



# GTI Trade and Investment Cooperation

Proceedings of the Roundtable Meeting on 30 August 2017

Changchun, PR China

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## List of Abbreviations

AEO	Authorized Economic Operator
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASEM	Asia-Europe Meeting
ASEZ	Advanced Special Economic Zone
B20	The Business 20
B2B	Business-to-Business
CABIS	China-ASEAN Business and Investment Summit
CAREC	Central Asian Regional Economic Cooperation
CBM	Coordinated Border Management
CC	Consultative Commission
CCPIT	China Council for Promotion of International Trade
CFCFA	CAREC Federation of Carrier and Forwarder Associations
CNEA	China-Northeast Asia Expo
CPMM	Corridor Performance Measurement and Monitoring
CSC	Customs Sub-Committee
EABC	East African Business Council
EAEU	Eurasia Economic Union
ECC	Electronic Communications in International Contracts
ENEA	East and North-East Asia
EPA	Economic Partnership Agreement
ETR	Electronic Transferable Records
FA	Framework Agreement
FA-PT	Framework Agreement on Facilitation of cross-border Paperless Trade in Asia and the Pacific
FDI	Foreign Direct Investment
FIPA	Foreign Investment Protection and Promotion Agreement
FPV	Free Port of Vladivostok
FTAs	Free Trade Agreements
FTZ	Free Trade Zone
GTI	Greater Tumen Initiative
GTR	Greater Tumen Region
ICT	Information & Communications Technologies
ISID	Inclusive and Sustainable Industrial Development
ITPO	Investment and Technology Promotion Office
KBC	Korea Business Centre
KOTRA	Korea Trade Promotion Agency( <i>now Korea Trade-Investment Promotion Agency</i> )
M&A	Mergers and Acquisitions
MFA	Ministry of Foreign Affairs
MLEC	Model Law on Electronic Commerce
MLETR	Model Law on Electronic Transferable Records
MNCCI	Mongolian National Chamber of Commerce and Industry

MofCom	Ministry of Commerce of the People's Republic of China
NBI	National Business Initiative
NEA	Northeast Asia
NTBs	Non-Tariff Barriers
OFDI	Outward Foreign Direct Investment
PCA	Partnership Cooperation Agreement
RCEP	Regional Comprehensive Economic Partnership
ROK	Republic of Korea's
SAP	Strategic Action Plan
SCO	Shanghai Cooperation Organization
SCSI	Support for Economic Cooperation in Sub-regional Initiatives in Asia
SDR	Special Drawing Right
SMEs	Small and Medium Sized Enterprises
SW	Single Window
TFA	Trade Facilitation Agreement
TFC	Trade Facilitation Committee
TIC	Trade and Investment Committee
TPP	Trans-Pacific Partnership
TRAM	Trade Related Assistance for Mongolia
UNCITRAL	United Nations Commission on International Trade Law
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
WCO	World Customs Organization
WTO	World Trade Organization

# GTI Trade and Investment Cooperation Roundtable Meeting

30 August 2017, Changchun, Jilin Province of China



## I. About this Meeting

Trade and investment play an essential role in fostering sustainable economic development. Hence, tangible cooperation and integration in the Greater Tumen Initiative (GTI) are the cornerstones of tapping the region's abundant resources. The GTI Strategic Action Plan 2017–2020 as well as GTI's Road Map for Trade and Investment Cooperation (2017–2020) both acknowledge this fact and identify priority areas, goals and approaches.

To develop concrete cooperation projects along these lines and ensure tangible outcomes for all involved parties the first GTI Trade and Investment Cooperation Roundtable Meeting took place in Changchun, China, on 30 August 2017. The Ministry of Commerce of the People's Republic of China (MofCom), Jilin Provincial Government, the GTI Secretariat and the Support for Economic Cooperation in Sub-regional Initiatives in Asia (SCSI) Programme of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH jointly organised the Roundtable Meeting. The Department of Economic and Technological Cooperation of the Jilin Provincial Government hosted the meeting in Changchun.

The Roundtable Meeting provided a unique platform for the exchange of knowledge concerning cross-border cooperation, challenges and opportunities in the field of trade and investment in the Greater Tumen Region (GTR). The event assembled delegates who represented the various trade and investment plans which had recently been put forward by national governments and international institutions. Based on the mutual understanding, next steps could be discussed for concrete cooperation under the GTI Trade and Investment Committee (TIC) and the Customs Sub-Committee.

The following pages outline the input which was presented by the gathered experts in the course of the meeting. This document shall serve to inform and further deepen the discussion as well as create joint project proposals in the field of trade and investment between the four GTI member countries.

The executive summary recapitulates (p. 13) the key findings; the final chapter ‘Way Forward’ (p. 69) details ideas for follow-up activities and future cooperation based on some of the discussions and conclusions from the event.

## Remarks from GTI Secretariat

Mr. KANG Daehyun, Programme Advisor, Greater Tumen Initiative

GTI originally began as a regional development program of UNDP which was called TRADP (Tumen River Area Development Program) in 1991 to create a joint Special Economic Zone to be built on the Tumen River delta area by leasing land from China, Russian Federation and DPRK and to transform the Tumen River delta area into a transportation and trading hub for Northeast Asia involving large scale investment in roads, railways, airports, container ports and urban facilities.

In 1995, to officially organize cooperation under the TRADP, five founding member countries (China, Mongolia, ROK, Russian Federation and DPRK) signed the historical Agreement on establishing Consultative Commission. In 2005 they agreed to transfer the TRADP into the current GTI mechanism by expanding the geographic scope from the Tumen River delta area to the Greater Tumen Region and strengthening the ownership of the member countries. Since then, the GTI has been a unique member country-driven multilateral cooperation mechanism in Northeast Asia.

Under the GTI framework, the Trade and Investment always has been the most important agenda among the member countries. To fully realize the potentials of the member countries, they have well recognized the mutual benefit of accelerating trade and investment cooperation. Abundant natural and human resources, huge labor and consumer markets, advanced manufacturing technology, etc. have made the GTI member countries emphasize the importance of collaborating each other in liberalizing and facilitating trade and investment to maintain sustainable co-prosperity.

The GTI member countries have used the Trade Facilitation Committee as a platform for coordinating policies and arranging projects since 2011. GTI Trade Facilitation Study, International Seminar on Trade Facilitation in Northeast Asia, Trade Facilitation Capacity Building Program, GTI International Trade and Investment EXPO, AEO (Authorized Economic Operator) Working Group Meetings and many other activities have been organized successfully based on the consensus of the GTI member countries and with the supports from diverse GTI partners including UNESCAP, GIZ and ADB.

Global economy has been experiencing a series of dynamic movements. Protectionism, liberalization, digital economy and others have provided challenges and opportunities for countries who are the main stakeholders in trade and investment. The GTI member countries have tried to cope with the new trends of trade and investment in the global market. Restructuring of the former Trade Facilitation Committee could be a good example. In 2016, the GTI member countries successfully launched the new platform of GTI Trade and Investment Committee (TIC) which will tackle broader issues on trade and investment.

TIC will play a key role in boosting trade and investment in Northeast Asia, dealing with comprehensive agendas not only limited to trade facilitation issues. TIC members already have revised the for-



mer GTI strategic Action Plan 2012-2015 and set up new objectives and approaches of the trade and investment sector in the GTI Strategic Action Plan 2017-2020. Additionally, the Roadmap for Trade and Investment Cooperation of GTI 2017-2020 has been approved at the 17th GTI Consultative Commission Meeting (29 June 2017, Moscow). The new Roadmap has many priority areas and actions including:

- Accelerating trade liberalization and facilitation;
- Promoting cross-border E-commerce development;
- Improving regional supply chain connectivity and integrating regional logistics;
- Creating attractive investment environment;
- Enhancing the cooperation on Special Economic Zones;
- Boosting trade in services;
- Promoting regional infrastructure investment.

With the institutional instruments being set, it is time for the GTI member countries to discuss how they can design and implement concrete and practical cooperation activities. The ideas to further accelerate cooperation on trade and investment do not come from the effort of one organization alone. The ideas should come from time-and-painstaking collaboration efforts among all stakeholders including central and local governments, international organizations, academia and private sector. They are the major actors engaged in the trade and investment sector of Northeast Asia, and closely cooperating with them has been the key to achieve the goal of GTI.

This Roundtable Meeting could be the first stage of the collaboration for boosting trade and investment in Northeast Asia and creating win-win effects among the GTI member countries in the future.

## **Remarks from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH**

Magnus C. M. Brod, Programme Director

The Greater Tumen Initiative Trade and Investment Roundtable originated from a proposal by the Ministry of Commerce, China, and the Department of Economic and Technological Cooperation of Jilin Province to the GTI TIC meeting in 2016. All involved stakeholders carefully developed the idea further with the GTI Secretariat. We deliberately organised a Roundtable Meeting to offer a platform for open discussion of concrete cooperation under the GTI framework in the field of trade and investment.

This event brings together all the important stakeholders in GTI cooperation in the field of trade and investment, including experts from the local as well as the central level of the public sector. Furthermore, international organisations which are active in the field joined the event. Moreover, of course, it includes representatives from private sector associations and businesses alike. Having gathered these experts from all four GTI member countries, the People's Republic of China, the Russian Federation, the Republic of Korea and Mongolia, the event provides a forum for in-depth discussion about the implementation of concrete trade and investment cooperation projects in the light of sustainability and inclusiveness.

In recent years there have been tremendous examples of GTI cooperation that go beyond the exchange of information – most cooperation activities focused on concrete challenges and opportunities. I am thinking about the Logistics Sub-Committee of the Local Cooperation Committee or the AEO Working Group of the CSC. Therefore, I am confident that we can utilise the expertise and the energy gathered in this room today.

If we look into both documents that provide the backdrop for this Roundtable Meeting, the Strategic Action Plan 2017–2020 and the Roadmap for Trade and Investment Cooperation of GTI (2017–2020), they both provide a solid platform and lay out important milestones for cooperation. Let me highlight just a few of them: transparency, concrete and bankable projects, and efforts to improve logistic chains in the region as well as to enhance the effectiveness of cross-border trade procedures.

Fulfilling these goals calls for openness and commitment on all sides and – especially – a higher engagement of the private sector into regional economic cooperation. A developing private sector is the foundation for economic development and job creation, which in turn is the cornerstone of sustainable development as laid out in the Sustainable Development Goals (SDGs) of the UN's Agenda 2030.

### Sustainable Development Goal 8.3

‘Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage formalisation and growth of micro-, small- and medium-sized enterprises including through access to financial services.’

Here, especially Goal 8.3 and Goal 17, which explicitly puts forth the increase of exports from and by developing nations, can guide the development of projects in the GTR and under the GTI TIC Framework. This thought points directly to the discussion about adequate means of implementation which need to be strengthened between industrialised and developing countries to make the SDGs happen.

### Sustainable Development Goal 17

‘Strengthen the means of implementation and revitalise the global partnership for sustainable development.’

The question is not only that of finances and human capacity development but with coordination and cooperation. All involved parties need to take responsibility. For stakeholders to engage in effective cooperation, efforts need to focus on prioritised areas of cooperation. Harmonisation of interest is at the core of the ‘GTI spirit’ which has driven the mechanism in the last 20 years.

As previously mentioned, Goal 8.3 directs us towards the strengthening of export capacities of local companies and their inclusion in regional and international value chains. The call for private sector engagement, for example, highlights the need for an inclusion of SMEs into the concrete planning of regional cooperation. The Strategic Action Plan 2017–2020 highlights the same goal under the objectives of Trade and Investment.

Trade’s contribution to social development and poverty reduction is closely linked to transparency and efficient government services, which is extensively referred to in the Roadmap for Trade and Investment Cooperation of the GTI (2017–2020). It is clear that harmonisation, standardisation and simply open communication channels on all involved sides can lead to an increased facilitation of trade in the region. This includes work in the customs field as well as quality and safety infrastructure, joint development of inspection facilities and so on

Today, we need to come up with ideas on how to improve the access of the region’s companies’ access to regional and international markets. We need to ensure that we develop trade inclusively by supporting a transparent and efficient business environment where sustainable operating companies are engaged in trade within the region, to reach an increase of trade and investment. Moreover, last but not least, we need to ensure that projects serve the interest of all parties involved.

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## **II.Executive Summary**

The GTI Trade and Investment Cooperation Roundtable Meeting dealt with four themes on trade and investment organised in four different sessions. Session 1 focused on cross-border trade and trade facilitation in Northeast Asia. Policy coordination on investment promotion in Northeast Asia was the theme of Session 2. The issues of opportunities for business-to-business cooperation in Northeast Asia and transport links and corridors for connectivity in Northeast Asia were dealt with in Sessions 3 and 4, respectively. The experts shared their latest efforts in promoting trade and investment in their countries and regions and suggested a wide range of policy recommendations for deepening GTI cooperation and creating tangible outcomes under the new framework of the GTI TIC.

This executive summary contains an overview of the sessions' highlights as summarised by the sessions' chairs. The full papers follow in the later part of the report.

### **2.1 Session 1: Cross-Border Trade and Trade Facilitation in Northeast Asia**

Trade can be considered one of the key engines for growth and development. The first session focused on trade facilitation in a broader sense with participants from the public sector, the private sector and international organisations. The diversity of speakers reflected the need to include a variety of stakeholders in all activities aimed at facilitating trade, including the private sector. At the same time, tapping the knowledge and resources of international organisations can improve projects and even lead to further up-scaling.

The examples touched upon Chinese experiences such as the China–Shanghai Free Trade Zone and their Single Window System, and the efforts of Mongolia and China in the field of trade facilitation. The outlook for trade in the region and the prospects of legal harmonisation were also included in the session.

The speakers also touched upon some challenges such as the sluggish growth rate of trade in the region and the ongoing obstacles that exist at the border. The session also highlighted opportunities such as closer cooperation in the field of authorised economic operators (AEO) and the adoption of a unified legal framework to boost paperless trade and e-commerce.

To improve trade procedures and to overcome challenges and tap resources, the following options should be considered: increase cooperation on the topic of a mutual recognition agreement between the GTI member countries; follow up the ongoing cooperation with other joint measures such as capacity-building in the field of paperless trade; utilising regional best practices can be a key element and significant advantage of cooperation under the GTI framework. At the same time, regional cooperation could enhance the GTI member countries' efforts to lay out the legal framework for paperless trade. Also, developing a joint approach to cooperate under the World Trade Organization's (WTO) Trade Facilitation Agreement (TFA) for the benefit of all member countries could be a possible next

step. Overall, networking and close cooperation with the business community should not be underestimated. In the same light, tackling inefficiencies at the local level through joint exercises and dialogue helps to overcome barriers to trade.

