

**Tumen River Area Development Programme:
Frustrated Micro-Regionalism as a Microcosm
of Political Rivalries "**

Christopher W. Hughes

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CSGR, University of Warwick.
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Abstract:

Since its inception in the early 1990s, the Tumen River Area Development Programme (TRADP) has come to embody many of the hopes and frustrations of micro-regionalism in Northeast Asia in the post-Cold War period. On the one hand, the project has been seen as a means to utilise economic co-operation as a means to drive political and security co-operation. But on the other, ambitious hopes for the project have been frustrated by the slow progress of investment and economic integration amongst the localities and nation-states of the Northeast Asia micro and sub-regions. This working paper argues that the key variable in explaining the frustrations of micro-region building in the case of TRADP is a mismatch of the twin forces of regionalisation and regionalism. For even though the TRADP may be predicated on the belief that it can serve as a micro-regional focus for the territorial contiguities and economic complementarities of the surrounding states in order to serve as a springboard for wide regional integration, just as equally it has served the reverse function as a micro-regional focus and intensifier of competing territorial claims and the political disputes of the major states, and thereby, somewhat ironically, acted to actually undermine the process of regional integration. The end result has been that TRADP as a potential micro-region has also fallen victim to becoming a microcosm of the political rivalries in the region.

This working paper chronicles the evolution of TRADP, and analyses its supposed economic rationale and the types of supra-state, local and non-state actors pushing for its advancement, but also the political problems amongst the central governments of the region which have undercut its progress to date. The conclusion of the working paper summarises the lessons of TRADP for micro-regional processes elsewhere in the world, and considers the possibility of TRADP's success in the future as the Northeast Asia political and security scenarios begin to change in the new century.

Keywords: Tumen River Area Development Programme, Regionalisation, Regionalism, Micro-regionalism, Japan, PRC, Russian Far East, DPRK, ROC, Mongolia, UNDP

Address for correspondence:

Christopher W. Hughes
Centre for the Study of Globalisation and Regionalisation
University of Warwick
Coventry, CV4 7AL, United Kingdom
Tel: 44 (0)24 76 572631
Fax: 44 (0)24 76 572548
Email: c.w.hughes@warwick.ac.uk

Introduction: TRADP's ambitions and frustrations

TRADP as a panacea for Northeast Asian regional problems?

Following the end of the Cold War, region-building has held out to many--academic commentators and practitioners alike--the prospect of creating new avenues for economic co-operation and security, and for restructuring the international order to cope with the onset of the pressures of globalisation. As is well documented, the revitalisation in the late 1980s and 1990s of the European Union's (EU) project of regional integration across the three dimensions of economics, politics and security, also helped at the same time to spur on regional projects in the Asia-Pacific and Northeast and Southeast Asia. Regional projects such as Asia-Pacific Economic Co-operation (APEC) and the ASEAN Free Trade Area (AFTA) certainly differ significantly from European examples in being predicated primarily upon co-operation in the economic dimension, and emphasising the development of 'soft' rather than 'hard' institutional arrangements (Katzenstein 1997: 12). Nevertheless, it is difficult to argue that such regional projects have been left totally unaffected by the types of considerations embodied in the European region concerning the function of economic co-operation in generating political and security co-operation. Even the most hardened and shrewd of academics or policy-makers in the Asia-Pacific and East Asia, and especially in the perceived heyday of regional dynamism and APEC summitry in the early to mid-1990s and prior to the onset of the Asian financial crisis in 1997, would have found it difficult to suppress entirely hopes that macro and sub-regional economic co-operation could bring positive political and security benefits to each of the states involved and the region as a whole (Funabashi 1995: 9-10; Foot and Walter 1999: 259-62).

Similarly, region-building on the micro-scale in East Asia has also not proved immune to this infectious optimism about the prospects of economic co-operation leading to political and security stability. Since the early 1990s, the micro-regional project which best illustrates these aspirations and which has been the most prominent of its type in Northeast Asia has been that of the Tumen River Area Development Programme (TRADP), involving the six national states of the People's Republic of China (PRC), the Democratic People's Republic of Korea (DPRK), the Republic of Korea (ROK), Russia, Mongolia and Japan. The Tumen River delta is located at the point of convergence of the national and provincial borders of the DPRK, the Russian Far East (comprising Sakha Republic; Magadan Province; Chukotka Province; Kamchatka Province; Koryak Autonomous District; Amur Province; Khabarovsk Territory; EVA Jewish Autonomous Province; Primorye Territory, and Sakhalin Province), and northeast PRC (comprising the provinces of Heilongjiang; Jilin; and Liaoning) (see map). The subsequent rationale of TRADP has been that this unique contiguity of territories should provide also unique opportunities for cross-border economic interaction, and, on a wider scale, open up an economic axis linking Mongolia and the interior of Northeast Asia with the Sea of Japan. Indeed, the attraction of the project is that economic co-operation concentrated at the micro-geographical and micro-regional level around the Tumen River delta would provide a focus and conduit through which to draw ROK and Japanese Foreign Direct Investment (FDI) into the larger Northeast Asia sub-region. ROK and Japanese FDI would seek to exploit the economic complementarities of the region and knit together a market with up to 300 million consumers and a total GNP of US\$3 trillion (Kakazu 1995; Marton *et al* 1995; Taga 1994: 31; Tumen Secretariat 1996). In the case of TRADP, therefore, it is believed that geographical contiguities coupled with potential

economic complementarities on the micro-regional scale can also drive forward on a larger sub-regional scale integration amongst the economies of the surrounding nation-states. In turn, the deliberately expressed hope of policy-makers involved with TRADP is that enhanced economic co-operation will generate, 'improved political relations and stability' across the region (Tumen River Area Development Programme 2000a).

However, as will be elucidated later in this paper, it is also clear that ambitions for TRADP to serve in the post-Cold War period as a micro-regional hub for enhanced economic, political and security co-operation across the entire Northeast Asia region have been largely frustrated. TRADP has been repeatedly revised and down-sized since its inception in the early 1990s, and, as TRADP officials responsible for its promotion themselves acknowledge, investment in the programme has ranged from 'disappointing' to 'unspectacular but solid' (Tumen River Area Development Programme 2000b). Moreover, many commentators of a more 'liberal-minded' perspective, both within and outside the Northeast Asia region, have expressed growing disillusionment with the failure of TRADP to bring as yet any significant political and security benefits.

TRADP's mismatched micro-regionalisation and mirco-regionalisation

TRADP can then be seen to incorporate both the high aspirations but also lowly frustrations of micro-regionalism. Given the dual-character of TRADP, this working paper will endeavour to analyse the reasons for the slow progress of the project, and to utilise it as a case study in order to enhance our understanding of the factors which account generally for the varying dynamism of micro-regional processes across the world. More specifically, the evolution and success of TRADP will be analysed in

accordance with the degree of interaction of the twin concepts of regionalisation and regionalism (Payne and Gamble 1996: 2). Regionalisation, as the first of the processes accounting for region-building, is understood here as the growth of interdependence amongst a limited number of state or sub-state elements linked together by relative geographical proximity due to the operation of 'autonomous' forces. By 'autonomous' it is meant that various economic actors and forces, and to some degree political and security actors and forces as well, work in an unconscious or unplanned fashion for the enhancement of regional integration. Hence, in the case of economic regionalisation on the macro, sub or micro-scales, these actors and forces generally take the form of private sector corporations and related trade and investment flows which function across regions, and at times heedless of national territorial boundaries, in order to exploit economic complementarities. The operation of these types of regionalisation actors and forces, without a conscious 'grand plan' in the mould of the EU, but nevertheless leading to regional integration, equates to what Robert Scalapino has described as the resurgence of latent 'natural economic territories' (Scalapino 1991-92: 19-30; Jordan and Khanna 1995: 433-62).

