and roads and to open South-North sea and air transport routes. Implementation of the agreements would permit the direct exchange of people and cargo and the opening of sea routes between the ports of Pusan, Inchon, and Pohang in the South and the ports of Nampo and Wonsan in the North.

Upon completion of these two lines, the new Korean land bridge would start in Kwangyang-Pusan, connect with transcontinental railways, and continue on to Europe or even Middle Eastern countries. The TKR would be competitive in terms of distance, time, and most important, costs, compared to that of the new TCR; and it would be superior to the TSR.

If South Korea is not able to exploit the potential for through traffic on North Korean railways, it will have to move its containers by sea either to Vostochny in the RFE or to Lianyungang in China. In addition, Korean ports will lose regional transshipment traffic that would have been diverted from various ports to capitalize on the TKR’s advantages for trading with the Far East and Europe. Therefore, the realization of the TKR service would have a significant impact on the patterns of ports and transportation involved in the European and Far Eastern trade.

The development of a high-speed rail line between Seoul and Pusan is also expected to play a decisive role in establishing an integrated transport system in
Northeast Asia by connecting Japan with China and the RFE. One proposal is to build a rail tunnel under the Korea Strait that would connect Pusan to Shimonoseki with a rail link through Pyongyang to Vladivostok and Shenyang and on to London. These concepts suggest the importance of the Korean Peninsula as a bridge from Japan to North China and the RFE.

During the 1980s, Tokyo emerged as Northeast Asia’s superhub by occupying a key position in global transport and telecommunication networks. And Japan is actively enhancing its ability to remain the superhub of the regional network. It plans to construct seven radiating and four encircling new main lines of communication and expressways to prevent Tokyo from becoming too large and too densely populated. Included in this plan are the cities of Sendai, Niigata, Kanazawa and Nagoya as well as the Kantsu Expressway and the Toetsu New Main Railway reaching out to the Tumen River area and Eurasia. Niigata is thus poised to become Japan’s third domestic axis after Tokyo-Fukuoka and Tokyo-Sapporo.

But China is also battling for the right to be a Northeast Asian network hub by developing major logistics centers. And if the vision of economic cooperation focused on the Tumen River area is realized, it could also become a central transportation hub for Northeast Asia.

The Way Forward

For the creation of a unified transport system as a fundament for regional development, foremost attention must focus on transforming the current bilateral arrangements in the transportation and telecommunication sectors into multilateral arrangements. At present North Korea – although its geographic position is pivotal - is not involved in many bilateral maritime and air links. Thus the initial step toward the formation of a unified transport network is to establish bilateral connections between North Korea and South Korea and between North Korea and Japan. The next step will be to create two separate multinational transport patterns from the current bilateral transport pattern, i.e., the Yellow Sea (West Sea) transportation networks linking South Korea, Japan, China, and North Korea and the Sea of Japan (East Sea) transport network connecting South Korea, Japan, the RFE, and North Korea.

But if North Korea is unable to become a full participant in the multinational transportation system, three-nation transportation networks excluding North Korea may be formed in both the Yellow Sea (West Sea) circle and Japan Sea (East Sea) circle. The next step would be to integrate the Yellow Sea circle and the Sea of Japan circle, thus linking the five countries in the region. A united Korean Peninsula would provide that link.

Unfortunately, throughout this region, infrastructural development is carried out by individual countries and intercountry coordination is not effectively incorporated into the planning process. Fragmented and uncoordinated infrastructural planning and development at the intercountry level will result in a failure to incorporate the spatial dimension of transportation, in the inefficient intermodal distribution of traffic, and in heavy costs associated with such inefficiencies. Economies of networking should be sought to avoid unnecessary waste and to share the immediate benefits of coordination and integration. For example, the establishment of a hub-and-spoke network in shipping
and aviation will allow carriers to provide efficient service not only to major centers of
distribution and population but also to small and medium-sized cities with relatively few
direct services.

Given the limited financial and human resources in this region, the most
appropriate solution to the problems of regional infrastructural development appears to be
the encouragement of more efficient maritime and air links through the sharing of
facilities in regional hubs. A coordinated approach may not be easy politically. Indeed,
this increased economic growth and interdependence could be a double-edged political
sword. Regional stability will be enhanced because states will have common economic
objectives which moderate their behavior and policy agendas. However, open borders
and increased economic ties could also erode national unity and sovereignty. And the
persistance of transport and communications bottlenecks in China and North Korea as
well as perceptions of ‘exploitation’ may foster both greater separatist tendencies and
reactive nationalism leading to territorial disputes and potential arms races. Thus
intergovernmental cooperation is essential to discourage wasteful competition and
grossly uneven development. Indeed cooperation can create a win-win situation for all
parties in the region.

A critical step toward the formation of a unified, single transportation and
telecommunication system (or market) in Northeast Asia is the establishment of a
consultative committee to promote cooperation and coordination in this sector. This
committee should be given responsibility for coordinating the development of detailed
implementation schedules and the method for establishing a fully coordinated program of
investment and implementation. This committee should have subcommittees for specific
fields such as shipping, air, road and rail transport, as well as communications.

Conclusions

As the center of gravity of the world’s economy shifts to the Asia-Pacific Rim and
strengthened economic and political ties among nations in Northeast Asia remove
barriers that have inhibitted the realization of opportunities, important structural changes
are expected in the existing flows of people, cargo, and information. Improvements in
transportation and telecommunication systems will contribute to a more even distribution
of human settlements and industries in Northeast Asia. The anticipated dispersion of
economic activities will cause current, concentrated patterns of regional development to
be replaced by local systems, thus enhancing the internationalization of medium-sized
and small cities.

Now is the time for a holistic vision. Northeast Asian policy makers must break
out of old thinking habits which confine a country’s planning to its national boundaries.
They should try to tackle problems from the wider perspective of a Northeast Asian
community. In particular, regional development and transportation planning should
abandon the short-term narrow-sighted emphasis on individual country’s interests and
instead favor strategic planning that takes into account the needs and resources of the
region as a whole. In the early 21st century, a new regional development methods
appears to be in the making in Pacific Asia. And integrated transportation systems are
necessary to make it a reality.
Endnotes

3 Pyongyang reports Inter-Korean agreement on economic cooperation. BBC Monitoring Asia Pacific Political, 30 August 2002.
4 International Association for Air Transport, Asia/Pacific Air Traffic.
Figure 4
Long-Term Development Concepts for Northeast Asia

From Kim and Kim, 1997