## **2.2 Session 2: Policy Coordination on Investment Promotion in Northeast Asia**

The session shared best practices and recent regulatory reforms and initiatives of GTI member countries to attract investment flows. The examples included: 1) Mongolia's new investment law and the establishment of institutions (e.g. Investment Protection Council) to promote investment and protect investors' interests; 2) the Republic of Korea's one-stop solution to resolve company difficulties and improve regulations and systems related to foreign investment. The Korean government has also shifted its incentives structure from the invested amount to the effect on employment; and 3) the Russian Federation's simplification of business procedures as part of its National Business Initiative road map and the national rating to evaluate the key factors (e.g. the effectiveness of regional authority) in creating a favourable investment climate. As presented in Session 3, China has also recently implemented reforms such as streamlined procedures and a pre-establishment national treatment and negative list approach to foreign investments.

The session underscored that while the Northeast Asia sub-region is the leading destination and source of foreign direct investment (FDI), intra-subregional FDI flows are still low. Enhanced economic integration is likely to stimulate FDI flows within the sub-region. The potential could be reached through cross-border economic zones, renewable energy investments, and industrial parks. For example the United Nations Industrial Development Organization (UNIDO) proposed the establishment of an industrial park in the Russian Far East region.

The GTI member countries could discuss further promoting FDI integration to achieve the GTI Roadmap for Trade and Investment Cooperation (2017–2020). Three identified options are: 1) convergence of rules and regulations governing FDIs; 2) creation of an enabling investment environment; and 3) coordination of national development strategies (e.g. the Republic of Korea's New Northern Policy and China's Belt and Road Initiative).

## **2.3 Session 3: Opportunities for Business-to-Business Cooperation in Northeast Asia**

The session shared views from the private sector on significant efforts in promoting trade and investment in the GTI member countries. The experts presented four cases. First, the efforts for supporting traders and investors (especially for small and medium-sized enterprises (SMEs)) through diverse custom-made programmes in the Republic of Korea. Second, an outline of the main Mongolian activities on trade facilitation and trade promotion. The third presentation focused on streamlined new investment regulations for foreign companies recently announced by China's Ministry of Commerce and its expected benefits. The fourth presentation detailed the opportunities for business-to-business (B2B) cooperation in Primorsky Krai including the Free Port of Vladivostok and the Advanced Social–Economic Zones. All presentations included recommendations for further GTI cooperation.

Based on the session, the private sector's demands can be summarised in four categories. 1) Organising further cooperation in implementing the WTO TFA, 2) meeting needs from traders and investors to design support programmes, 3) strengthening B2B communication and public-private dialogues, and 4) mitigating regulations and providing more advantages (e.g. tax) for foreign companies constitute the primary interests. The GTI member countries should further discuss related issues under the GTI TIC. Additionally, the session revealed that the knowledge, experience and expertise from chambers of commerce and trade-investment promotion agencies on supporting private enterprises could be valuable assets for GTI cooperation in the future.

Accelerating communication with the private sector will be key for the GTI member countries to design practical projects and create tangible outcomes. In this regard, establishing the Northeast Asia National Chambers Association under the GTI as agreed among the member countries in 2014 and utilising already-set-up cooperation mechanisms in the private sector (e.g. Trilateral Chambers' Meeting between Mongolia, China and the Russian Federation) could provide platforms for the GTI member countries to deepen collaboration with them.

#### **2.4 Session 4: Transport Links and Corridors for Connectivity in Northeast Asia**

To make trade happen, transport infrastructure has to be in place. This session looked at transport from the angle of trade within the GTR. Experts detailed concrete connectivity projects both from the perspective of the private sector and the local governments, as well as from international financial institutions.

Speakers showed examples from Gangwon Province in the Republic of Korea, Dornod Province in Mongolia, Jilin Province in China, the Russian Far East and other examples of borders between the GTI member countries, as well as from other areas. For example, transport corridors such as Hunchun-Zarubino-Busan, Hunchun-Mahalino, and border ports such as Ereetsav-Soloviyevsk.

The session highlighted the uneven development within the GTR. While some transport corridors are highly developed, others are in need of significant upgrading. At the same time, borders disturb the free flow of goods along the corridors and even interrupt otherwise well-developed transport routes. This factor shows how transport development and trade facilitation have to go hand in hand.

To make fruitful cooperation happen, the GTI member countries should focus on overcoming crucial transport bottlenecks along the GTI transport corridors. Border infrastructure needs an upgrade, including institutions for sanitary and phytosanitary (SPS) laboratories and so on. Furthermore, to tackle issues at concrete border ports, joint operations such as a Joint Customs Control should be considered. Here, mutual training and studies including participants from both sides of the border can pave the way for further development. Furthermore, close coordination between the efforts of transport connectivity and trade facilitation is essential to ensure successful outcomes from joint cooperation projects.

## **2.5 Way Forward**

The GTI Trade and Investment Cooperation Roundtable Meeting handled general issues on trade and investment including trade facilitation, trade and investment, transport and logistics. While reviewing the outcomes of the Roundtable Meeting and designing specific projects, the GTI member countries need to keep in mind the following key directions which reflect insights from the experts:

- Strengthening financial support for projects
- Accelerating capacity-building and technical assistance among the GTI member countries
- Enhancing communication with the private sector
- Developing online information-sharing on trade and investment
- Cooperating with international organisations and development partners.

Based on the principal directions, the members of the GTI TIC and Customs Sub-Committee (CSC) should undertake follow-up activities to realise the recommendations from the Roundtable Meeting. Notably, it is essential for them to design more practical cooperation activities following the priority areas and actions stipulated in GTI's Roadmap for Trade and Investment Cooperation 2017–2020 which serves as the primary instrument to achieve the objectives of the GTI Strategic Action Plan 2017–2020. In this regard, this report provides detailed follow-up activities to consider in the TIC and CSC. They cover the following identified priority areas, within which respective follow-up activities and actors are summarised in the report.

- Accelerating trade liberalisation and facilitation
- Promoting cross-border e-commerce development
- Improving regional supply chain connectivity and integrating regional logistics
- Supporting regional private sector cooperation
- Enhancing cooperation on Special Economic Zones
- Promoting regional infrastructure investment.



### III. Session 1: Cross-border Trade and Trade Facilitation in Northeast Asia

Participants introduced the development of cross-border trade (including e-commerce) and share recent trends on trade facilitation in North East Asia to put forward recommendations for future cooperation under the GTI Strategic Action Plan 2017-2020 and the Roadmap for Trade and Investment Cooperation of GTI (2017-2020).

#### 3.1 Cross-border Trade and Trade Facilitation in Northeast Asia – Trends, Opportunities and the Way Forward

Dorothea LAZARO, Economic Affairs Officer, UNESCAP East and North-East Asia (ENEA) Office

*In her presentation, Ms. Lazaro briefly introduced current status of cross-border trade in NEA region. She emphasized the importance of maintaining open trade and investment regime and boosting trade facilitation initiatives within and across GTI sub-region. The following paragraphs, recap her main points.*



Amid the slowly recovering global trade, worrying trends of protectionism and other economic uncertainties are opportunities for substantial potential gains and benefits from two milestone trade facilitation agreements. Firstly: (i) the WTO TFA, which took effect in February 2017 and (ii) the Framework Agreement (FA) on Facilitation of Cross-border Paperless Trade in Asia and the Pacific,<sup>1</sup> which was signed on 29 August 2017 by ESCAP members, including China. Recent estimates suggest that implementing the WTO TFA measures could reduce trade costs by 5% under partial implementation and 9% under full implementation. If paperless and cross-border paperless trade measures are implemented in addition to the WTO TFA measures, trade costs could be reduced by up to 16%.<sup>2</sup>

Asia remains the most dynamic region in the global economy, and its dominant position is driven primarily by the economic and trade performance of the countries in NEA (including Japan) which contributes a fifth of global trade and a quarter of global GDP. Aside from remarkable trade perfor-

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<sup>1</sup>The FA is the first regional agreement to promote cross-border paperless trade by enabling the exchange and mutual recognition of trade-related data and documents in electronic form and facilitating interoperability among national and sub-regional single windows and/or other paperless trade systems for the purpose of making international trade transactions more efficient and transparent while improving regulatory compliance.

<sup>2</sup>ADB and ESCAP (2017). Trade Facilitation and Better Connectivity for an Inclusive Asia and Pacific. Available via <https://www.adb.org/publications/trade-facilitation-connectivity-inclusive-asia-pacific>.

mances, NEA economies are front-runners in trade facilitation measures<sup>3</sup>, as well as global and regional indices including on enabling trade (World Economic Forum) and international supply chain connectivity (ESCAP).

However, taking into consideration its high global share and low intra-regional trade, the sub-regions still relatively less integrated than other regional blocs. For instance, while NEA (GTI countries and Japan's) global trade share is 20.3%, its intra-subregional trade is 21.3%. In comparison, ASEAN's global trade share is only 6.7%, but intra-subregional trade is higher at 24.3%. Intra-regional trade is also highly concentrated between China, Japan and the Republic of Korea.

Table 1. Comparison of trade and intra-regional trade share among regional blocs

	ENEA	ASEAN	EU	NAFTA
share in global trade (%)	20.3%	6.7%	32.0%	15.2%
trade within the subregion (%)	21.3%	24.3%	62.8%	41.9%

Source: ESCAP(2017). Unlocking the Potential for East and NEA Regional Economic Cooperation and Integration.

With economic and non-economic uncertainties coupled with uneven developments in border and transport infrastructure development in the sub-region, the GTI member countries continue to face some issues. Among those are along time spent for border and documentary compliance, comparatively higher sub-regional costs of trading across borders, and stockpiling of trade-restrictive and non-tariff measures (NTMs). It is necessary to address such issues to deepen economic integration, expand the regional value chain beyond the three major NEA players, and benefit from the sub-region's innovation-driven strategies, improved connectivity, economic corridors and rise of digital trade.

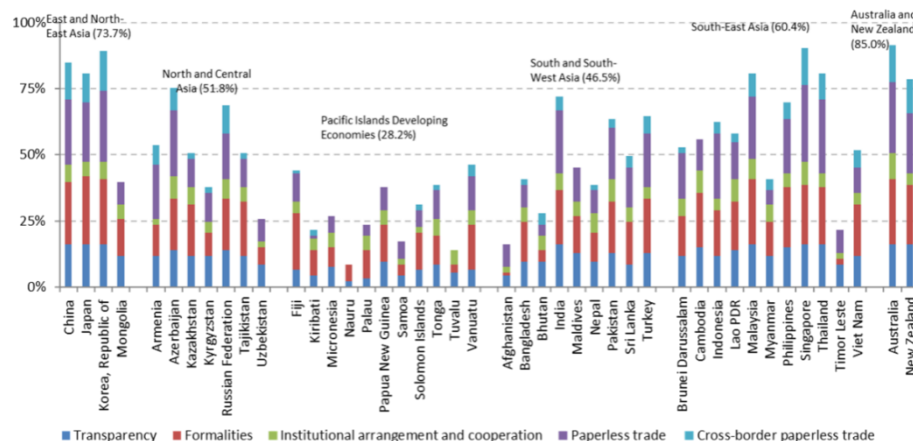
Findings of a recent ESCAP study on cross-border Business Process Analysis (BPA) of Mongolian trade and transit procedures with neighboring (GTI) countries,<sup>4</sup> reiterate some of the challenges of cross-border transport and trade facilitation. Notably, the issues of duplicative documentary requirements (e.g., the need to submit multiple certificates on sanitary and phytosanitary (SPS) measures) and the lack of timely and efficient exchange of information (various data format and paper-based) could be addressed through paperless data exchange.

Within the Asia-Pacific region, some NEA economies are relatively advanced in implementing trade facilitation measures, particularly in the areas of formalities, transparency, and institutional arrangements.

<sup>3</sup>Second Global Survey on Trade Facilitation and Paperless Trade Implementation (2017) (forthcoming). The survey is being conducted by five UN regional commissions, with overall coordination of ESCAP and support from other partners such as UNCTAD, International Trade Centre, OECD, Oceania Customs Organization and Eurasian Economic Commission. <https://unnext.unescap.org/>

<sup>4</sup>See <http://www.unescap.org/events/workshop-facilitation-trade-northeast-asia-through-paperless-trade>.

Figure 1 Overall implementation of trade facilitation measures in 44 Asia-Pacific economies surveyed, 2017



Source: ADB and ESCAP (2017). Trade Facilitation and Better Connectivity for an Inclusive Asia and Pacific. <https://www.adb.org/publications/trade-facilitation-connectivity-inclusive-asia-pacific>.

While significant progress has been achieved in paperless trade implementation (border internet connection, e-customs and e-declaration), cross-border paperless trade measures (e-letter of credits, e-SPS, e-origin certificates) are implemented partially or at a nascent stage in NEA. Cooperation and concerted action within the GTI are therefore crucial in the area of cross-border paperless trade.

At a GTI-ESCAP workshop,<sup>5</sup> participants from GTI member countries, the private sector and international experts put forward proposals for a GTI-level action plan towards achieving cross-border paperless trade in the sub-region. This includes:

- Needs assessment including trade processes analysis at GTI-level;
- Capacity-building on legal and technical issues on data harmonization and standardization;
- Pilot project on data exchange;
- Study on best/optimal information and communications technology (ICT) systems for single window;
- Establish GTI working group/ focal points on paperless trade and involve academic and research institutions; and
- Participation in the FA and its implementation roadmap in cooperation with ESCAP.

In conclusion, NEA trade potential could be achieved further by maintaining an open trade and investment regime, avoiding protectionism, and boosting trade facilitation initiatives that reduce trade

<sup>5</sup>ESCAP-GTI Workshop on Cross-Border Trade Facilitation and Single Window Implementation in Northeast Asia, 12-13 April 2017 in Vladivostok, Russian Federation. <http://www.unescap.org/events/workshop-cross-border-trade-facilitation-and-single-window-implementation-northeast-asia>

costs including through paperless trade regime. Achieving this would involve a more coordinated approach and continued capacity-building for all trade-related agencies within and across the GTI sub-region.

ESCAP is ready to support and collaborate with GTI countries. Specifically in the areas of trade and investment facilitation in the Northeast Asia sub-region, paperless trade, e-commerce, seamless cross-border transportation (including the implementation of an intergovernmental trilateral agreement on international road transport signed by China, Mongolia and Russian Federation), and strengthening regional cooperation and integration towards the achievement of the 2030 Agenda for Sustainable Development.