Regionalism is the second process that can be said to work in the service of region-building, the particular focus being upon the '-ism' as representing a conscious attempt by nation state central or local government actors, as well as often non-state actors, to foster the principles and projects of regional integration. These projects may consist of active efforts to create the conventions, regimes and institutions which can serve to bind regions together, as with the case of the more heavily institutionalised projects in Europe. Alternatively, regionalist conceptions may be more passive in nature and take

the form of simply the approval of nation state actors for regional projects, with only a minimal government input in terms of creating the frameworks which allow for the freer operation of regionalisation actors and forces. This type of regionalism involves at the very least an implicit government commitment not to impede the process of regionalisation, and is more akin to the type of 'soft' regionalism in the Asia-Pacific identified above.

This working paper distinguishes regionalisation and regionalism as two sets of processes and related actors and forces which account for the growth of regions, but in practice they are mutually reinforcing and need to be present for the sustained success for region-building. As in the case of the EU, and to some degree APEC, evidence of economic integration and regionalisation can be seen to drive greater demands for conscious regionalism and the establishment of institutions to facilitate regional interaction, and this then creates a firmer basis for the unimpeded flow of regionalisation forces.

As will be demonstrated in the sections below, it is on this point that the chief explanation for the frustrations of TRADP's micro-regionalism can be discerned. TRADP represents a case study in which the rich economic complementarities of the surrounding states argue strongly for enhanced economic co-operation and private sector-led regionalisation over the longer term. However, TRADP also stands as a case study which demonstrates the ways in which the potentially successful operation of regionalisation processes can become hamstrung by the defects of regionalism. In TRADP's instance, these defects should not necessarily be attributed to a lack of

regionalist sentiment or ambition on the part of the involved actors. On the contrary, as mentioned above, the majority of the actors share a common commitment to achieving the 'holy grail' of some form of functioning region in Northeast Asia. The defects of regionalism in TRADP lie instead in the over-proliferation of varying regionalist conceptions of the type and extent of region-building that the project should be designed to achieve, and the mismatched economic and political interests of the multifarious central and local nation state, and also to some extent supra-state, actors involved. Most particularly, even though TRADP in many ways was initiated as a means to alleviate the political and security problems of Northeast Asia in the post-Cold War period, it is in fact these very issues which have impeded its own progress. For even though TRADP may be predicated on the belief that it can serve as a micro-regional focus for the territorial contiguities and economic complementarities of the surrounding states in order to serve as a springboard for wide regional integration, it should be remembered that just as equally it can serve the reverse function as a micro-regional focus and intensifier of competing territorial claims and the political disputes of the major states, and thereby, somewhat ironically, act to in fact undermine the process of regional integration. The end result has been that TRADP as a potential micro-region has also fallen victim to becoming a microcosm of the political rivalries in the region.

Plan of the paper

The following sections of this working paper are designed to elucidate in more detail this key argument that the mismatch of regionalism and regionalisation processes has been responsible for the slow progress of TRADP. The first section provides a brief historical overview of micro-regional integration in Northeast Asia in order to

demonstrate how the forces of regionalism and regionalisation have moved both in conformity and conflict in the past, and subsequently accounted for the successes and failures of various regional projects. This section is also essential in providing an introduction to the key political problems of the past which continue to set the context for and hinder regionalism in the contemporary period. The next section then surveys the contemporary situation of the Northeast Asia sub and micro-region, pointing out its diversity but also latent economic complementarities. This is followed by a section which explains more fully the evolution of the TRADP concept and its hopes for exploiting the complementarities of the micro-region, but also the defective nature of regionalism in Northeast Asia which has undermined the project's success. Finally, the conclusion makes some further observations about the need for regionalism and regionalisation to work in tandem, the lessons for our understanding of micro-regional processes elsewhere, and the prospects for TRADP in the future.

Historical perspectives on the Northeast Asia sub and micro-regions

Arguably, the first identifiable historical sub-region in Northeast Asia with micro-regional elements was that of the Sino-centred regional order in existence from the Ching Dynasty through to the late nineteenth century. Although the use of anachronistic terminology should be avoided, there are grounds for viewing Chinese suzerainty and its associated tributary system as bringing into existence prototype forms of Northeast Asian sub and micro-regions. The dominance of the Chinese order and its loosely defined concepts of sovereignty acted as regionalist, or centripetal, forces to reduce barriers to interaction and draw the countries of the region together. Regionalisation forces also functioned under Chinese suzerainty as it allowed for the development of a

system of trading zones to exploit economic complementarities, such as those centred on the Kingdom of the Ryûkyûs, Kyûshû, Taiwan, and Eastern China to the south of the region, and the Yellow Sea, Sea of Japan and Sea of Okhotsk to the north (Hamashita 1997: 116)

However, the 'natural economic territories' of this era were to be disrupted by the enforcement of the Western imperial order on East Asia in the late nineteenth century through to the start of World War II. Imperialism in Northeast Asia initially adapted itself to the Chinese regional order through its exploitation of the treaty port system, but inevitably regionalism became subordinated to imperialism as the imposition of European empires on Southeast Asia and sections of Northeast Asia began to prise apart cross-regional linkages. The introduction along with imperialism of the concepts of the Westphalian state system and strict territorial sovereignty acted to partition the region and inhibit economic interaction. In turn, the overturning of regionalism by imperialism was to generate centrifugal forces which undermined 'natural economic territories', and dictated that the economies of the region should instead look outwards to the economic networks of the imperial powers.

The lead up to and outbreak of the Pacific War saw the displacement of the Western imperial order by new sub and micro-regional orders centred on Japan. Japan's attempt to remodel the region around the Greater East Asian Co-prosperity Sphere and enhance regional economic, political, and security interdependence represented the exact equation of regionalism with imperialism. This regionalist imperialism did encourage some economic regionalisation, as Japan worked to incorporate its colonies into one

major production chain centred on itself. For example, on the micro-regional scale, much of Japan's industrialisation efforts between the wars was concentrated upon Northeast China, the Korean Peninsula, and the Sea of Japan. In 1910, the Russian Far East accounted for around 10 per cent of Japan's exports, and Northeast China and the Korean Peninsula between 17 and 18 per cent (Kannihonkai Kenkyûjo 1999: 1). Nevertheless, Japan's introduction of this imperialism-based regionalism and regionalisation into Northeast Asia ultimately failed, imposed as they were by military coercion, and leaving a legacy of economic malformation for those countries forced into the Japanese production chain--the most notable examples being the unbalanced development of the northern and southern halves of the Korean Peninsula (Hughes 1999: 117-18).