### 3.2 UNCITRAL legal texts for e-commerce and paperless trade facilitation in the Northeast Asia

KIM Jin Ho, Legal Expert, UNCITRAL Regional Centre for Asia and the Pacific

*In his speech, Mr. Kim mainly introduced the UNCITRAL texts relevance for Paperless Trade, Single Window System and Free Trade Agreement. In the following article, his key points are summarized below.*

Digital economy and trade facilitation has become global megatrends worldwide including Northeast Asia (NEA). Trade facilitation aims at simplification, harmonization, standardization and modernization of trade procedures relating to the movement of goods. To be specific, the goal of trade facilitation is to reduce direct and indirect trade costs and time, which benefits professional end users, consumers and governments. At a policy level, more cross-border trade leads to further economic development. Information and communication technology facilitates trade even further in the era of paperless trade with single electronic window (SEW) facilities. Paperless trade is often understood as a technological process, but this is not sufficient. To be effective, paperless trade requires first high-level consensus on policy decisions and second a sound legal framework.



#### UNCITRAL Texts on e-Commerce

The United Nations Commission on International Trade Law (UNCITRAL) was established in 1996 under the UN General Assembly resolution as a subsidiary organ of the General Assembly. UNCITRAL's mandate is to promote harmonization and modernization of international trade law. The UNCITRAL is an intergovernmental body comprised of 60 member states. The 60 member states are elected by the UN General Assembly from different geographical regions representing different legal traditions and level of economic development. Since the composition of the UNCITRAL is significantly democratic, the UNCITRAL texts are negotiated with universal participation and reflect the balance of national, regional, economic, legal and other interest.

UNCITRAL has developed legal instruments for e-commerce including the United Nations Convention on the use of Electronic Communications in International Contracts (ECC), the UNCITRAL Model Law on Electronic Commerce (MLEC), the UNCITRAL Model Law on Electronic Signature (MLES), and the UNCITRAL Model Law on Electronic Transferable Records (MLETR). These four UNCITRAL texts constitute a comprehensive general framework for the use of electronic transaction. The texts are relevant in the context of promoting the harmonization of legal and regulatory frameworks in the GTI region.

Firstly, the MLEC establishes the rules for the formation and validity of contracts concluded electronically and for the attribution and retention of data messages. Secondly, the MLEC determines the criteria of technical reliability for the equivalence between electronic and hand-written signatures. Thirdly, the ECC contributes to enabling paperless trade by validating the legal status of electronic transactions through setting general functional equivalence requirements of “writing”, “original” and “signature”. Furthermore, by preventing medium and technology discrimination, by enabling cross-border recognition of electronic signatures, and by permitting the use of electronic means in alternative dispute resolution mechanisms. Last but not least, the MLETR replaces and expands the provisions of the MLEC relating to electronic transferable records (ETR).

### **UNCITRAL Texts relevance for enabling legal framework and paperless trade facilitation the GTI Region**

The 17<sup>th</sup> Meeting of the GTI Consultative Commission (CC) endorsed the GTI Strategic Action Plan (SAP) for 2017-2020 on June 29, 2017. Accordingly, the GTI Member States developed the Roadmap for Trade and Investment Cooperation of GTI (2017-2020) as an instructive instrument to implement the GTI SAP for 2017-2020. The goals in the GTI SAP that are relevant for the UNCITRAL are Roadmap 3.1 (To accelerate trade liberalization and facilitation) and Roadmap 3.2 (To promote cross-border E-commerce development).

### **UNCITRAL texts relevance for an enabling legal framework**

Roadmap 3.2 may be achieved by adopting efficient and effective e-commerce legislation. If that legislation is of uniform nature, this will guarantee transparency in its content and operation. A sound legal framework should embed the fundamental principles applicable to all electronic transactions, such as non-discrimination, functional equivalence and technology neutrality. First of all, the non-discrimination principle means that a communication shall not be denied its legal validity and enforceability simply because it is in electronic form. Second, the principle of functional equivalence means that once the specific criteria are met by electronic communication, it enables such electronic communications to enjoy the same level of legal recognition as corresponding paper documents performing the same function. Last but not least, technological neutrality means that e-commerce legislation does not depend on or presuppose the use of any particular technology. The UNCITRAL texts are consolidating these fundamental principles of e-transactions law. The well-recognized standard for enabling cross-border legislation is the ECC. The Russia Federation is a party to the ECC, China and the Republic of Korea are signatories to the ECC.

### **UNCITRAL texts relevance for Single Window System**

Meanwhile, Roadmap 3.1.i. explicitly refers to the WTO Trade TFA adopted by the WTO Member States at the Bali Ministerial Conference in 2013 and to the Framework Agreement on Facilitation of

cross-border Paperless Trade in Asia and the Pacific (FA-PT) adopted by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) in 2016.

Article 10.4 of the WTO TFA provides that members shall endeavor to establish or maintain a single window (SW), enabling traders to submit documentation and data requirements for importation exportation, or transit of goods through a single entry point to the participating authorities or agencies. All GTI States are parties to the WTO TFA. The FA-PT aims at establishing a legal framework for the regional harmonization of legal and technical requirements relating to paperless trade facilitation. It also aims to implement the WTO TFA; in turn, the FA-PT (Article 10.1) relies on the adoption of UNCITRAL texts for the establishment of mutual legal recognition, which is one of the three pillars of that treaty (the other two being technical interoperability and cooperation). In particular, the MLETR allows including all information relevant to cross-border trade in a single electronic record, which could be shared selectively with each appropriate business partner. The fact that the MLETR is technology and model-neutral allows the use of emerging technologies such as blockchain (distributed ledgers). Having this information available provides the basis for technical interoperability of cross-border single windows and other trade facilitation mechanisms. Of course, the enabling legal mechanisms require the adoption of the MLETR.

### **UNCITRAL texts relevance for Free Trade Agreements**

Nowadays there is a trend that the Free Trade Agreements (FTAs) typically include an e-commerce chapter, which obliges states to maintain or adopt international standards for e-transactions. For example, Article 14.5 of the Trans-Pacific Partnership (TPP) provides that each Party shall maintain a legal framework governing electronic transaction consistent with principles of the MLEC or the ECC. The TPP's prospect seems to be gloomy because the United States withdrew from the TPP in 2017, but the 11 remaining states are negotiating the amendment of the TPP. Most importantly, the fact that the TPP may not enter into force is not relevant since its texts will be the benchmark for future FTA negotiations.

In addition, the RCEP is another significant FTA in Asia and the Pacific. The RCEP 16-member States are composed of the 10-member states of the Association of Southeast Asian Nations (ASEAN) and the six States with which the ASEAN has concluded the FTAs (China, Japan, Korea, India, Australia and New Zealand). RCEP is expected to be concluded by the end of 2017 and hopefully will include similar provisions in e-commerce chapter as the TPP. In this regard, the adoption of the UNCITRAL texts could assist in implementing this kind of obligations under the FTAs.

### **Conclusion**

To conclude, legal uniformity facilitates mutual legal recognition of electronic exchanges and legal interoperability in e-commerce and paperless trade facilitation. Cross-border mutual legal recognition of electronic communications at the international level may be achieved through the adoption of trea-

ties or through the harmonization of national laws based on uniform legal standards when they exist. This approach is increasingly adopted in FTAs. To create a truly enabling legal environment for paperless trade, there needs to be higher adoption of uniform legislative standards, and the UNCITRAL texts on e-commerce may help fulfil this need.



### 3.3 Building Better Trade Environment for GTR

YANG Zhengwei, Director, Ministry of Commerce, China

*In his speech, Mr. Yang pointed out the challenges faced by the GTI Member countries and recommended a variety of measures to build a better trade environment for GTR. In the following paragraphs, his main points are laid out below.*



#### Trade Challenges Faced by GTI Members

In the past two years, the bilateral trade in GTR declines against the background of sluggish recovery of the global economy.

Table 1 Growth rate of Trade between China and other GTI members (%)

China with South Korea	2015	-5.07
	2016	-7.55
China with Russia	2015	-28.60
	2016	2.51
China with Mongolia	2015	-26.27
	2016	-15.84

A number of challenges remain in the Greater Tumen Region. The following problems are identified as main obstacles to trade:

- High cost or delays caused by transportation;
- Lack of knowledge of supplier within the GTR;
- Burdensome import procedures;
- High cost or delays caused by transit-related problems;
- Non-tariff barriers (NTBs) and cumbersome import procedures;
- Low efficiency along supply chains.

#### Further recommendation for future cooperation to address the challenges

In order to face and address the challenges in the Great Tumen Region, the following additional recommendation would be able to promote regional trade facilitation:

- Advance the customs facilitation

- Promote cross-border e-commerce
- Enhance supply chain connectivity
- Develop cross-border economic zones
- Strengthen trade and investment promotion

Since GTI members are WTO members, the implementation of the TFA can help members to promote customs facilitation. Besides, within the GTI framework, it will be beneficial to enhance the cooperation between Authorized Economic Operator (AEO) systems in the region. Meanwhile, promoting facilitation through Single Window and paperless trade and improving the efficiency in customs clearance are the key points of advancing the customs facilitation.

In order to promote cross-border e-commerce, a sound trade policy environment is essential. Member countries need to encourage SMEs to participate in the global market by establishing an enterprises' cooperation platform and sharing successful cases with each other.

Trade cannot be facilitated without an efficient supply chain. To enhance the connectivity of the regional supply chain, new paths for funding the regional infrastructure must be explored. GTI member countries can work together on strengthening soft cooperation on regional transportation and promoting logistics services to reduce logistical cost. Building regional logistics corridors is the first step of achieving the above goals.

Cross-border economic zones can test policy and infrastructure for trade facilitation. China would like to promote trade and investment in the cross-border cooperation zones with the surrounding countries. We have experiences on cross-border cooperation zone (with the Lao's, Vietnam and Mongolia) and willing to share with member countries.

Trade is a key for sustainable economic growth and prosperity. GTI member countries have opened their gates to International trade but for trade and investment to result in sustainable economic growth, institutional cooperation must be strengthened. On the existing basis, cooperation between chambers in the GTR must be promoted. Besides, GTI member countries need to enhance the function of regional trade fairs and to establish a joint gateway website for GTI businesses.

### 3.4 The Progress of Trade Facilitation in China and CCPIT's Related Work

LI Shuai, Director, China Council for Promotion of International Trade (CCPIT)

*In his presentation, Mr. Li introduced the definition of Trade Facilitation and how different international organizations contributed to facilitate trading procedures. Besides, he also outlined the measures which Chinese government implemented to promote trade facilitation. The following chapter summarizes his main points.*

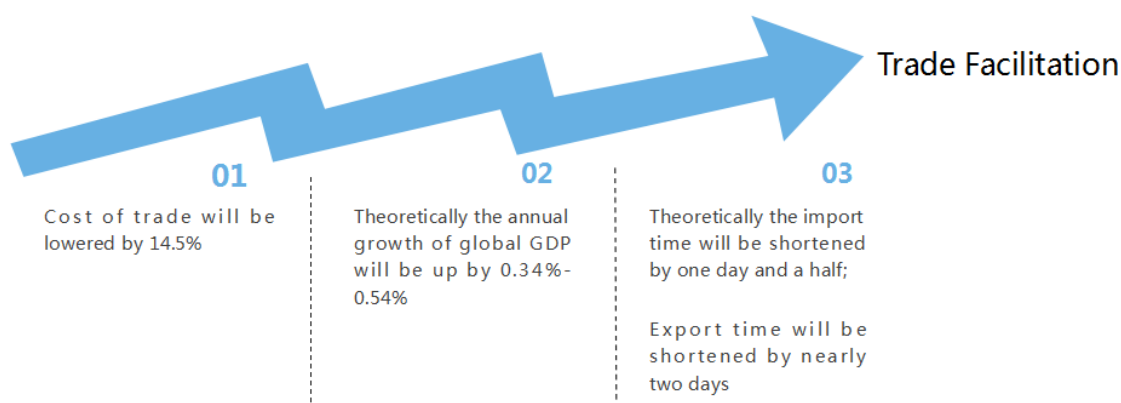


#### How International Organizations implement trade facilitation

Different International organizations focus on various aspects of facilitating trading worldwide:

- WTO(1998): simplification and harmonization of international trade procedures
- UNCTAD(2006): to establish a transparent and predictable environment for cross-border trade transactions based on simple, standardized customs procedures and practices, documentation requirements, cargo and transit operations, and trade and transport arrangements
- APEC(2007): simplification and harmonization of customs and other administrative procedures that impede, delay or increase cross-border cost of goods
- ICC(2007): improve the efficiency of procedures related to cross-border goods
- OECD (2011): policies and measures to improve efficiency of different phases in the international trade chain and lower trade cost

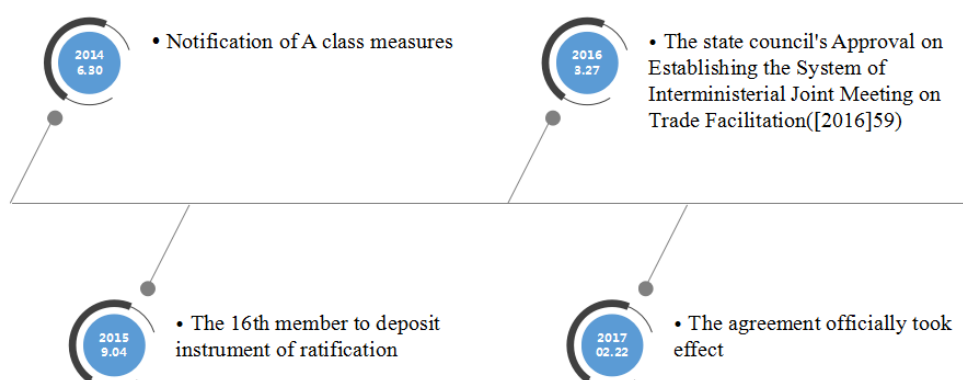
Figure1. Benefits of Trade Facilitation



## China's Determination on Trade Facilitation

- *“We should build the Belt and Road into a road of opening up ...Trade is an important engine driving growth. We should embrace the outside world with an open mind, uphold the multilateral trading regime, advance the building of free trade areas and promote liberalization and facilitation of trade and investment.”*
  - President Xi's speech at opening of Belt and Road forum on May 14th
- *We will extend the practice of processing international trade through a single window, and achieve nationwide integration of customs clearance procedures... We will build 11 high-standard pilot free trade zones, and widely spread practices developed in these zones that are proven to work.*
  - Premier Li Keqiang's Report on the Work of Government at the Fifth Session of the 12th National People's Congress on March 5

Figure 2 Timeline of China joining WTO Trade Facilitation Agreement (TFA)



## China's Measures on Trade Facilitation

Several Opinions of the Central Committee of the Communist Party of China and the State Council on Establishing a New Open-Economy System, Several Opinions of the State Council on Speeding up the Cultivation of New Competitive Advantages in Foreign Trade(2015)include the following seven measures:

- Enhance customs cooperation such as information exchange, mutual recognition of regulations, and mutual assistance in law enforcement.
- Speed up the integration of regional customs clearance, promote paperless clearance, and strengthen pertinence and effectiveness of customs inspection;

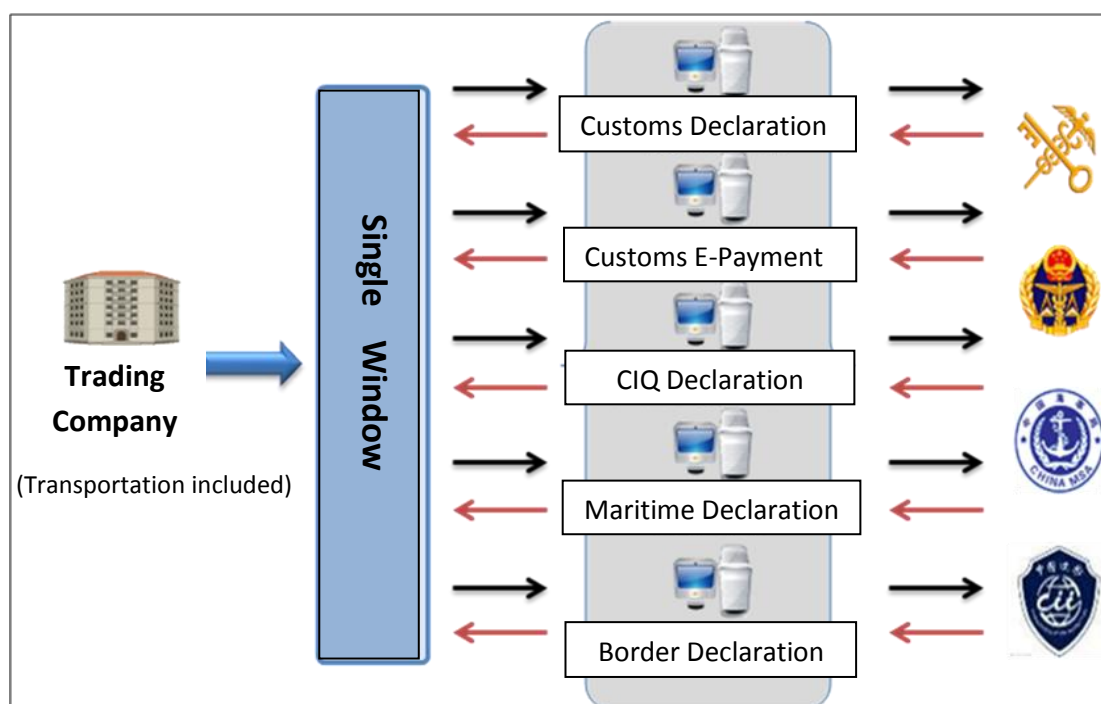
- Speed up the development of electronic customs and establishment of a single window for international trade;
- Establish management mechanism of global trade supply chain; promote implementation of mutual recognition of Authorized Economic Operator (AEO);
- Regulate operational services and charges in exportation; lighten the burden on enterprises;
- Enhance communication, cooperation and mutual recognition on inspection and quarantine with main trading partners;
- Strengthen the building up of comprehensive port capacity; improve the system of product quality early warning and quick reaction

### **China's Practice: Pilot Free Trade Zones and Example of the Single Window in Shanghai Free Trade Zone**

Extend the practice of processing international trade through a single window, and achieve nationwide integration of customs clearance procedures and build 11 high-standard pilot free trade zones. Widely spreading the practices developed in these zones that are proven to work: pilot free trade zones in Shaanxi, Sichuan, Chongqing, Henan, Zhejiang, Liaoning, Shanghai, Fujian, Tianjin and Guangdong. The single window of Shanghai Free Trade Zone is conducted by the port office of Shanghai, with participation from 17 departments including Customs, Inspection and Quarantine, Maritime Safety Authority, Immigration Inspection. CCPIT also takes part in it.

Regarding cargo clearance, traditionally, the clearance and supervision system requires eight procedures. This includes customs declaration, customs duty payment, a full declaration of inspection and quarantine, PMS of inspection and quarantine. Additionally, it is necessary to submit the attached documents at the site of inspection and quarantine, select case at the site of customs inspection, deliver paper documents between departments of customs application and duty payment and delivery clearance form number between application and operational departments of customs inspection and quarantine.

Figure 3 Example of Shanghai Free Trade Zone Single Window



Now, by way of streamlining procedure as well as integration and simplification of data, the single window can provide a “one-stop service” for the enterprise. All declarations for clearance can be conducted via one portal, one table and one submission. This avoids repeated logins in multiple systems, reduces the data of clearance to 103 items (32 identical data items only require one entry), improves experience of declaration, reduces workload of data entry, lowers the error rate, and saves up to 30% of labor cost.

The time for customs declaration is reduced from 4 hours to 5-10 minutes; the time for ship inspection and quarantine declaration is reduced from 50 minutes to 5 minutes; the accumulative time for the whole process of exportation is reduced from 16 days (estimated by the World Bank as the accumulative time for trade in goods in China) to 8 days; the entry time for ships is reduced from 36 hours to 2.5 hours, and the departure time is reduced from 36 hours to 1 hour.

After the implementation of the “three ones” model of customs and inspection cooperation, the cost of each container is reduced by 600 Yuan.

### CCPIT's Participation in Trade Facilitation

CCPIT will play an active role in joint commissions between international, multilateral organizations and governments, reflecting the voices of the business communities on trade facilitation, and offering policy recommendations. Including:

- In EABC (East African Business Council) , APEC (Asia-Pacific Economic Cooperation) ,

B20 (The Business 20) , CABIS (China-ASEAN Business and Investment Summit) , etc.

- B20 Policy Recommendations

Recommendation 12: The G20 should ratify the TFA by the end of 2016 and commit to rapid implementation, with G20 members leading the way and encouraging all WTO members.

- Report on China-ASEAN Trade Facilitation

- Launch the Roadmap for Export Promotion, lead and organize enterprises to explore international markets via hundreds of export promotion projects in the national trade promotion system.

- Launch [www.ccpit-sme.org](http://www.ccpit-sme.org) and the China ASEAN Cross-border E-commerce Platform; provide more opportunities for enterprises to explore international markets.

- Commercial Law Center

In 2016, issued over 4,500,000 Certificates of Origin, ATA Carnets, and other certificates, which was up 12% from last year, among which the number of issued preference certificates of origin grew by 184%.

- Promoted “three-in-one” filing reform and achieved tangible results in Inner Mongolia, Shandong, Guangdong and Guizhou; realized the single-window declaration for a certificate of origin in Jiangsu and Shanghai, improved the trade efficiency and lowered the cost of trade.

- CCPIT’s SME Trade Development Centre launched a service platform for SME international trade, which provides services in trade facilitation including declaration, commodity inspection, credit, storage, logistics, and tax payment, and reduces the cost for enterprises.

- On August 23rd, CCPIT set up a service centre in Tianjin Free Trade Zone.

### **CCPIT’s Commitment to Trade Facilitation with GTI Members**

CCPIT would like to join hands with GTI members and counterparts, share experience, enhance cooperation, facilitate governments to speed up the process of trade facilitation, and promote regional trade development.

#### **Greater Tumen Initiative Strategic Action Plan for 2017-2020**

- 6.2 Trade and Investment

- 6.2.1 Objective: The GTI provides a platform for the facilitation of trade and the promotion of investment across borders to bolster the economic growth in the region.

- 6.2.2 Approaches: Accelerate and expand cooperation in trade facilitation.

### 3.5 Trade Facilitation at Mongolian Customs

Bayarsaikhan DELGER, Customs Officer, Customs General Administration, Mongolia

*In his presentation, Mr. Delger explained why poor trade facilitation reduced Mongolia's comparative advantage in the International trade and outlined how Mongolia and Mongolian Customs implemented WTO TFA. The following article summarizes the main points of his presentation.*



Mongolia's balance of trade is moving in a favorable direction. The region's abundance of natural resources and its agricultural sector has led to increasing trade. In recent years much progress has been made to liberalize trade regimes and improve trading agreements with developed partners like Japan which would help Mongolia boost exports. However, market access alone is not a sufficient condition for harnessing trade for development. Poor trade facilitation significantly reduce Mongolia's comparative advantage in global markets.

In spite of significant improvements made on transport connectivity, the cost of trade is still high in Mongolia. In the 2017 World Bank Doing Business Report, Mongolia ranked 64 out of 190 countries on the ease of trading across borders. The Logistics Performance Index 2016 ranks Mongolia 108th out of 160 countries and has one of the lowest scores for customs clearance and border crossing. The time between accepted customs declaration and customs clearance is one day in Organization for Economic Cooperation and Development countries, but it takes four times longer in Mongolia. In particular, excessive physical inspections represent a significant source of delay. Delays at border posts impose substantial costs on traders mainly through storage, the securing of goods while in transit, and the payment of accompanying fees. More efficient international trade procedures and customs operations can significantly reduce trade transaction costs which could, in turn, result in increased volumes of trade and welfare gains.

Enhancing efficiency and transparency of trade processes and procedures is essential to facilitate cross border trade and reduce trade transactions costs in Mongolia. An ADB project is expected to address this issue through rehabilitation and provision of modern equipment in three major border crossing points (Altanbulag at Russia-Mongolia border and Bichict and Zamyn-Uud at China-Mongolia Border), upgrading the Customs Automated Information System and preparatory work for the establishment of a Single Window system. The primary project beneficiaries are

- The government agency responsible for customs inspections and release of goods;
- Civil servants responsible for carrying out customs border management functions;
- Traders, truck drivers, freight forwarders, and transport service providers who conduct international trade and transport activities;



- The herders, farmers, employees, and owners of trade-dependent industries engaged in manufacturing, processing, and producing goods and commodities;
- Communities situated in the vicinity of BCPs that depend on ease of access to cross-border markets. The poor and socially excluded would benefit indirectly from trade-led economic growth.

Mongolia had ratified the WTO Trade Facilitation Agreement on 28 November 2016. The WTO TFA had entered into force on 22 February 2017. The National Committee on Trade Facilitation is established by the Cabinet Decree №137 of 10 May 2017. According to the MoF Directive №A/48 of August 2017, the Committee is chaired by a Minister for Foreign Affairs. Deputy Chairman is a Minister for Finance. The Secretary is a Director General, the Trade and Economic Cooperation Department, Ministry of Foreign Affairs. The ToR and Composition are to be determined.

In addition to all-around efforts of individual Contracting parties to implement the Agreement, the WTO donor members and international organizations are committed to assisting developing countries, including Mongolia and LDCs in implementing the Agreement. Customs as a central government agency at the border should play a leading role in implementing the TFA. According to the WCO sources, the most provisions of 12 Articles in Section I are dealing with only Customs, or if not, the Customs related matters.

The Provisions that are already effective for Mongolia since the time the Agreement entered into force (Category A provisions – about 20 provisions) (*broadly than in Notification of Category A Commitments under the Agreement on Trade Facilitation – Communication from Mongolia dated 25 July 2014 to the Preparatory Committee on Trade Facilitation*):

Art. 1.1 Publication	Art. 7.6 Establishment and Publication of Average Release Times
Art. 1.4 Notifications	
Art. 2.1 Opportunity to comment, information before entry into force and consultation	Art. 9 Movement of goods under customs control intended for import
Art. 4 Procedures for appeal or review	Art. 10.1 Formalities and documentation requirements
Art. 5.1 Notifications for enhanced controls or inspections	Art. 10.5 Pre-shipment Inspection
Art. 5.2 Detention	Art. 10.6 Use of Customs Brokers
Art. 6.1 General disciplines on fees and charges imposed on or in connection with importation exportation	Art. 10.7 Common border procedures and uniform documentation requirements
Art. 6.2 Specific disciplines on fees and charges imposed on or in connection with importation exportation	Art. 10.8 Rejected goods
	Art. 10.9 Temporary Admission of Goods/Inward and Outward Processing

portation	Art. 11 Freedom of transit
Art. 6.3 Penalty Disciplines	Art. 12 Customs cooperation
Art. 7.1 Pre-arrival Processing	
Art. 7.3 Separation of Release from Final Determination of Customs, Duties, Taxes, Fees and Charges	

The Provisions that Mongolia will implement after a transitional period following the entry into force of the Agreement (Category B provisions – 6 provisions):

Art. 1.2 Information Available Through Internet	Art. 7.5 Post-clearance Audit
Art. 2.2 Consultations	Art. 7.8 Expedited Shipments
Art. 7.2 Electronic Payment	Art. 10.2 Acceptance of Copies

The Provisions that Mongolia will implement on a date after a transitional period and require the acquisition of assistance and support for capacity building (Category C provisions – 8 provisions):

Art. 3 Advance Rulings	Art. 7.9 Perishable Goods
Art. 5.3 Test Procedures	Art. 8 Border Agency Cooperation
Art. 7.4 Risk Management	Art. 10.3 Use of International Standards
Art. 7.7 Trade Facilitation Measures for Authorized Operators	Art. 10.4 Single Window

The lists mentioned above are provisional(not complete) and subject to changes. All three lists will be finalized at the end of the Self-Assessment of trade facilitation issues, which is now underway in Mongolia with support of the ADB and is expected to be finished within two months since July 2017.

There are some improvements made to facilitating trade:

- Mongolia made paying taxes easier by introducing an electronic system for filing and payment of taxes;
- Electronic exchange of manifests is introduced into practice with Russia Customs offices, and is now in testing period with China Customs Offices;
- Exchange of trade statistical data on specific kinds of goods with two neighboring countries.

As it becomes clear from the before mentioned B and C lists, there are still many measures for Mongolia and Mongolian Customs to implement with regard to the WTO TFA.