Hence, following Japan's military defeat in 1945 its Asian regionalist project sprung apart, to be replaced by a new Cold War regional order. The centrifugal forces of the Cold War spelled the suppression of regionalism by bi-polarism, and compounded the imperial legacy of the economic, political, and security separation of the states of the region. The USSR's Far Eastern provinces, the PRC, DPRK, the ROK, and Japan were all placed in separate economic blocs to varying degrees under the stewardship of the USSR and US, where free economic interaction between the constituent members of each of these bi-polar camps was impeded. Japan was severed from its former colonies and markets in the Korean Peninsula and China, and was unable to resume significant trading and investment relations with the ROK until the normalisation of relations in 1965, and with the PRC until normalisation in 1972. Meanwhile, the continued hostility between Japan and the USSR throughout the Cold War seriously curtailed trade

relations with the Russian Far East (Howell 1993). The Korean Peninsula was truncated across the 38th parallel, leaving the ROK as a virtual island separated from the Northeast Asian continent and unable to trade with the USSR and PRC until the normalisation of relations in 1990 and 1992 respectively. Similarly, the DPRK was cut off entirely from economic contact with the ROK and encountered great difficulties in trading with Japan, with which it has never maintained normalised diplomatic relations. Mongolia was integrated largely into the Soviet Comecon (Council for Mutual Economic Aid, or CMEA) system. Finally, the PRC was not only unable to trade with Japan and the ROK for a considerable time span during the Cold War, but following the Sino-Soviet split also curtailed its trading relations with the Russian Far East. The Sea of Japan, even though the natural route for interaction between these neighbouring economies, became a 'cold sea', or 'sea of confrontation' with reduced economic and political interdependency, and the states surrounding it again turned away to their respective economic blocs on the outside or periphery of the region--the PRC and the DPRK to the Soviet Union, the ROK and Japan to the US. Only military and security interdependency continued, as the USSR and US and their respective military allies confronted each other across the Sea of Japan.

The contemporary situation of the Northeast Asia sub and micro-regions

Divergent political economies

The above description of the development and retrogression of the Northeast Asia sub and micro-regions up until the end of the Cold War suggests that not since the Chinese World Order has there been a regional grouping which combines effectively the two

forces of regionalisation and regionalism. Furthermore, not only does this historical description explain the failures of past regional projects, it also indicates how in the post-Cold War contemporary period Northeast Asia remains a divided region with deep-rooted obstacles to further integration.

In terms of political relations, Northeast Asia micro-region continues in the post-Cold War period to be characterised by a fractured mosaic of states, which includes the divided nations of the DPRK and ROK, Russia, Japan and the Northern Territories, and further afield the PRC and Republic of China (ROC). Compounding national and territorial divisions is the divergence of the political economy of each state in Northeast Asia. Political and economic systems range from the still relatively isolated dictatorship in the DPRK expressing a mix of revolutionary socialism, anti-colonialism, Confucianism, and self-reliance, or *juche*, ideology; to the PRC still under one-party communist rule, but embarked upon economic liberalisation and reengagement with the global economy; to Mongolia controlled by reformist socialist and communist parties; to Russia, which has undergone a rapid transformation to democracy and a market economy; to the ROK, which has long had a market economy, but more recently has made a transition to stable democracy; and finally to Japan, which has proved to have the most durable democracy and dynamic economy in Northeast Asia. This picture of the diversity of the domestic political systems of each national state is compounded by the fragmented nature of political and security links amongst them: Japan still to sign a peace treaty with Russia and to normalise relations with the DPRK; the DPRK and ROK approaching rapprochement but still in armed confrontation; and the PRC remaining suspicious of Japanese designs for hegemony in the region.

Accompanying these variations in the political economies of the region are marked variations in stages of economic development. Japan remains the economic giant of Northeast Asia, weighing in with an impressive Gross National Product (GNP) of US\$4,591 billion, and an average income per capita of US\$36,728 which is many times greater than that of its neighbours (Table 1). The ROK ranks second to Japan in terms of economic prowess due to its rapid industrialisation and technological development, but still records less than a tenth of Japan's GNP, and was hard hit by the East Asian financial crisis of 1997, although it is at present growing again strongly. The DPRK represents the 'sick man' of Northeast Asia with a GNP of only US\$21 billion and which is believed by ROK sources to be contracting at the rate of anything up to 5 per cent annually. By contrast, the PRC over the last decade has witnessed rapid economic growth at around 10 per cent per annum, although this has been characterised by increasing disparities between the booming coastal areas and economic stagnation in many interior areas (Breslin 2000: 213). The Russian Far East economy is also highly variegated, with some advanced technological and military industries, but also a heavy dependence upon resource extractive industries and a shortage of labour. Mongolia brings up the rear in the Northeast Asia development stages with a GNP of just US\$1 billion and a population of 3 million.

Table 1

This picture of economic diversity between the states in the Northeast Asia sub-region is further reinforced by the types of internal economic disparities that occur within each individual state. The Sea of Japan coast of Japan, or 'backdoor Japan' (*ura Nippon*), is

relatively underdeveloped compared to the Pacific side of the country (Furumaya 1998: 132-75; Kaneda 1997: 110-15), and in the Northeast PRC, Heilongjiang, Jilin and Liaoning provinces which once enjoyed high levels of industrial development compared to the rest of the country now find themselves falling behind provinces such as Guangdong and other Special Economic Zones (SEZ). Moreover, following the end of the Cold War, the Russian Far East has partially lost its privileged position as the strategic outpost of Moscow in Northeast Asia, which means that, with the onset of market liberalisation and an end to price and transport subsidies, the competitiveness of its products has been undermined.

Low levels of economic interdependence

The divergent nature of the political economies of Northeast Asia has inevitably produced low levels of economic interdependence. As Table 2 illustrates, in 1996 only the national economies of the DPRK and Mongolia have a high level of interdependency with the Northeast Asia sub-region, with the other states of the region typically accounting for between 65 and 85 per cent of these two states' exports and imports. For the ROK these levels were only around 25 to 28 percent, for the PRC around 20 to 34 per cent, for Japan around 14 to 17 per cent, and for Russia ranging from 5 and 14 per cent. Hence, the impression is of a sub-region which still looks predominantly outwards and away from itself in terms of trade orientation and interdependency, especially with regard to the larger and more dynamic economies in the region.

Although the data is more fragmented in Table 2 and Charts 1 and 2, the picture for the micro-region centred on Japan, the ROK, the DPRK, Northeast PRC, and the Russian Far East is not much more impressive. The DPRK, Northeast PRC, and Russian Far East all direct between 40 and close to 50 per cent of their exports to within the micro-region, and draw between 22 and 34 per cent of their imports from the same area. Furthermore, for states such as Japan, trade with other states in the region is so low as to be almost negligible in terms of its total world trade--the DPRK, for instance, accounting, for only that 0.1 per cent of Japan's total exports and 0.08 of its total imports. Japan itself is the major source of the exports and imports of a number of states in the subregion, but still over 90 per cent of its total trade is conducted with other regions of the world. Therefore, even though Japan is the major economic power located geographically within Northeast Asia, its external links with other areas mean that its prime economic interests are located outside the region and that it does not form an integral part of it. Japan's only trading relationship in Northeast Asia which approximates to one of interdependence is that with South Korea, but even this relationship is highly asymmetrical as South Korea accounts for only around 7 per cent of Japan's exports and 5 per cent of its imports, whilst Japan occupies 14 per cent of South Korea's exports and 21 per cent of its imports.

Table 2 and Charts 1 and 2

In addition to low levels of trade interdependence, Japan's investment in Northeast Asia is also comparatively low. Table 3 demonstrates that Northeast Asia accounts for 4.5 per cent of Japan's total Foreign Direct Investment (FDI), and that the majority of this is

concentrated in the PRC and ROK. Thus, in contrast to Southeast Asia, where Japanese FDI has worked to bind the region together economically, Japanese FDI does not yet appear to be performing this function in the Northeast Asia sub-region. Finally, in comparison with the more dynamic regions of each of the national economies of the region, and due to the legacy of relative neglect during the Cold War period, the rail, road, port and airport infrastructure is underdeveloped and a hindrance to effective economic interchange.

Table 3

Re-emergent complementarities?

The overall picture of the Northeast Asia sub and micro-regions after the Cold war is, then, one of significant divergence within and amongst the political economies of each state, and on an initial look not the most promising basis for co-operation. The outcome of this has been to limit economic and political interdependence and to restrain the forces of both regionalisation and regionalism, giving rise to only limited efforts at region-building. However, as already noted above, despite these severe limitations upon the growth of a Northeast Asia subregion in the past, the hopes in the 1990s onwards has been that the release of the centrifugal pressures of the Cold War could foster the conditions for the reintegration of the Northeast Asia sub and micro-regions. In particular, sections of the Northeast Asian central and local government policy-making and business community, spurred on by the progress of larger region-building projects such as the EU and APEC and hopes for greater local autonomy brought about by decentralisation, have begun to conceptualise new economic sub-regions in the Yellow

Sea and Sea of Japan (Postel-Vinay, 1996). This re-emergence of regionalist projects and the discourse of regionalism has also been matched by the potential stirring of regionalisation forces. As noted in the introduction and Table 4, the expectation is that the complementary resources of the region, now unimpeded by Cold War barriers, could be mobilised and create something akin to Scalapino's 'natural economic territories'. Thus, it could be expected that the low factor endowments of the developed economies of the region could be compensated for by the correspondingly high factor endowment of other less developed states, and vice versa. The combination of these varied but rich complementarities could be the natural outgrowth of economic synergy and integration in the Northeast Asia micro-region. For example, it is clear that despite certain political barriers, cross-border trade between the PRC and Russian Far East has begun to flourish in the post-Cold War period and reached US\$2 billion in 1993, as private actors have sought to match together and exploit the relative factor endowment of each others' states (Kerr 1996: 943). Even in the Sea of Japan, where Japan and Russia continue to be divided politically by the issue of the sovereignty of the Northern Isles, the early 1990s witnessed a small scale but nevertheless lively trade in good such as crab and fish and second-hand cars between the two states as private business actors begin to exploit the re-opened access to economic complementarities after the end of the Cold War (Rozman 1999: 16, 21.).

Table 4

TRADP's evolution and frustrations

The above discussion has indicated that in the post-Cold War world, and in particular during the early 1990s, the twin processes of regionalism and regionalisation have begun reappear, so leading to sub and micro-regional integration becoming envisaged as practical possibilities. The introduction has already described how TRADP emerged very much as the result of this perceived renaissance in regionalism in Northeast Asia in the 1990s. Table 5 summarises the chronology of the project, and shows that it was initiated following the 1st Northeast Asian Development Conference held in the PRC at which it was suggested that the Tumen Rivers geographical and economic complementarities would form the basis for a 'Tumen River Golden Triangle' development zone. The concept was subsequently taken up by the United Nations Development Programme (UNDP), which an ambitious plan for TRADP produced in October 1991, consisting of US\$30 billion over a twenty-year period; the creation of a UN 'international city' to link together Free Economic Zones (FEZ) located at Rajin in the DPRK, Hunchun in the PRC and Posyet in Russia to form a 1,000 kilometres Tumen River Economic Zone (TREZ); and, to support the TREZ, a larger 10,000 kilometre Northeast Asia Regional Development Area (NEARDA) triangle centred on Chongjin in the DPRK, Yanji in China, and Vladivostock and Nakhodka in Russia. A Programme Management Committee (PMC) was established to study the feasibility and guide the preparation of the project was also established at this time. In the meantime, the USSR government, soon to become the Russian Federation, established the Nakhodka FEZ in July 1990, North Korea the Rajin Free Economic and Trade Zone (FETZ) in December 1991 (later extended to become the Rajin-Sonbong FETZ in

September 1993); and the China the Hunchun Border Economic Co-operation Zone in October 1992.

A series of six PMC meetings was held between February 1992 and December 1995. At the 3rd PMC in May 1993 the riparian states agreed to lease land to be administered by a jointly owned Tumen River Development Corporation, but the 4th PMC in July 1994 this plan along with the UNDP master plan had been abandoned due to legal difficulties involved with leasing sovereign territory and the problems in raising the necessary finance. The 5th PMC focussed instead on harmonising the separate FEZs, with the establishment of a Co-ordinating Committee to promote co-operation on investment, trade and infrastructure amongst the participating countries, and the signing of memorandum on environmental principles. In April 1996 a Tumen River Secretariat was established in Beijing to manage the project. The UNDP has continued to attempt to co-ordinate economic activities in each of the FEZ's, and some notable improvements have been made in the infrastructure of the TRADP micro-region, such as an investment of US\$1.3 billion by China for road improvements around Hunchun and to the DPRK border crossing at Quanhe/Wonjong, and the opening of a Hunchun/Krakino railway crossing at the PRC-Russia border. A number of new ferry routes have also been opened over the last few years, including one from Posyet in Russia to Akita in Japan.

Table 5

Thus, it can be seen that TRADP has been under discussion for already more than a decade and since 1995 has moved from the preparation to the enactment stage.

Nevertheless, despite the UNDP's and involved states' ambitions hopes for TRADP, the project's progress has been undermined primarily by defective or 'flawed' regionalism (Rozman, 1998). The states involved in the TRADP, whilst undoubtedly aware of the potential economic attractions of the project, continue to lack the necessary degree of regionalist sentiment and conscious political commitment to, or at the very least political toleration of, the regionalist project to allow it to fully succeed. In particular, it is apparent in many cases that the aims and aspirations of central and local government regionalist projects in each of the states in the Northeast Asia sub and micro-regions are incompatible. One of the earliest and most notable examples of this being the decision taken to scrap the UNDP's US\$30 billion master plan for an 'international city' and mutually reinforcing micro and sub-regional development triangles centred on the Tumen River. In large part, the plan was simply too grandiose and could never have attracted sufficient finance. But the failure of the plan was also due to the legal and political problems involved in each of the states relinquishing sovereignty, however temporarily, over their own territory, much of which was only recently acquired and still in dispute, as in the case of the Russian-PRC border at Tumen.

The concern of central governments to preserve their territorial integrity in dealing with other central governments and the problems it generated for the UNDP regionalist plan, have also been reproduced in the dealings between central and local governments. The government of the Russian Federation has impeded the progress of TRADP and the economic freedom of local provinces, concerned as it is about the effects of an 'open' regionalist project in the Russian Far East and an influx of FDI (and especially Japanese FDI) which could pull this area away from Moscow's economic control, capture its rich

economic resources for another foreign power, and encourage political separatism (Kerr 1996: 946). The central government's suspicion of TRADP was exemplified in the Duma's decision in 1993 to rescind Nakhodsk free economic zone's tax privileges, and its continued delay in ratifying an agreement to ratify a Russian-ROK agreement in May 1999 to create a Russo-Korean Industrial Complex in the Nakhodka FEZ (Tumen River Area Programme 2000c).