## **IV. Session 2: Policy Coordination on Investment Promotion in Northeast Asia**

Participants presented the GTI member countries' national plans and policies on promoting investment flows, discuss challenges and opportunities faced, and share best practices and lessons learnt on investment promotion including infrastructure investment in Northeast Asia.

### **4.1 Preliminary Feasibility Study on the establishment of an Industrial Park in a Russian Far East Region (Primorsky Krai) to promote Inclusive and Sustainable Industrial Development (ISID)**

Doo Jung Soo, Head, UNIDO Investment and Technology Promotion Office (ITPO) in Korea

*In his presentation, Mr. Doo introduced a Pre-Feasibility Study to establish an Industrial Park in the Far East Region of Russia and proposed the GTI member countries to take a positive view to this proposal. In the following lines, his main points are summarized below.*

Considering that GTI is an effective platform for regional economic cooperation, policy dialogue and business environments in NEA, UNIDO ITPO Korea wishes to propose a Pre-Feasibility Study to establish an Industrial Park in the Russian Far East region (Primorsky Krai), to promote Inclusive and Sustainable Industrial Development (ISID).

The objective is to carry out a preliminary feasibility study on how to facilitate industrial cooperation between Korea and Russia. The study will include an economic analysis, a policy analysis, a regional development analysis and technical analysis. The project plans to conduct comprehensive research on whether it would be feasible to build an industrial park in the region, by identifying business opportunities, assessing potential growth, and by analyzing cost/benefit, the preparedness of the local government, risk factors, employment effect, preliminary environmental impact, and so on. The study would also explore the possibility of establishing a marketing centre to promote Korean products and technologies.

The proposal has been jointly prepared and will be jointly implemented by the two UNIDO offices of Korea and Russia, together with UNIDO headquarters and national counterparts of Korea and Russia.

#### **Background of the project**

The Russian Far East has abundant natural resources and a bridge connecting NEA and Europe. Russia seeks to attract FDI in infrastructure to modernize the manufacturing, service and agriculture in-



dustries. Russia seems to plan a grand strategy to make the Far East region a base for agricultural production and to double annual grain exports to Asia-Pacific region by 2020. Although the Far East has great potential to create synergy through international cooperation with neighboring countries, it has not been able to realize this potential fully.

UNIDO ITPO Korea has long sought to create an industrial complex in the border region between China, Russia, and North Korea. Earlier last year, the two UNIDO offices of Korea and Russia agreed to seek closer cooperation by sharing knowledge and experience, and by mutually introducing potential partners for investment cooperation. It was also agreed that the creation of an industrial park will very likely contribute to the economic development of all neighboring countries. It could thus encourage the participation of North Korea.

Given the North Korean nuclear and missile crisis, it may not be appropriate to talk about any development project that encourages North Korea's participation.

However, Korea's new President Moon Jae-in pursues a New Northern Policy for peace and prosperity in NEA. The main ideas of this new policy are:

- Strengthening cooperation with Eurasian countries
- Exploring triangular cooperation among the two Koreas and Russia regarding Rajin-Hassan logistics, railroad, and electricity
- Negotiating FTA with Eurasia Economic Union (EAEU)
- Participation in China's initiative on One Belt One Road

The two leaders of Korea and Russia are expected to discuss how to strengthen cooperation in order to implement Korea's New Northern Policy.



## **Proposal**

A feasibility study for building an industrial park is a timely proposal for strengthening regional cooperation among GTI member countries. Because we are now in difficult times, we need to find even more wisdom among GTI member countries to overcome the problem. In that sense, now may be the most appropriate time to develop this industrial park, in which all the neighboring countries of the Tumen River basin could participate actively, and which could induce North Korea's participation in a regional development project. UNIDO has a wide range of expertise in industrial development which includes feasibility studies for the establishment of industrial parks. UNIDO is carrying out several feasibility studies including eco-industrial parks in Vietnam and integrated agro-industrial parks in Ethiopia.

In conclusion, UNIDO ITPO Korea invites GTI member countries to take a positive view to the proposal. With the support of all the GTI member countries, the project will become very attractive and could become a defining project in the region.

## 4.2 Mongolia's Foreign Investment Policies and Perspectives

Ms. Battsetseg TUVSHINTUGS, Deputy Director, Ministry of Foreign Affairs (MFA), Mongolia

*In her presentation, Ms. Tuvshintugs outlined foreign investment environment, policies and actions of Mongolia and explained the efforts Mongolia has made to advance investment promotion. Her main points of the presentation will be summarized in the following paragraphs.*



This presentation will be about Mongolia's foreign investment environment, policies and actions. However, in the beginning, I should say that the MFA is not the main government institution in charge of foreign investment policy and its implementation.

In the first slides, I have prepared some statistics, lists that can give you general information about Mongolia's economic situation and FDI development.

- 13,000 foreign-invested business entities from 112 countries have been registered in Mongolia between 1990-2016
- 15 billion USD FDI inflow to Mongolia between 1990-2016 (in 2011 reached the peak of 4.7 billion USD )
- The sectors that attract most foreign investment are geology, mineral exploration, mining, oil industry and trade and catering service sectors.
- Main investment partners are Netherlands, China, Luxembourg, UK, Singapore, Canada, Korea and the United States.

In 2011, Mongolia had the fastest growing GDP in the world at 17.3%. GDP growth since then has been declining and stood at 1% in 2016. Foreign and domestic observers conclude that this drastic development is caused by poor macroeconomic management, falling global prices of the main commodities and weak foreign investment confidence. Foreign investment to Mongolia has sharply fallen since 2012, after it reached the peak of USD 4.7 billion in 2011. Weak and unstable investment environment created by certain policy missteps including the *Adoption of Law on the Regulation of Foreign Investment in Entities operating in Strategic Sectors in 2012* was the main reason. Introduction of this law made it very difficult and restrictive for foreign investors to operate in strategic sectors, including mining. A lack of continuity in medium to long-term economic development planning including the strategy of attracting FDI, a lack of responsiveness to investor concerns and excessive political interference into the market-economy also contributed to this adverse situation.

From this hard experience, we learnt that

- More transparent, inclusive drafting and implementing of FDI related legislation and regulations are needed;
- Mongolia should have a long-term economic diversification strategy that could avoid over-reliance on mining sector;
- A stable macroeconomic environment and significantly improved investment climate are fundamental to sustain a high volume of FDI and diversify FDI by sector, source and geographic location.

Therefore, the Mongolian parliament decided to enact a new investment law in 2013 in an attempt to restore investors' confidence. The new investment law guarantees foreign investors the same rights as domestic investors and provides certain incentives, including the possibility to get a tax stabilization certificate. Under the tax stabilization certificate rates of corporate income tax, customs duty, VAT and minerals royalties can be stabilized up to 18 years and may be extended to 27 years.

The current Government, formed in 2016, acknowledges the crucial role of FDI in economic growth and diversification. The Government has set the objective to regain investors' confidence through creating stable, predictable environment and better protecting investors' rights. In the first instance, some institutions with functions of investment promotion and investors' protection, including the Investment Protection Council (IPC) under Cabinet Secretariat and National Development Agency. NDA has the functions to plan and develop main strategy of a foreign investment policy.

To conduct comprehensive activities to attract, protect and promote FDI into the country, the Investment Protection Council is headed by Minister of the Cabinet Secretariat, composed of high-ranking officials and representatives of private sector. Its functions include addressing grievances of investors (except the cases examined under court or arbitration) and enhancing the legal framework for investment. The IPC is working to adopt a regulation for resolving claims and complaints logged by Investors against State administrative bodies and officials. The Council is also mapping out investment policy reform (with the help of the World Bank).

The Government also signed a Foreign Investment Protection and Promotion Agreement (FIPA) with Canada in September 2016 and Agreement on Transparency in Matters Related to International Trade and Investment with the USA in March 2017. These agreements make it easier not only for US and Canadian enterprises, but also for other foreign enterprises to do business in, and invest in Mongolia as they commit Mongolia to ensure investors make comments on the draft laws and regulations that might affect their investments before they are enacted. Mongolia is also committed to ensure relevant agencies to apply fair, impartial and reasonable procedures and that investors affected by the decisions of those government agencies have a right to appeal those decisions.

## **The way forward**

A stable macroeconomic environment is fundamental to sustain and increase FDI. The Governments' efforts of securing macroeconomic stability and intensifying economic growth have produced some positive outcomes in financial and economic terms since last year. To reform the financial system and get back to sustainable growth, the Government has adopted the Economic Recovery Program last year and enrolled into IMF's Extended Fund Facility program in May, 2017. In early August 2017, the IMF staff-level agreement on the First Review concluded: The economy is rebounding, with GDP growth likely to reach 2 percent this year on the back of strong coal production and exports, high private investment, and a return of confidence following the package.

Actions are being taken to diversify the economy, focusing on the export of agricultural products, developing the renewable energy sector and promoting tourism. In order to further improve market access to main trading partners and reduce tariff and non-tariff barriers, Mongolia is studying the feasibility to sign FTAs with Eurasian Economic Union, South Korea and the PR China, after signing the Economic Partnership Agreement with Japan in 2016.

To overcome challenges related to high transportation costs and weak infrastructure development, Mongolia is effectively cooperating with its neighbors on transit transportation and infrastructure development. The bilateral MoU on aligning "Development Road" and "Belt and Road" Initiatives and the trilateral "Mongolia-Russia-China Economic corridor program" are being implemented. The content of the MoU is quite similar to that of China signed with other countries along the "Belt and Road" Initiative. Its main areas include policy coordination, trade and investment promotion, cooperation in energy, agriculture, infrastructure connectivity.

32 major projects (13 in infrastructure connectivity, 5 projects in border and customs management) are to be implemented within the framework of the Mongolia-Russia-China Economic corridor program. The three sides are working to establish multilateral mechanism to coordinate the implementation work. The planned mechanism consists of officials from relevant ministries and to be headed by deputy ministers. The establishment of a centre on projects' financing and feasibility studies is under discussion. This is an important work, because financing issue is the main obstacle to advance the projects. The trilateral working group meeting was held in Moscow yesterday. I hope, parties agreed on the main issues related to the above mentioned mechanism and the centre.

Mongolia also signed the Agreement on the Access to and from the Sea and transit transport with China, which allows access to 6 new ports in China, and favorable conditions for Mongolian transit transport through Chinese territory. We are also working to sign similar Agreement with Russia.

To further advance its involvement at the regional trade and economic cooperation, Mongolia is striving to actively participate in the regional processes and initiatives, such as ASEM, SCO, CAREC,



GTI, Asia-Pacific Trade Agreement and is exploring possibilities to join APEC, the Free Trade Area of the Asia-Pacific and the RCEP.

Although there have been positive results, Mongolia's efforts and actions to advance investment promotion are far from being satisfactory. Therefore, the country needs to learn from best practices of other countries in promoting investment. For instance, we need to

First, further improve the system for planning, promoting and implementing FDI strategy, including assigning proper structure and functions for the lead institution to promote FDI;

Second, learn from best methodologies for the collection of comprehensive and reliable FDI statistics (Two methodologies existed in Mongolia with possible discrepancies of databases).

### 4.3 Investment Policy of the Republic of Korea

HONG Hyun Mun, Deputy Director, Ministry of Strategy and Finance, ROK

*In his presentation, Mr. Hong explained current ODI & FDI status of the Republic of Korea. He also elaborated Korea's policy on ODI & FDI. In the following paragraphs, his main points will be summarized.*

#### Current Status of ODI & FDI

The Republic of Korea, which was one of the least developed countries 50 years ago, has achieved a remarkable economic growth, which is called the Miracle of East Asia. For Example, Korea achieved USD 1 trillion in trade (2009), secured the world's third-largest FTA territory (2015, 77% of world GDP) and joined the OECD DAC (Development Assistance Committee) in 2010.



In 2016, inward FDI in terms of the amount reportedly grew 1.9% year-on-year to USD 21.3bn, reaching more than USD 20bn for two consecutive years. The arrival-based amount stood at USD 9.76bn, down 40.9% from the previous year.

Regarding the amount reported, Korea's outward FDI increased 18.7% year-on-year in 2016 to USD 42.94bn. In terms of the amount invested, OFDI rose 14.2% year-on-year to USD 35.25bn. For the first half of 2017, the report-based inward FDI fell 9.1 percent year-on-year to USD 9.2 billion and the arrival-based amount down 4.4 percent from a year earlier to USD 4.96 bn.

The Korean government is making diverse policy efforts to achieve more than USD 20 billion of FDI target in 2017. The outward foreign direct investment (OFDI) decreased 2.39% (USD 215bn) in terms of the amount reported and increased 29% (USD 219bn) in terms of the amount invested in the first half of 2017.

#### Korea's Policy of ODI & FDI

After enacting the Foreign Investment Promotion Act in 1998, Korea shifted its foreign investment policy focus to pursue more openness and provide more supports. The focus was on the quantitative expansion of FDI with various incentives.

However, the strategy direction was changed to improve the quality of FDI. Recently, Korea's FDI policies are designed to attract quality foreign investments which can help secure both global competitiveness and growth potential of Korean companies. As of 2017, Korea has established an FDI system and actively attracted foreign investment in various fields, types and regions. To this end, the

government is implementing policies such as building a one-stop solution system, improving regulations and systems related to foreign investment, and overhauling the system for creating jobs.

The one-stop solution system has been designed to resolve companies' ongoing difficulties through meetings between relevant ministers and foreign-invested companies, ministerial briefings and ad-hoc working group. To create jobs through foreign investment, the Korean government has changed support standards of three major foreign investment incentives (tax, location, and cash support) from an invested amount to employment effect. Furthermore, a reward system was newly established. A foreign-invested company that posts excellent job creation in a quarter will be rewarded.

The Republic of Korea is working on the implementation of the GTI cooperative measures discussed between central governments, promoting economic cooperation discussions, and striving to promote investment in Northeast Asia within the framework of GTI. This year's GTI Expo will be held in Donghae city, Gangwon-do, from September 21 to 24. About 1000 companies are expected to participate in. I would like to ask for GTI member countries' support to encourage more companies to join the upcoming GTI Fair. The Republic of Korea has hosted the GTI International Trade Fair every year since 2013 in Gangwon Province. The number of businesses participating in the Fair are around 400 to 600 annually, and the number has increased every year. Until now, the accumulated export contract volume of the Fair reached a net profit of USD 1.4 billion.