Likewise, although the Hunchun Border Economic Co-operation Zone is undoubtedly the most successful of the FEZs located close to the Tumen River (the population quadrupling from 50,000 to 200,000 between 1992 and 1998 and foreign investment reaching US\$100 million [Tumen River Area Development Programme (2000b)], the central government of the PRC has made it clear that its national priorities still lie in the economic development of South China, Shanghai and the Three Gorges project, and has shown suspicion of any attempts by Heilongjiang, Jilin, and Liaoning provinces to increase their economic autonomy. Moreover, the PRC government is more committed to the existing infrastructure in place in Dalian as the optimum route to the Sea of Japan, and only appears to support TRDAP on the grounds that it will provide Jilin province with access to the Sea of Japan and break China's dependence on Russian ports, rather than being a project which will promote interdependence between the two states (Cotton 1996).

The DPRK has been the most enthusiastic advocate of the TRADP, desperate as it is to secure the foreign investment it may attract. But in the same way as the PRC and Russia, the limits to its regionalist perspective have undermined the project. The DPRK

also opposes regionalism based on relatively unrestricted private sector exchange due to its implications for the Pyongyang regime's totalitarian political and economic control, and has attempted to confine free economic interchange to its Rajin-Sonbong Free Economic and Trade Zone (FETZ). The DPRK's cagey approach towards economic engagement and interdependence with neighbouring states, compounded by periodic security crises has also acted to deter investment in the FETZ and slow the progress of this third element of the TRADP. The DPRK has also been reluctant until recently to accept large-scale FDI from its rival the ROK: for instance, limiting the number of ROK companies able to attend its investment forum in September 1996 and thus forcing a general boycott of ROK investment at this time. The ROK government and private corporations for their part have shown some interest in the Rajin-Sonbong FETZ, but their greatest political and business interests really lie in investing outside the zone, such as Hyundai's plan for an industrial complex at Haeju close to the Demilitarised Zone (DMZ) and the North-South border and Daewoo's small textile factory at Nampo. The outcome has been that, even though North Korea claimed that its September 1996 investment forum at Rajin-Sonbong attracted pledges of US\$307 million, cumulative enacted FDI in the zone was estimated by outside sources only US\$58 million in 1997 (JETRO 1999: 231).

However, the greatest drag on the development plans of the TRADP is the lack of Japanese central government interest in the project, which then feeds through into a lack of Japanese private business interest. Japan's poor relations with Russia, and the absence of a peace treaty leaving the two states still technically at war, has meant that its central government has resisted serious economic co-operation with the Russian Far East until

there is a resolution to the Northern Isles issue. Even more importantly, Japan and the DPRK's lack of normalised relations, and the disastrous experience of failed Japanese investments in the 1970s and DPRK defaults on up US\$900 million of loans from Japanese corporations (Hughes 1999: 134-7), acts to discourage private businesses from investing in the DPRK which is aware that it cannot count upon government support for their activities in this potentially risky region. Finally, it is clear that the Japanese government, despite conducting through the Japan International Co-operation Agency (JICA) a study on the transport corridor between Changchun and Tumen ports in June 1998, is more interested in providing Official Development Assistance for infrastructure development and loans to assist private business to exploit the economic opportunities of coastal southern China. The government has shown some interest in supporting potential Japanese production bases in northeast PRC and the exploitation of the rich natural resources of the Russian Far East, but the small markets of the DPRK come firmly at the bottom of the list of public sector investment priorities as long as the state of non-normalised relations persists. Japanese private business itself has also largely plumped within the Northeast Asia sub-region and Tumen micro-region for investment in the northeast PRC, attracted by advanced economic reforms, cheap labour (US\$60 per month in Yanbian Korean Autonomous Prefecture in the PRC, compared with US\$80 per month in the Rajin-Sonbong FEZ [Tumen River Area Development Programme 2000d]) and access to the larger Chinese market.

In contrast to the Japanese central government, many of the local authorities on the Sea of Japan coastline are certainly eager for increased interaction with neighbouring states, seeking ways to stimulate the prefectural economies of *Ura Nippon*. For example,

Niigata Prefecture and City were active in sponsoring local government links across the Sea of Japan in order to create a 'Sea of Japan' rim identity; Kanazawa City in Ishikawa prefecture has looked to form linkages with the Russian Far East; as has Hokkaidô Prefecture and Sapporo City. This enthusiasm amongst local actors for the revitalisation of Sea of Japan interchanges was reinforced in part by non-state actors such as the community of DPRK citizens resident in Japan eager to expand contacts between small and medium sized enterprises in both states. Moreover, the efforts of local authorities and non-state actors have found some support amongst the more 'liberal' or 'idealistic' political constituencies of Japan, hoping to utilise enhanced regional co-operation as a means to generate 'people-to-people diplomacy', transform the Sea of Japan into a 'sea of peace and friendship' (*heiwa to yûjô no umi*), and create an supplement or alternative to Japan's perceived dependency upon the US for the provision of security in this region. But the central government's lack of active backing for the Sea of Japan regionalist project, coupled with the continued reliance of the localities in Japan upon the spoils of economic redistribution from the centre, thus militating against the need to truly breakaway from dependency upon the centre and look outward to the neighbouring states for new economic opportunities, puts a brake on local government efforts to enhance interdependent relations with Northeast Asia (Rozman 1999). Once again, therefore, it is possible to speak of Japan as an economic superpower located geographically within Northeast Asia, but which due to its low level of economic and political interdependence with the surrounding states is not a fully functioning component of the regionalist project.

The overall outcome of the minimal or restricted commitment to the TRADP by the central governments of the involved states has been to frustrate hopes that the project could evolve into a 'natural economic territory' and drive forward economic growth. In fact, rather than leading to the harmonisation and synergy of economic resources, the impression is that since the mid-1990s the FEZs of the respective states have been in competition with each other for the small amounts of FDI and trade available in the micro and sub-regions. The UNDP also seems largely ineffective in trying to remedy these problems, restricted as it is by the prerogatives of the sovereign states involved in TRADP, and unable to move the project forward by encouraging more external investment. Hence, the UNDP's plan for the establishment of Northeast Asia/Tumen Investment Corporation to mobilise funds and compensate for the DPRK and Russia's non-membership of the Asian Development Bank (ADB), one potential but non-participating member of TRADP, has not yet been approved (Kannihonkai Kenkyûjo 1999: 160).

The key variable which would seem to explain the disappointing progress of TRADP is not the lack of the potential regionalisation forces and economic complementarities which are necessary to undergird the dynamism of the project, but rather a deficiency of shared regionalist sentiment on the part of the central governments which would allow them to step back from intervention in micro-regional interaction and allow regionalisation forces to flow smoothly. Instead, it is apparent that regionalism in the case of the TRADP is usually subverted to national economic and political rivalries--central governments viewing the regionalist project as a means to gain economic advantage over the other involved states.

Conclusion: TRADP's lessons for region-building and future prospects

From the above it is clear that TRADP is an example of micro-regionalism frustrated and sabotaged by a mismatch of regionalisation and regionalism forces. As noted in the introduction, region-building is very much a process which relies on the two wheels of regionalism and regionalisation moving forward in co-ordination with each other. In the case of TRADP it would appear that the wheel of regionalism is severely distorted and out of synch with that of regionalisation, if refusing at times to move forward altogether.