President Moon Jae-in presented the new government's North Korea policy on July 6 in the name of the 'Berlin Initiative,' which aims to resolve the North Korea nuclear issue and realize a peaceful Korean Peninsula. The Korean government has a consistent goal toward a peaceful Korean Peninsula without the threat of nuclear weapons. If North Korea chooses to make the right decisions, we will work together with North Korea as well as the international community to open up a brighter future. Once the North Korean nuclear issue is resolved, and the proper conditions are established, the New Economic Map for the Korean Peninsula will be realized to form one economic community and pursue co-prosperity. If the severed inter-Korean railway is connected again, trains departing from Busan and Mokpo in the Republic of Korea will travel through North Korea Pyongyang to China, Russia and Europe.

## **Directions**

GTI should play a key role in promoting trade and investment promotion and facilitation in Northeast Asia. The Korean government will actively cooperate with other countries to promote economic growth and peace in Northeast Asia going forward.

#### **4.4 National Plans and Policies on Promoting Investment flows in the Russian Federation**

Vladimir VAGANOV, Senior Specialist-Expert, Ministry of Economic Development,

Russian Federation

*In his presentation, Mr. Vaganov presented “Road Maps” of Russian National Business Initiative ( NBI ). He also pointed out the measures Russian Federation conducted to improve regulations in the area of International trade, grid connection, real estate registration, building permission and business registration. In this article, his main points will be laid out.*



#### **Position of the Russian Federation in “Doing Business 2016” Rating**

Improving investment climate and making positive business environment are the top priorities of the Russian Government. Regarding improving business institutions, we take actions to develop legislation. This work is aimed at simplification of business procedures and ensuring an appropriate administration of law.

As of today, we have achieved the following results: according to the World Bank’s “Doing Business 2016 report” the Russian Federation moved up 11 positions compared with 2015. Now the Russian Federation is on the 51<sup>st</sup> place in the rating out of 189 countries.

#### **“Road Maps” of the National Business Initiative (NBI)**

National plans on promoting investment flows are an integral part of the simplification of business procedures. Special road maps of the national business initiative are implemented in Russia. These plans contain concrete actions on improving the business environment and can be evaluated by measurable effects such as reduction of formalities, clearance time, costs.

Road maps are the action plans prepared by the participants of the working groups of the National Business Initiative (NBI) and aim to improve the investment climate in the Russian Federation. Road maps are approved by the decree of the Government of the Russian Federation and aim at simplifying, cheapening and accelerating of business procedures within the territory of the Russian Federation.

#### **Improving Regulation**

- **In the area of international trade:** in cooperation with the Federal Customs Service the principle of single check in one place has been realized.
- **In the area of grid connection:** established opportunities to use electronic digital signature for technological connection agreements.

- **In the area of real estate registration:** real estate registration applications are accepted in electronic form. These services are actively popularized among citizens and the business community via social networks and governmental websites.
- **In the area of getting building permission:** the period of issuing of a building permit or commissioning permit was reduced up to 7 working days; the mechanism of providing such services was launched exclusively in electronic form.
- **In the area of business registration:** the Tax Code of the Russian Federation was supplemented by provisions which state that any organization can apply for a bank account via the internet.

### **Regional Investment Standard**

The Regional Investment Standard, along with regional investment attraction ratings create incentives for improvements and benchmarks for companies considering investing in Russia. The introduction of these practices suggests that the authorities are keen on creating an attractive investment climate and efficiently engaging with investors (along with addressing social stability issues). The Regional Investment Standard is an opportunity for businesses to influence the government decisions. This feature is implemented on the basis of the effective platform for communication, which essentially represents the Standard.

### **National Rating of Investment Climate in the Russian Federation**

In 2014 work on the national rating of the investment climate in the Russian regions was started. The rating evaluated the efforts of authorities at all levels in the regions in accordance with the creation of the business environment. Most of figures are based on the surveys of regional entrepreneurs. It is planned to interview more than 50 thousand entrepreneurs across the country and up to 3 thousand experts which are able to give a weighted assessment of the institutional environment quality in their regions. The purpose of the rating is to evaluate the key factors creating a favorable investment climate - the effectiveness of the regional authority efforts to improve the investment climate in the region.

## V. Session 3: Opportunities for Business-to-Business Cooperation in Northeast Asia

Representatives from the private sector and academia will share their views on major barriers, opportunities and best practices of trade and investment promotion and provide policy recommendations for the GTI member governments to improve the business environment in Northeast Asia.

### 5.1 Current situation of trade facilitation in Mongolia

Munkh-Orgil BATBAYAR, Director of Foreign Relations, Trade and Investment Department, Mongolian National Chamber of Commerce and Industry

*In his presentation, Mr. Batabayar presented the current status of Mongolian Foreign Trade. Besides, he introduced the Trade Facilitation & Promotion Projects and the Export Development Project which are launched by Government of Mongolia. In the following sections, his main points will be summarized.*

Mongolia is locating at the centre of global markets and has the following advantages:

- Mongolia is neighboring with two of the largest global economies China & Russia. Secondly, large mineral resource base of Mongolia can be leveraged for value-added processing.
- Furthermore, Mongolia has huge potential in agriculture and husbandry with more than 56 million livestock.



Table 1 Macroeconomic Figures / by July 2017

GDP total	31.1bnUSD
Per Capita	3550 USD
Growth rate	5.3 %
Foreign Direct Investment	1,3bnUSD
Inflation rate	4.2 %
Average monthly wage	511 USD
Unemployment	9.6%
Population	3 mio
Population density	1.92 inhabitants per sq.km

## Foreign Trade

A result of the total turnover of foreign trade for the first seven months 2017 amounted USD 5857.0 mln which increased to USD 1483.2 mln or 33.9 % against the same period of the last year. Mongolia has exported goods to 53 foreign countries including China (89.1%), United Kingdom (7.5%), the Russian Federation (0.9%) and 97.5% of total export comes to these countries.

According to the 2017 Doing Business report by the World Bank, Mongolia ranked 64th from 62nd out of 190 economies.

Table 2 Mongolian trade volumes with GTI countries

Indicator	Doingbusiness	Doingbusiness	Change in rank
Protectinginvestor	22	26	4
Starting a business	32	36	4
Registeringproperty	45	46	1
Gettingcredit	60	62	2
Payingtaxes	73	35	38
Trading acrossborder	102	103	1
Enforcingcontract	83	85	2
Gettingelectricity	136	137	1
Dealingwithconstructionpermits	26	29	
ResolvingInsolvency	87	91	4

Table 3 Export value to GTI countries (thousand USD)

	2011	2012	2013	2014	2015	2016
P.R.China	4,404,561	4,028,461	3,700,269	5,070,107	3,897,417	3,883,136.53
RussianFederation	96,342	79,566	61,773	61,607	76,872	55,769.1
Korea, Republic	37,873	12,296	13,024	13,496	66,572	8,470,417

Table 4 Import value from GTI countries (thousand, USD)

	2011	2012	2013	2014	2015	2016
<u>China</u>	1,978,167	1,825,754	1,785,785	1,699,460	1,360,707	1,040,261.6
<u>RussianFederation</u>	1,624,706	1,847,386	1,561,852	1,535,401	1,020,706	880,403.2
<u>Korea, Republic</u>	356,661	467,751	507,360	350,605	258,697	197,889.0

Mongolia has ratified the WTO TFA in 2016. In the field of implementation of this agreement MNCCI had collaborated with Ministry of Foreign Affairs and other Government bodies are as followed:

- National Trade Facilitation Committee is established at Ministry of Foreign Affairs based on a PPP.
- WTO TF seminar organized for private sectors in May 2017 collaborating with ITC.
- WTO TF seminar organized for the public sector in June 2017 collaborating with WTO.
- Trade portal system will be established (MFA & World Bank).
- National Single Electronic Window still in process since 2005.

Table 5 Documents using in export and import procedures

Export	Import
Certificate of Origin	Certificate of Origin
Packinglist	Packinglist
SalesContract	Salescontract
Invoice	Commercial invoice
CustomsDeclaration	Customsimportdeclaration
Export Permission	
PhytosanitaryCertificate	

Table 6 Country's Rank in Cross-border Trade

Country	Time toexport		Costtoexport		Time toimport		Costtoimport		Rank
	Documentary compliance (hours)	Border compli-ance (hours)	Docum-entaryc omplian ce	Bordercom pliance (US\$)	Documentary compliance (hours)	Bordercom pliance (hours)	Documentary compliance (US\$)	Bordercom pliance (US\$)	
Mongolia	168	62	64	191	115	48	83	210	103
China	14	23	90	602	54	72	150	790	96
Russia	26	96	80	765	43	96	160	1125	140



The TFA is important for the business sector to facilitate trade and to create a favorable business environment. Therefore MNCCI is actively working to implement the TFA in Mongolia.

Other trade facilitation activities in Mongolia:

- The Economic Partnership Agreement (EPA) between Mongolia and Japan took effect on 07 June 2016.
- Established FTA expert working group between Mongolia and ROK.
- Establishing legal environment: Trade Law.
- Three types of Customs tariff (MFN, preferential, and normal) took effect from 01 January 2017.
- APTA welcomed Mongolia as its seventh member in 2013.
- Trilateral Chambers' (Russian Federation, P.R. China, and Mongolia) meeting was organized in June 2017 in Ulaanbaatar.

### **Current trade facilitation & promotion projects in Mongolia:**

#### **EU TRAM project**

The project Trade Related Assistance for Mongolia (TRAM) is designed as one of the key projects within the framework of the Partnership Cooperation Agreement (PCA) between the EU and Mongolia, and in line with this, aims to enhance Mongolia's international trade and economic diversification and to contribute to sustainable economic growth and development of the country, with the ultimate goal of reducing poverty and external vulnerabilities.

This is fully aligned with the government National Action Plan 2016-2020, setting the strategic goals of diversifying the structure of the economy, reducing vulnerability from commodity price fluctuations, easing balance of payment pressures.

As indicated in its project purpose, the TRAM will contribute to achieve the overall objective by strengthening capacities of Mongolian public institutions and private sector for effective trade policy initiatives with a particular focus on specific products/sectors with high potential.

The project activities are logically structured in three result areas.

- Result 1 (trade policy) aims to enhance the capacity of the government to assess, formulate, negotiate and Implement trade policies. It includes basic capacity building and policy coordination activities, as well as development of specific policies for the target sectors. The main target group for this result is the Ministry in charge of trade.
- Result 2 (trade facilitation) aims to reduce costs of trade, through simplification of cross-border operations in general, with a particular focus on the target products. The main target groups for this result are the trade agencies, in particular customs.

- Result 3 (export development) aims to support the private sector in making use of trade opportunities and promote export, in particular of target products as profitable export products, making full use of genuine national competitive advantages to appeal directly to international consumers. The main target groups for this result are the Business Associations.

Besides, World Bank and Government of Mongolia had started implementing the “Export Development Project” from February 2017. The objective of the Project is to support Mongolian small and medium-size firms (SMEs) in the non-mining sectors to strengthen their export capabilities and expand access to export markets under the Financing Agreement, entered into between Mongolia and International Development Association for a credit in an amount equivalent to the IMF Special Drawing Right (SDR) of 14,300,000. As a working partner and member of Steering Committee, MNCCI also contributed to this project.

## 5.2 Korea Trade-Investment Promotion Agency (KOTRA)

HEO Seong Moo, Deputy Director, Korea Trade-Investment Promotion Agency

*In his speech, Mr. Heo introduced the history and main function of KOTRA and shared ideas for future GTI cooperation in Northeast Asia. In the following sections, his main points will be laid out.*

### Introduction

#### History and location

KOTRA (initially Korea Trade Promotion Agency) was established in 1962 to promote Korean export under the Ministry of Commerce in Korea. In 1995, KOTRA was assigned another mission of facilitating FDI and ODI, and was named as Korea Trade-Investment Promotion Agency with still being abbreviated as KOTRA.



It is our role to be a global business platform for a bigger market and a better future. We explore new overseas markets, create new business by providing tailored suggestions on products and industries, make chances for new investment into and outwards Korea.

KOTRA has 126 overseas offices, called Korea Business Centre (KBC) in 86 countries, headquartered in Seoul, Korea. There are 19 KBC's in China with Shenyang KBC in charge of GTI projects. We still have KBC's at Ulaanbaatar in Mongolia and Vladivostok in Russia. These KBC's will work as key-role players in KOTRA to support GTI projects.

#### Function

There are seven categories in our function. First, to stride into overseas markets, KOTRA supports export for SME's. We play a role as an overseas branch office of SME's including some services regarding logistics. KOTRA participates in international exhibitions which are comprehensive and professional; organize Korean Pavilions and hosts business meetings between Korean manufacturers and foreign importers. China-Northeast Asia Expo (CNEA) is a good example; KOTRA organized Korean Pavilion and supported the exhibition in 2015. We also host conventions for exporters and introduce foreign business environment, such as government regulations, up to date market information and further more.

Second, KOTRA helps Korean manufacturers being connected with global enterprises and help businesses enter the overseas procurement market in the Americas, EU and more. We also provide marketing services on vehicles, textile & fashion, consumer goods and other key industries using research paper, convention and exhibition.

Third, KOTRA supports new areas for the future, such as culture, Information & Communications Technologies (ICT), or bio-medical and green business. Fourth, we provide trade information of various countries and report prospects of overseas markets. We also operate a small library at the headquarter and a portal website for free. Based on the results of in-depth research on foreign markets, we offer suggestions for companies with suitable marketing strategies.

Fifth, we provide overseas investment information gathered through KBC's, offer customized services to individual companies such as feasibility studies on overseas expansion and the establishment of networks and corporations. Sixth, KOTRA provides a variety of information on investment feasibility, procedures, laws and taxes and consulting services. We find potential investors and support investment projects from the planning to execution stages. Furthermore, KOTRA provides One-Stop Service by positioning government employees from agencies including the Ministry of Justice and Korea Customs Service. We support the settlement of foreign-invested companies in Korea through the Foreign Investment Ombudsman.

Seventh, KOTRA is running education and training programs which strengthen the ability of trading personnel, including SME's and conglomerates.

### **Ideas for Further GTI Cooperation in Northeast Asia**

#### **Specialization on Comparative Advantages and Emphasis on B2B Exhibition**

It is necessary to make the most use of the comparative advantage of the industries and products for GTI members. It will enhance the competitiveness of manufacturers and help business prosper in GTI region. Furthermore, the network among signature industries of GTI members will facilitate the development in the region and create synergy effect, which will form industry clusters on the basis of fine infrastructure.

Meanwhile, according to CNAE exhibitors, business-to-customer (B2C) at the CNAE is a good opportunity for them to introduce their products to 'personal customers'. It is a common response of the exhibitors that if they can have some fixed days for B2B meetings between exhibitors and customer 'companies', there would be more chances for the exhibition to develop from good to great business platform for both exhibitors and Chinese importing companies. One suggestion could be a B2B meeting period within the first two days of the exhibition and B2B only. From the third day on, the exhibition is open to public as a B2C exhibition.

### **5.3 Opportunities for B2B Cooperation in Primorsky Krai**

Igor KRESTININ, Specialist, Primorsky Chamber of Commerce and Industry

*In his presentation, Mr. Krestinin introduced the Free Port of Vladivostok (FPV) and the Advanced Special Economic Zone (ASEZ). By explaining the different function of these two new economic areas, Mr. Krestinin provided an outlook of the future of the two projects. In the following lines, his main points will be summarized.*

#### **Free Port of Vladivostok (FPV) and Advanced Special Economic Zone (ASEZ)**

The policy of the Russian Federation on the implementation of the Federal Law on the Free Port of Vladivostok and ASEZ, aimed at the development of the Far East, brings new opportunities for investment and economic activity to the enterprises of Northeast Asia.

Since the entry into force on October 12, 2015 of Federal Law No. 212-FL "On the Free Port of Vladivostok", 276 companies have become residents of the FPV, of which 27 are applications from companies with foreign investments (21 confirmed applications). 13 companies with Chinese investments, 4 companies with Japanese investments, 5 companies with Korean investments, 2 with participation of representatives of the United States, England and Mexico, 1 company with representatives of Singapore, 1 with participation of representatives of India and 1 with participation of representatives of Australia. The territory of the Free Port of Vladivostok includes all Southern key ports of the Russian Far East from Zarubino to Nakhodka, as well as the airport Knevichi.

Thirteen ASEZs have been created and are now operating in the Far Eastern Federal District. ASEZ is a territory with a special legal regime for doing business with large-scale tax preferences and administrative state preferences. At the moment 157 companies have become residents of ASEZ. The residents of ASEZ are also given extensive tax incentives and administrative preferences. Government provides a "One window" regime for investors, and the management company responsible for ASEZ provides the building of the entire infrastructure for the resident. In addition, residents of ASEZ are provided with the same customs preferences as residents of the FPV.

#### **Differences between ASEZ and FPV**

##### **Free Port of Vladivostok:**

The focus is on the development of international business relations. The territory has strictly defined boundaries and facilitated customs regime (residents of the Free Port of Vladivostok can duty-free import and ship goods); free import of special equipment, needed for operation; resident builds the infrastructure construction; the amount of investment is RUB 5 mln during three years.

## **Advanced Special-Economic Zones:**

The focus is primarily on the development of the internal market. There are no strictly defined boundaries. Management Company builds the infrastructure; the amount of investment is 500 thousand rub.

## **Preferences for residents of FPV and ASEZ**

Residents of FPV, as well as ASEZ, are provided with some financial benefits, namely 7.6% of insurance payments for ten years (30% for non-residents), also, resident is exempt from profit tax, property tax and land tax for the first five years. After five years, tax payments increase but remain significantly below the general level. Also, land plots are allocated for conducting economic activities, and foreign labor engagement is allowed (up to 20% or more, as decided by the supervisory board). Reduced time of scheduled and unscheduled inspections comes with it.

For residents of the Free Port of Vladivostok, a free customs zone regime is available. This regime is competitive in comparison with similar forms of economy support in other countries. For example, the established free customs zone regime for residents involves duty-free and tax-free importation, storage and consumption of foreign goods. Freeport of Vladivostok also provides a simplified VISA regime. Foreign citizens arriving in Russia through checkpoints located on the territory of the free port of Vladivostok can stay on the territory of the Russian Federation for up to 8 days without issuing a visa.

## **Cooperation within the framework of the Trilateral Agreement**

On the 28 of November 2014 Union “Primorsky CCI”, Akita prefecture CCI (Japan) and Yanbian Branch of the Foreign Trade Promotion Committee (China) signed the Trilateral Agreement.

Within the framework of this agreement, in order to expand foreign economic and foreign trade relations and to stimulate tourism in three regions, the Parties agreed to hold economic meetings, to organize business negotiations as well as seminars on tourism and to exchange information, annually, alternately in each country. According to the framework of the agreement up to 10 companies from each country annually take part in B2B negotiations. This year the regular meeting will be held in Akita Prefecture on the 25 of September.

## **Cross-border cooperation**

13 – 16 June 2017 – “Days of Primorsky Krai in Heilongjiang” – 236 representatives from 150 Russian companies participated in B2B negotiations. The Union “Primorsky CCI” concluded a cooperation agreement with the Department of Commerce of Heilongjiang province, Heilongjiang Branch of the Foreign Trade Promotion Committee and Harbin Branch of the Foreign Trade Promotion Committee. 7 – 10 August 2017 – 5 International Cross-border Trade Fair in Suifenhe City – 70 representatives from 50 Russian companies participated in the event. Peoples’ Government of Suifenhe city and

Union “Primorsky CCI” opened a new e-platform called “Conscientious system”. 1-5 September 2017– 11 China – Northeast Asia EXPO in Changchun – 18 companies from Union “Primorsky CCI” are exhibited at venue.

## 5.4 Post-Establishment National Treatment and Negative List for Foreign Investment

JIANG Qiao, Director, Jilin Da Hua Ming Ren Law Firm



*In her presentation, Ms. Jiang introduced the latest officially implemented “Interim Measures” by MofCom China. She also explained the simplified measures for foreign companies to invest in China under the framework of “Interim Measures”. In the following segments, her main points will be laid out.*

In July 30<sup>th</sup>, 2017, MofCom China officially issued and implemented the “Interim Measures for the Recordation Administration of the Formation and Modification of Foreign-Funded Enterprises” (from now on referred to as the “Interim Measures”) and “Government Notice No.37”. As these measures apply to the formation and modification of foreign-funded enterprises which do not involve the implementation of special administrative measures for access as prescribed by the state, foreign investment in China has officially stepped into a “Post-establishment National Treatment + Negative List” period.

### Background of the “Interim Measures”:

- The foundation of Practical base and the support from foreign investors;
- The improvement of system foundation;
- The promotion from policy level.

### Highlights of the “Interim Measures”:

The record system applies to the foreign merchant who merges and acquires domestic enterprises or strategically invests in an officially listed company. The merger and acquisition of domestic enterprises include equity merge and asset merge. Strategic investment means that a foreign investor has acquired a share by making the long-and-mid-term strategic investment to the company which has finished the split-share reform.

### Simplified application materials and increased the efficiency of declaration

The most significant change of the record system is the simplification of application materials. The foreign-funded enterprise only needs to fill out and submit an online application form for the Recordation of Modification of Foreign-Funded Enterprises (from now on referred to as the “Application Form for Modification”) and relevant documents through the integrated management system, and undergo the recordation formalities for modification. Meanwhile, the recordation and business registration could be applied to simultaneously which saves processing time of the enterprises.

### Submit the Foreign-Funded Enterprises’ shareholding of the actual controller



“Interim Measures” increase the “shareholding of the actual controller” which indicates Chinese MofCom China will make comments to the accuracy of the judgment of the actual controller instead of merely rely on the judgment of the applicants. The related party M&A still needs approval from MofCom. There is a possible transition method that Foreign-Funded Enterprises use the stock right of overseas companies as valuable consideration to merge domestic companies.

### **How Foreign-Funded enterprises invest in China**

Foreign Capital M&A will be the major model for the foreign merchant. According to the statistics from MOFCOM, there were 15,053 new foreign-invested enterprises in China from January to June 2017 which has increased by 12.3%. Foreign Capital M&A is one of the most important ways of foreign investment. For example, within the first six months of 2017, the amount of paid-in capital of American enterprises that invested in China by merging has increased by 2.3% in contrast to the same period last year. By putting the record system into force, it will not only enhance the investment facilitation but also considerably decreased the risk and uncertainty of the M&A.

### **Foreign trading activation will be further enhanced**

The “Interim Measures” are simplified application materials which will help to attract foreign investment and increase its activity in the market. It is reasonable to predict that the foreign investment in the Chinese domestic market will brisk up.

### **The difference between foreign and domestic capital will be narrowed down gradually**

The promulgation of the “Interim Measures” indicates that foreign investment in China has officially stepped into a “Post-establishment National Treatment + Negative List” period. As there are no fundamental differences in the handling procedures, working processes, regulating approach, industry policy and taxation treatment, the disparity between foreign and domestic enterprises will be narrowed in the future.

## VI. Session 4: Transport Links and Corridors for Connectivity in Northeast Asia

Participants from international organizations and local governments and private enterprises presented challenges and opportunities on transport links and corridors for promoting trade and investment in the Greater Tumen Region. Experts shared and discussed their current efforts on improving sound cross-border connectivity and seamless transport and logistics.

### 6.1 China - Russia Binhai No. 2 Cross - Border Corridor Transport Project

GAO Ming, Vice President, Jilin Province Chang Ji Tu International Logistics Co., Ltd.



*In his speech, Mr. Gao introduced the function of Changjitu International Logistics Group and advocated both the improvement on the Land and Sea Transportation Policy and the enhancement on the cooperation of GTI members in Foreign Currency Funding which he sees as necessary to bring about these urgently needed shift.*

Changjitu International Logistics Group focused on the cooperative development and utilization of Russian Zarubino port, committed to cross-border land and sea transportation channel construction, and made outstanding contributions in Jilin Province to the development of port economy also accelerated the development and opening up to the world, since its inception. On February 2014, the group invested in the establishment of Maritime Silk Route International Shipping Co., Ltd. which is the first local shipping company in Jilin Province. During the cross-border land and sea transportation route construction, our group integrated the chain resources, set up the joint venture with Zarubino port to handle port business, transport by own ship, Hunchun railway station, Cargo Yard, and Russian railway. On May 2015, Hunchun-Zarubino-Busan cross-border land and sea transportation route was opened. The sailing schedule is one voyage weekly. By the end of August 16, 2017, we have run 105 voyages and never suspended shipping service except for force majeure. Meanwhile, we plan to gradually open 4 routes in Northeast Asia and around the direction of South China in the future, to make Jilin ocean shipping go to the whole world. Further promote the opening to the outside world of Jilin Province, increase the degree of economic extroversion, and make Jilin Province conform to the world.

In the early stage of the project, we have made some achievements in cooperation with various parties, but there are still some problems and difficulties that need to be solved by practical countermeasures and strategies. The main aspects are as follows:

## **To strengthen the coordination mechanism construction of regional national inspection departments**

First of all, Russia's customs clearance procedures are cumbersome and complex, which is not synchronized with the international standard of operation — “Multiple containers with one single document” quarantine methods. Secondly, it is a lack of mutual recognition mechanism of inspection. The Russian joint inspection agency unpack and inspect the container according to the Category and attribute of goods, with a large proportion even 100%, which is a lack of mutual recognition and release mechanism with counterparts in other countries. In addition, the customs service system has to be improved. As far as we know, the Russian customs system often suffers from blackouts and the system hardware collapse, and it cannot guarantee the smooth flow of regional trade.

We propose to upgrade the convenience level of customs clearance, and make the current cross-border land and sea transport route as two sides to develop customs clearance facilitation pilot project, and Hunchun(China)-Mahalino (Russia) railway port will be included into the pilot port of “Regulatory results of Chinese and Russian customs are mutually acceptable”, to change the situation of current repeated declaration and inspection of transit goods. To realize the measures of “one time declaration, one time inspection, and one time release” and “mutual recognition between China and Russia inspection”, and save time for customs clearance and improve the soft environment for customs clearance so as to ensure the smooth flow of regional trade. To realize the measures of “one time declaration, one time inspection, and one time release” and “mutual recognition between China and Russia inspection”, and save time for customs clearance and improve the soft environment for customs clearance so as to ensure the smooth flow of regional trade.

## **Land and sea transportation policy environment need to be improved**

Current legal policy in Russia is relatively conservative and it enforces strict policy restrictions on goods (goods of cross-border transportation) that are not imported into Russia. Russia has existent of restrictions on transportation or transport permits and other modes of transit transport restrictions on frozen seafood, animal derived food, seafood and other aspects. The Russian Federation established the special department for the development of the Far East economy, and formulates preferential policies for the Far East open up to others, but the implementation of the policy is not in place. Policy enforcement departments are not coordinated actively for the policy restriction issue, and open policy is still lack. In addition, China set up policy in domestic exit and re-entry goods in the good category, port of exit and entry, and ship transportation, which makes the policy, not match the market development between domestic export project implementation policies and actual operation of the project.

In this regard, we hope to get more open policy support in Russia and China. Such as to reduce cross-border Russian seafood and China's domestic goods cross-border transport category restrictions, and also allow more open and flexible transportation modes, and the opening of re-entry to the port etc.

### **Foreign currency financing concept needs to be further explored**

We know that many large scale cross-border channel infrastructure projects are implemented which need large chunks of capital. It's more difficult for enterprise investment alone to promote the implementation of the project. In the pre-project cooperation projects, we are supported by government and domestic banks' financing for cross-border channel construction. However, there is a long cycle of return on investment in railway, port, logistics park infrastructure projects, and also there are great financial pressures on pre-investment and late operation capital flow. Therefore, it is difficult to meet the financing needs from the domestic support alone, and as domestic enterprises, it is more difficult to apply for loans from offshore banks. In fact, the difficulties of foreign currency financing are common in China and urgently to be solved.

For this purpose, we hope that GTI could implement the work to the relevant departments, set up a special group, coordinate with relevant agencies in various countries, explore the financing concept, promote participation in multinational investment, and achieve foreign currency financing to promote channel construction.

### **Agricultural products need Japanese and Korean inspection institutions to be set up in Jilin Province local area**

It is understood that Japan and South Korea purchase a large number of agricultural products in Heilongjiang and Jilin province of China every year. However, the agricultural products related inspection institutions were set up only in Dalian, and the inspection institutions have not been set up in Jilin. Jilin province is the main original province of agricultural products. But at present the shippers are currently only able to choose other routes because the inspection cannot be completed.

In this regard, we hope that the circulation companies of Japan and Korea could pay more attention to accelerating the establishment of inspection institutions of agricultural products in Jilin Province (China), improving the environment for agricultural products inspection, and reducing the trade cost of agricultural products.