The principal analytical, or even policy, lesson to be learned from TRADP is that micro-region building is likely to founder in Northeast Asia and in other contexts across the world unless regionalisation and regionalism forces are combined and compatible with each other. TRADP's planners, particularly at the central government level, and perhaps also in the UNDP have failed to take on board or to act upon this policy lesson. TRADP started out embodying multifarious hopes for economic integration as a catalyst for political and security co-operation. However, the assumption on the part of many seems to have been that the apparently irresistible logic of the economic complementarities of the micro-region would be sufficient on its own to ameliorate and skirt around the government level political and security obstacles to the progress of TRADP. But whether due to a genuine lack of foresight or element of wishful thinking, the establishment of TRADP and rush to jump on the bandwagon of region-building, whilst at the same time underestimating many of the political difficulties involved and the oft willingness of central government policy-makers to resist seeming economic logic in the name of national political interest, has meant that the project has lacked

dynamism and not produced many of the hoped for political and security benefits seen in other regional projects. At present, and despite ten years of work, TRADP remains an under-achieving micro-regional project and will continue to be so as long as it is forced to serve as a crucible to test regional political rivalries.

Nonetheless, this is not to say that the project is necessarily fundamentally flawed and the Northeast Asia sub and micro-region doomed to underdevelopment over the long term. There are still many opportunities to correct the deficiencies of regionalism observed above. Japan and Russia have shown signs of diplomatic rapprochement since 1997 and the then Prime Minister Hashimoto Ryûtarô announced a new 'Euroasia' policy emphasising the development of the Russian Far East and beyond. Even though the Japanese objective of a Russo-Japanese peace treaty by 2000 has not been achieved, the improvement of relations between the two states has created a more stable environment and the type of passive regionalism which can facilitate private sector business interaction across the sub-region.

In a similar fashion, hopes of rapprochement on the Korean Peninsula between the DPRK, ROK, US, and Japan brought about by the 1994 Agreed Framework, the four-way peace talks since late 1997, Kim Dae Jung's 'sunshine policy', and the restart of Japan-DPRK normalisation talks in early 2000 may all act to lower the political obstacles to enhanced economic interdependency in the region. The historic first talks between the DPRK and ROK leaders in June 2000 have also brought hopes of expanded inter-Korean economic co-operation. As noted above, if increased ROK investment in the DPRK is realised, much of this is likely to be concentrated on the border rather than in

the TRADP micro-region. But the overall effect of ROK-DPRK co-operation should be to foster improved investment and trading conditions in the Sea of Japan. Moreover, the normalisation of Japan-DPRK, if ever achieved, should finally bring sufficient amounts of Japanese FDI into play in the micro-region and power the project forward. Furthermore, just as the US plays a balancing role in security in Northeast Asia, so might it be able to play a balancing role in economic affairs, if it were to fully lift sanctions on the DPRK as a indication of its willingness to promote the DPRK's entry in the regional community. Finally, regionalism may be given a boost with the greater participation of multilateral institutions in the project. If the ADB were to become a full partner in the TRADP along with the UNDP, this could serve to eliminate some of the bilateral suspicions hindering the project and widen the regionalist perspective of the central governments involved. Therefore, if deeper regionalism can be set alongside the already strong and latent forces of regionalisation in Northeast Asia, an effective micro-region driving further sub and macro-regional integration amongst this diverse set of states could yet be built, the legacy of the fractured region of the past overcome, and significant steps taken towards building realising the hoped for framework of peace and security in the post-Cold War era.

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Chart 1: Export interdependency in Tumen micro-region in 1996

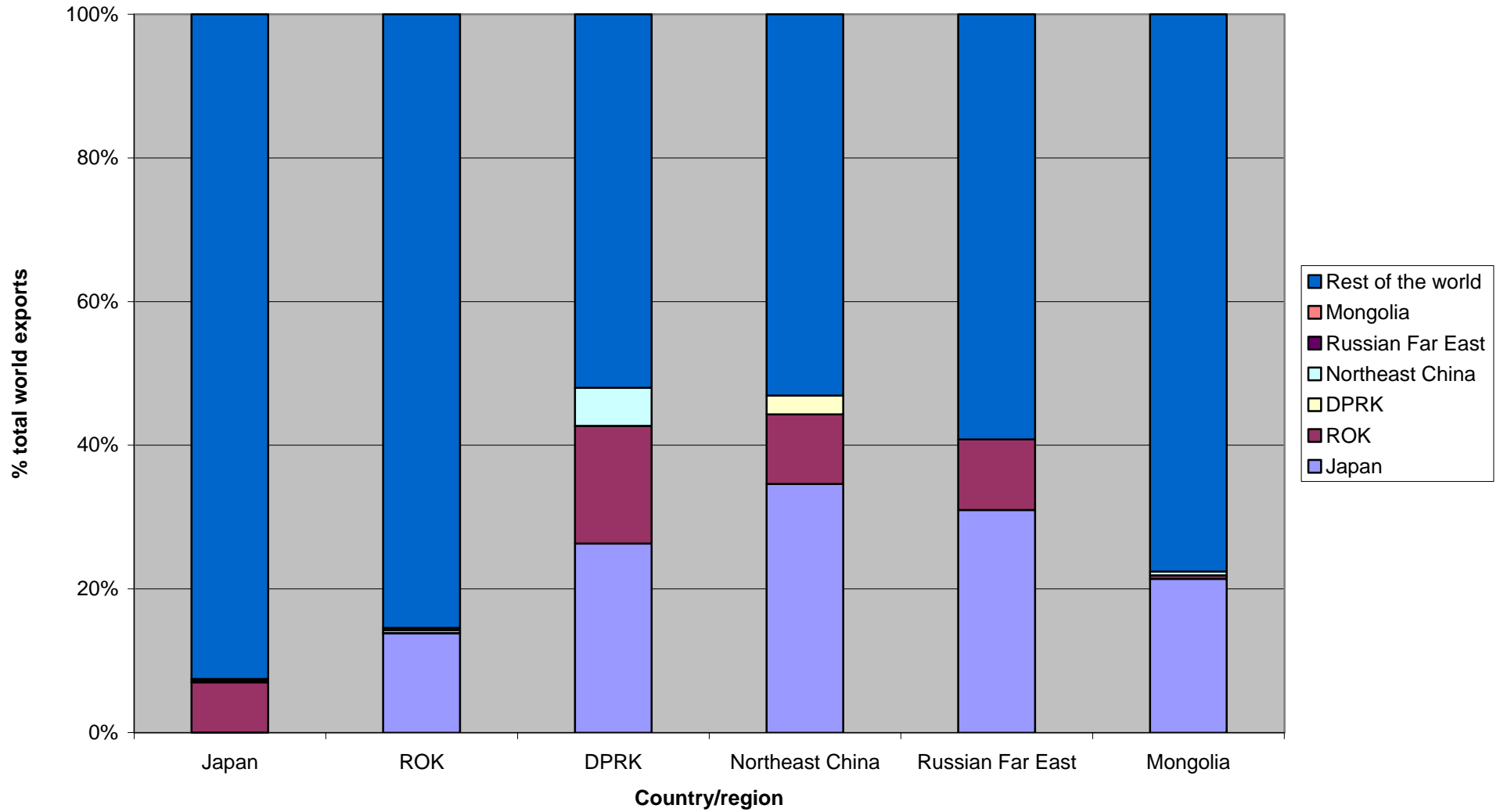


Chart 2: Import interdependency in Tumen micro-region in 1996

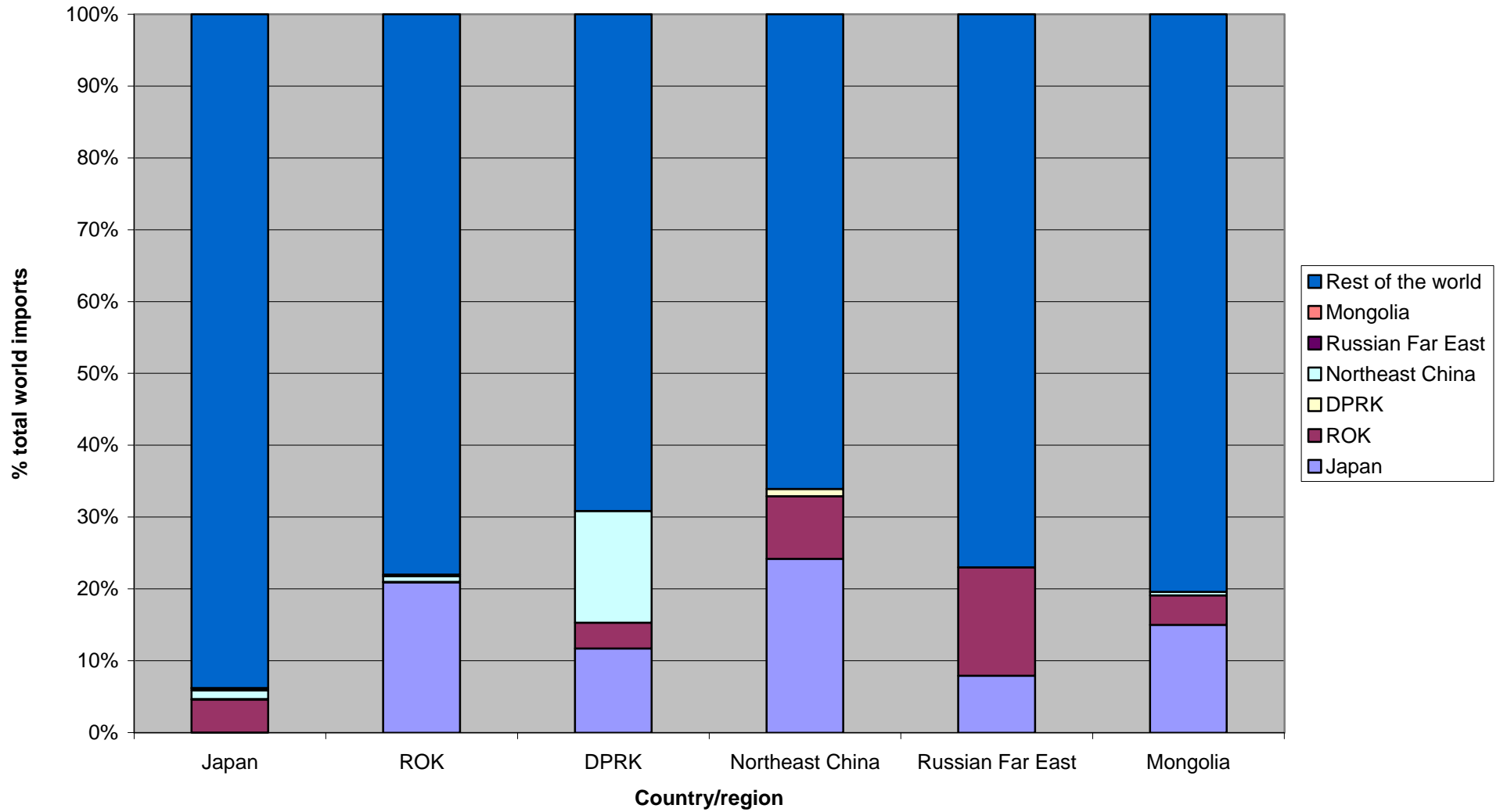


Table 1: Leading indicators of Northeast Asia's geography and economy in 1994

	Population (million)	Area (1,000 sq km)	Population density (per sq km)	GNP (US\$ billion)	Per capita GNP (US \$)	Comparison with Japan
Japan	125	378	331	4,591	36,728	
ROK	44	99	444	381	8,660	4.2
DPRK	23	125	184	21	913	40.2
PRC	1,199	9,596	125	522	435	84.4
Northeast China	102	787	130	60	588	63.0
Russia	148	17,000	9	268	1,811	20.1
Russian Far East	8	6,215	1.3	14	1,750	21.0
Mongolia	2	1,565	1.3	1	500	74.0
Total	[1,541] (304)	[28,763] (9,169)	[54.0] (33.2)	[5,784] (5,068)	[3,753] (16,671)	

Source: Kannihonkai Keizai Kenkyûjo, *Hokutô Ajia: Nijû Isseki no Furontia*, Tôkyô, Mainichi Shimbunsha, 1996.

[] represents total for Northeast Asia countries

() represents total for Northeast Asia subregion (Japan, ROK, DPRK, Northeast China, Russian Far East, Mongolia)

Table 2: TRADP sub-regional and micro-regional trade matrix 1996 (US\$ million)

Importing country	Japan	ROK	DPRK	PRC	North-east PRC	Russia	Russian Far East	Mongolia	Total micro-regional exports	Share of micro-regional exports (%)	Total sub-regional exports	Share of sub-regional exports (%)	Total world exports
Exporting country													
Japan		31,396 [7.0] (20.9)	226 [0.1] (11.7)	29,190 [6.5] (21.0)	1,438 [0.3] (24.2)	968 [0.2] (1.5)	160 [0.04] (7.9)	66 [0.01] (15.0)	33,286	7.4	61,846	13.8	447,961
ROK	15,980 [13.8] (4.6)		70 [0.06] (3.6)	12,484 [10.8] (9.0)	516 [0.4] (8.7)	472 [0.4] (0.8)	307 [0.3] (15.1)	18 [0.02] (4.1)	16,891	14.6	29,024	25.0	115,975
DPRK	291 [26.3] (0.08)	182 [16.4] (0.1)		69 [6.2] (0.05)	59 [5.3] (1.0)	347 [31.3] (0.6)	n.a.	n.a.	532	48.1	889	80.3	1,107
PRC	40,405 [15.9] (11.6)	8,533 [3.3] (5.7)	497 [0.2] (25.7)			996 [0.4] (1.6)	219 [0.1] (10.8)	80 [0.03] (18.2)	n.a.	n.a.	50,511	19.8	254,773
North-east PRC	4,027 [34.6] (1.2)	1,133 [9.7] (0.8)	300 [2.6] (15.5)			808 (6.9) (1.3)	n.a.	2 [0.02] (0.5)	5,462	46.9	n.a.	n.a.	11,655
Russia	3,922 [4.6] (1.1)	1,807 [2.1] (1.2)	525 [0.6] (27.2)	5,150 [6.0] (3.7)	814 [1.0] (13.7)			211 [0.2] (48.1)	n.a.	n.a.	11,615	13.6	85,294
Russian Far East	1,037 [31.0] (0.3)	329 [9.8] (0.2)	n.a.	707 [21.1] (0.5)	n.a.			n.a.	1,366	40.8	n.a.	n.a.	3,345
Mongolia	89 [21.4] (0.03)	2 [0.5] (0.001)	0	126 [30.4] (0.09)	2 [0.5] (0.03)	84 [20.2] (0.1)	n.a.		93	22.4	301	72.5	415
Total micro-regional imports	21,424	33,042	526.06	n.a.	2,015	n.a.	467	86					
Share of micro-regional imports (%)	6.1	22.0	27.2	n.a.	33.9	n.a.	23.0	19.6					
Total sub-regional imports	60,687	41,920	1,318	47,019	n.a.	2,867	n.a.	375					
Share of sub-regional imports (%)	17.4	27.9	68.3	33.8	n.a.	4.6	n.a.	85.4					
Total world imports	349,508	150,370	1,931	138,949	5,949	62,678	2,031	439					

Figures in [] are percentages of exporting country/region's total world exports

Figures in () are percentages of importing country/region's total world imports

Source: KanNihonkai Keizai Kenkyûjo, p. 6.

Table 3: Northeast Asia sub-regional FDI matrix 1997 (US\$million)

	Japan	ROK	DPRK	PRC	Russia	Mongolia	Total sub-regional FDI	Share of country's/region's total world FDI	Total world FDI
Japan		442 [0.8] (14.3)	0 [0.0] (0.0)	1,987 [3.7] (4.4)	9 [0.01] (0.1)	0.85 [0.001] (0.3)	2,439	4.5	53,972
ROK	69 [2.3] (1.2)		n.a	627 [20.8] (1.4)	n.a	2.9 [0.1] (1.2)	699	23.2	3,010
DPRK	0	0		0	0	0	0	0.0	0
PRC	5 [1.5] (0.1)	23 [7.1] (0.7)	3.5 [1.1] (33.7)		0	18.2 [5.6] (7.2)	50	15.3	325
Russia	0	0	0	0		0	0	0.0	2,617
Mongolia	0	0	0	0	0		0	0.0	0
Total sub-regional FDI	74	465	4	2,614	9	21.95			
Share of investing country's/region's total world FDI	1.3	15.1	33.7	5.8	0.1	8.7			
Total world FDI	5,527	3,086	10	45,257	6,241	252			

Figures in [] are percentages of investing country/region's total world FDI

Figures in () are percentages of receiving country/region's total world FDI

Source: Jettro Bôeki Hakusho 1999nenhan.

Table 4: Potential comparative and complementary factor endowments in Northeast Asia micro-region

	Japan	ROK	DPRK	Northeast China	Russian Far East	Mongolia
Arable crop land	Low	Low	Low	High	Low	Low
Pastoral crop land	Low	Low	Low	Medium	Low	High
Mineral resources	Low	Low	High	Medium	High	High
Energy resources	Low	Low	Medium	High	High	Medium
Labour surplus	Low	Low	Medium	High	Low	Low
Capital surplus	High	Medium	Low	Low	Low	Low
Advanced technology	High	High	Low	Low	Low	Low
Management expertise	High	High	Low	Low	Low	Low
Developed heavy industry	High	High	Medium	Medium	Medium	Low
Vanguard industry	High	High	Low	Low	Low	Low
Transport infrastructure	High	Medium	Medium	Medium	Low	Low

Sources: Adapted from Hwang, 1993: 299.

Table 5: Chronology of TRADP and national FEZ (Free Economic Zones)

Date	TRADP		FEZ
	<i>TRADP Stage 1: Preparation</i>		
1990 Jul	1 st Northeast Asian Economic Development Conference (Changchun, PRC) -PRC proposes development of 'Tumen River Golden Triangle'		
1990 Nov			Russian Nakhodka Free Economic Zone (FEZ) established
1991 Jul	United Nations Development Programme (UNDP) Northeast Asia Region Planning Meeting (Ulan Bator, Mongolia) -UNDP and delegates from PRC, ROK, DPRK, and Mongolia officially adopt Tumen River development concept		
1991 Oct	UNDP Northeast Asia Region Co-ordination Meeting (Pyongyang, DPRK) -UNDP proposes master plan for Tumen River Area Development Programme (TRADP): <ul style="list-style-type: none"> ● US\$30 billion investment over 20 years ● Creation of UN 'international city' to link Rajin (DPRK)-Hunchun (PRC)-Posyet (Russia) Tumen River Economic Zone (TREZ) 1,000km sq. small development triangle ● Rajin-Hunchun-Posyet TREZ supported by Chongjin-Yanji-Vladivostok/Nakhodka North East Asia Regional Development Area (NEARDA) 10,000 km sq. large development triangle -Russian and Japanese delegates participate -Tumen River Area Development Programme Management Committee (PMC) established to study and implement the project		
Dec	Russia becomes full member of TRADP, Japan remains an observer		DPRK Rajin Free Economic and Trade Zone (FETZ) established
1992 Feb	1 st PMC (Seoul, ROK) -feasibility studies of TRADP -Russia invited to join PMC as full member -Asian Development Bank (ADB) invited to join PMC as observer		
1992 Oct	2 nd PMC (Beijing, PRC) -infrastructure pre-investment feasibility studies for TRADP -Russia joins PMC		PRC Hunchun Border Economic Cooperation Zone established -attracts US\$40 million foreign investment by early 1995
1993			Russian Nakhodka FEZ tax privileges abolished
May	3 rd PMC (Pyongyang, DPRK) -PRC, DPRK, Russia agree to lease land for TREZ to be administered by jointly-owned Tumen River Development Corporation		
Sep			DPRK Rajin-Sonbong FETZ established
1994 Jul	4 th PMC (Moscow, Russia) -TREZ land lease plan and UNDP US\$30 master plan abandoned due to legal, sovereignty, management and financial problems -agree less ambitious project focussed on harmonising separate FEZ projects		
1995 May	5 th PMC (Beijing, PRC) 3 agreements reached: <ul style="list-style-type: none"> ● PRC, DPRK and Russia to establish Coordinating Committee for TREZ to replace PMC, revitalise project, and advise and coordinate investment ● PRC, DPRK, Russia, ROK, Mongolia to establish Consultative Commission for TREZ to promote communications, trade, finance, energy ● PRC, DPRK, Russia, ROK, Mongolia agree on Memorandum of Understanding on Environmental Principles 		
	<i>TRADP Stage 2: Enactment</i>		
1995 Dec	6 th PMC (New York, USA) -3 agreements officially signed		
1996 Apr	1 st Coordinating Committee (Beijing, PRC) -establishes Tumen River Trust Fund and Tumen Secretariat in Beijing		
Sep			DPRK Rajin-Sonbong FETZ international investment forum held
Oct	2 nd Coordinating Committee (Beijing, PRC) -decision to invite formal membership of Japan		

1997	Nov	3 rd Coordinating Committee (Beijing, PRC) -discuss promotion of investment and tourism -UNDP and ROK agree to provide US\$4.4 million to technology support fund	
1998	May		Primorsky Territory and Nakhodka FEZ international investment forum held
	Sep		Hunchun FEZ international investment forum held
1999	Jun	4 th Coordinating Committee (Ulan Bator, Mongolia) -UNDP proposes establishment of Tumen Investment Corporation	