## 6.2 From Dornod Province to the Greater Northeast Asian Routes

Lkhagvasuren LKHAGVA, Advisor to Governor, Dornod Province, Mongolia

*In his presentation, Mr. Lkhagva outlined the importance and current status of the Dornod Province border crossings. His main points will be summarized in the following paragraph.*

### Dornod Province border crossings

Dornod Province has six bordercrossing points with Russia and China and those are important routes



for trade and investment cooperation between Mongolia and other NEA countries. Over forty thousand citizens travel through the border crossings and Mongolia exports natural resources such as iron ore, lead, petroleum and agricultural products and imports food, construction materials and equipment for small-to-medium enterprises. Therefore, these border crossings are significantly important to the economy of Dornod Province.

Dornod Province has always considered connecting the Provincial Capital Choibalsan to the border crossings and extending the communication and transportation routes to the rest of the NEA commercial

economic corridor.

The Khavirga-Arkhashaat border crossing connected to Choibalsan city and to the Millennium Road heading west from Choibalsan city to the capital of Mongolia, Ulaanbaatar. In the future, it will connect to the Northeast Asian Road Network, helping to develop tourism and increasing the international trade of commodities in the region. With a permanent commercial highway, green economy and trade initiatives can be supported, building sustainable nature conservation infrastructures to save the Eastern Mongolian Steppe. This is an important issue which the international community and NEA countries should take in consideration in order to protect Asian steppe ecosystems and to support the desire to conserve local natural heritage.

The Chinese government gave special significance to the border crossing project and has almost completed building the paved road leading to the Chinese-Mongolian border at Khavirga-Arkhashaat.

The road from Choibalsan city to Choibalsan soum runs in the same direction of Choibalsan - Ereentsav soum on the Millennium Road. This road's feasibility study and drawing will be developed in 2018.

### Border point in Khalkhgol /Sumer/Baynkhoshuu-Ovdog and Sumer-Rashaant border crossings

Khalkhgol soum of Dornod province is located 360 km away from the provincial capital. This eastern soum has the potential and an advantage in developing Mongolian foreign relations, tourism, agricul-

ture and mining and contributing to the economic growth of the region.

- There is the JigvaidjavJanraisag religious monument, which was made by Togtohtor of theKhalkh ethnic group of Mongolia.
- There is historical sightseeing related to the Khalkhgol War.
- Nearby is the Buirlake, which has great opportunities for tourist travel, particularly in the summer.
- International border crossing that can connect Mongolia to the Northeast Asian countries and reduce travel time to the Pacific Region.
- Oil and reserves of natural resources.
- Exports including agricultural and animal products
- A free trade and tourist zone

This border crossing point has great strategic significance for establishing trade and communication in the NEA transportation network.

Balance of transit transport, tourism, trade of manufactured goods and passenger traffic between Mongolia and China and further to the NEA countries is needed because the region also features the fragile Mongolian eastern steppe ecosystem that cannot be found anywhere else in the world.

### **The road from Choibalsan to Bayan-Uul-Ulikhan andEreetsav-Soloviyevsk**

The A21, a 240km quality gravel road from Choibalsan-Bayan-Uul-Ulikhan, part of the Millennium Road, was built in 1937 by Russia. It was then handed over to the Mongolian Government in 1947.

Both roads,Choibalsan-Ulikhan-Verkniiand Choibalsan-Ereentsav-Soloviyevsk,span 240km to the border and will run very close to roads to Chita city, AginBuriadand City Borsya, which is close to Manzhouli. With the extension of these roads, it will be possible to reach the Vladivostok port, which is connected to the Euro Trans road. At the same time, it will cross roads with the Trans-Siberian rail road and has great potential in improvingthe cooperation between China, Mongolia, Russia and the NEA region. It will increase the internal economic growth of the region and contribute to the local development's share.

Dornod Province, in collaboration with interested local provinces and governments and other partners, will advocate the importance of theseregional projects to developmental partnerships and will ensure that these trade and development projects are reflected in regional strategic documents like GTI and NEA countries.

### 6.3 Enhancement of Transportation and Logistics Network in Northeast Asia- Focusing on Gangwon Province Marine Logistics Policy

HONG JongMin, Manager, Aviation and Shipping Division, Gangwon Province, ROK



*In his presentation, Mr. Hong introduced the current status and problems of Gangwon Province. He also laid out the Development Plans of DongHea Port and Sokcho Port and the future Transportation Logistics Policy in Gangwon Province. In the following, his main points will be laid out.*

#### **Current Status and Problems of Gangwon Province**

Gangwon province has only about 0.3% share of import and export of Korea and made an effort to increase its size of share for decades, but failed. While the policy of Gangwon Province focused on promoting the export of companies, it still has limitations such as the high cost of logistics because there was no improvement in infrastructure. Based on experience from the past, Gangwon province should establish a long-term maritime logistics strategy to increase the volume of trade.

There are three main issues concerning the import and export of Gangwon province, which focused on marine logistics. First of all, most companies in Gangwon province have small trade volume and trade experiences, so the volume of transactions is not sufficient. With the exception of medium-sized and larger enterprises, most companies' freights is not filling the containers (less than container load), and therefore it's not very cost effective. Second, Gangwon Province lacks infrastructure related to maritime logistics such as port authorities, container berths and cranes, X-Ray scanners, container yards, container freight stations, etc. Third, the port of Gangwon province has no regular container shipping route and only one car-ferry route running, DBS. Due to all the above reasons, Gangwon Province is paying high logistical costs. It also weakens the competitiveness of Gangwon Province.

Over the past few years, highways and railways in Gangwon Province have dramatically improved. Gwangju-Wonju express highway was opened on Nov. 11, 2016 and Seoul-Yangyang express motorway was opened on Jun. 30, 2017. Trains that take a long time comparatively are also being improved. Wonju-Gangneung subway line will be open on Dec. 2017 and East-west high-speed railway, Seoul-Sokcho KTX, will be completed on 2024.

#### **Development Plans of DongHea Port and Sokcho Port**

Donghea Port is a port managed by the government. According to the 3rd National Harbor Development Plan, which was founded by the government, Donghea Port will be developed a logistic hub port of eastern area of Gangwon Province. The plan aims to complete by 2020, now in progress. It includes construction of new breakwater and berth, link roads, and lead-in railroad that connect inland freights to the port hinterland. The new wharf is planned for bulk freights. On the other hand,

Gangwon province requires the construction of a complex berth or the relocation of function to have capability of handling containers at the Dongheha port.

Sokcho port is a port managed by local government. According to the government's plan, Sokcho port is designated as a tourist gateway port on the East Coast. Gangwon Province is developing Sokcho port to foster the cruise industry. It is currently developing cruise docks and facilities, and plans to attract more than 100,000-ton cruise ships in 2018. New breakwater also will be constructed.

### **Transportation Logistics Policy in Gangwon Province**

As mentioned in the analysis of marine logistics and imports and exports problem of Gangwon province, it is necessary to provide the inland logistic complex for collecting, sorting and delivering of freights to the port to enhance the competitiveness of enterprises. This will eliminate the increase in logistics costs for less than container load(LCL) freight in Gangwon province and nearby area and send the freights to Dongheha port. In the long term, we plan to add ICD(inland container depot) functions that can be shipped directly from train to ship and clear custom in land.

The opening of the regular container route is necessary for the long-term development of Dongheha Port and the competitiveness of enterprises in Gangwon province. We are planning to import wood pellets consumed at power plant in Gangwon province and export zinc and aluminum ingot to Southeast Asia region. After that, we will expand import and export items from Gangwon province and Seoul area to Southeast Asia region and vice versa.

In addition to the 3rd National Harbor Development Plan up to 2020, we plan to set up a container shipping route, install a harbor cranes, and train harbor experts. Also we will continue port sales for opening additional routes.

In the long term, we will develop the port hinterland that can provide various functions such as manufacturing and processing to create sustainable freight volume and high added value of Dongheha port. In addition, we plan to build a container yard and container freight station and establish a port development plan for the mid- to long-term.

### **Cooperation strategy of transportation and logistics between Gangwon Province and Northeast Asia**

The Sokcho-Zarubino and the Donghae-Vladivostok shipping routes are directly connected to the three northeastern provinces of China, and these areas are part of China's Belt and Road policy. Therefore, in the long term, the TCR and TSR linkage through Zarubino and Vladivostok ports and the TCR linkage through Rajin port will be the logistics cooperation in Northeast Asia and it is inevitable.

We plans to open a new Northeast Asian route connecting Sokcho-Zarubino shipping route in Sokcho port and Dongheha-Vladivostok-Dongheha-Sakaiminato car-ferry shipping route in Dongheha port to link



Northeast China three provinces and Japan to China. For the more, we plan to open the Korea Land Bridge connecting China - Incheon - East Sea - Russia / Japan.

The port of Sokcho will be fostered as a harbor centered on cruise ships and car ferry, while the port of Donghae will be developed as container and bulk cargo. We plan to open a container route that does not have any one at present and to show a strategic alternative by linking Sokcho and Donghae ports. In the future, we will expand the route linking the western part of Japan and will be the logistics base for Northeast Asia and the East Sea.

## 6.4 Trade Facilitation in East and Central Asia

ZHANG Yuebin, Principal Regional Cooperation Specialist, ADB

*In his presentation, Mr. Zhang introduced two major components of the CAREC Trade Facilitation Program: Customs Cooperation and Integrated Trade Facilitation. In the following paragraph, his main points will be summarized.*



Trade Facilitation in East and Central Asia is a key component of ADB cooperation within the region since its foundation in 1967. The *Agreement Establishing the Asian Development Bank* (ADB Charter) mandates the ADB with the task of regional cooperation and integration (RCI). The role of ADB in this regard is mainly financing, knowledge collection and sharing, capacity building and overall acting as an honest broker in the region. The latest operational directions regarding RCI constitute a main part of the *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008–2020*. The mid-term review (MTR) found that

ADB has closely aligned its operations with Strategy 2020's three strategic agendas of inclusive economic growth, environmentally sustainable growth, and regional integration. During 2008–2012, more than 80% of ADB operations were in Strategy 2020's five core areas – infrastructure, environment, RCI, finance sector development, and education. RCI thereby is among the strategic priorities until 2020. ADB will expand regional connectivity and extend value chains by supporting cross-border infrastructure investments and connecting economic hubs to increase trade and commercial opportunities.

The ADB supports major RCI programs in East and Central Asia. In the Central Asian Regional Economic Cooperation (CAREC) ADB leads the trade facilitation sector. Within the PR China (PRC) - Mongolia cooperation it supports trade facilitation in East Asia. In the Greater Mekong Sub-Region ADB supports the cooperation between PRC and GMS as well as cooperation between PRC and Northeast Asia within the Greater Tumen Initiative (GTI). In doing so, ADB collaborates with various development partners such as World Customs Organization (WCO), World Trade Organization (WTO), United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Japan International Cooperation Agency (JICA) or the CAREC Institute.

Under the CAREC programme the refined transport and trade facilitation strategy, 2020 sets the frame for further improving competitiveness, transport and logistics infrastructure as well as trade and transport facilitation. Furthermore, the development of a multimodal corridor network, improved trade and cross-border services as well as operational and institutional effectiveness arising thereby. In do-

ing so, technical cooperation in fields such as customs cooperation and integrated trade facilitation are strengthened to improve single window development, road development, or sanitary and phytosanitary (SPS) measures. Hence, two major components of the CAREC Trade Facilitation Program are Customs Cooperation and Integrated Trade Facilitation.

## **Customs Cooperation**

Customs cooperation focuses on five priority areas:

- Simplification and harmonization of procedures;
- Information and Communications Technology (ICT) and data exchange,
- Risk management and post-entry audit (e.g. within Authorized Economic Operators, AEO)
- Joint customs control
- Regional transit.

Among others, ADB supports the standardization and harmonization of customs procedures in Kirgizstan and Turkmenistan. It supports the framework and pilot project development of a Customs Information Exchange System for CAREC in Azerbaijan, Kazakhstan, Kirgizstan, Mongolia, Tajikistan, and Uzbekistan. The customs risk management of Kazakhstan, Kirgizstan, Tajikistan, and Uzbekistan and AEO programs in Azerbaijan, Kazakhstan, and Mongolia. Furthermore, a joint customs control (JCC) pilot is implemented along the borders of Mongolia and the PR China. A regional and national time release study and its application in CAREC have been undertaken accompanied by workshops and consultation dialogues between the involved countries.

The JCC pilot between Mongolia and China as a concrete example of Customs Cooperation could also serve as a best practice for GTI members. During the 4<sup>th</sup> CAREC Customs Cooperation Committee (CCC) in Ulaanbaatar, Mongolia, 2005, both countries signed the “Agreed Minutes of the Meeting between the Customs Administration of Mongolia and the Customs Administration of the PR China”. In 2006 an Expert Group and a Working Group with defined roles and responsibilities were established. The focus was on the harmonization of cargo manifest with facilitating data exchange and reducing customs clearance time which led to the launch of JCC in 2009. Two border-crossing points (BCPs), Erlian (China) - ZamynUud (Mongolia) and Gashuunsukhait (Mongolia) – Ganqimaodao (China) were chosen for the pilot JCC project. New approaches and new techniques in customs control like the bilateral harmonized document (harmonized cargo manifest) were introduced. In-depth training of local customs officers was necessary to present the advantages of using new methods as well as learning proper management and organization of filling out the manifests. Joint trainings between Chinese and Mongolian custom officers were conducted in cooperation with international institutions like the Center for customs and Excise Studies (CCES) at Canberra University to enhance the capacity building capabilities. A JCC Steering Group was set up to coordinate and decide on next

steps. A case study, undertaken in 2015 covered the success factors and challenges of the unified cargo manifest (UMC). Document harmonization through the UCM led to increased compliance as well as decreased dwelling times. High-level support ensured a successful implementation and UCM implementation improved effectiveness and efficiency. The study detailed recommendations for further cooperation such as improving the legal aspect and enter into a formal agreement on JCC. The conversion to electronic format for electronic exchange as well as the expansion to two other BCPs was suggested. With going the next step to electronic exchange of manifest data to solve problems with paper-based UCM, the study saw the JCC ready to move towards the 2nd phase.

### **Integrated Trade Facilitation**

Integrated Trade Facilitation includes:

- Single Window (SW) Development and Border Crossing Point Improvement;
- Private Sector Participation,;
- Corridor Performance Measurement and Monitoring (CPMM);
- SPS Measures for Trade Facilitation;
- Coordinated Border Management (CBM).

The ADB has ongoing projects on the development of national SW and improvement of border crossing-points in Kirgizstan, Mongolia, and Tajikistan. The CAREC Federation of Carrier and Forwarder Associations (CFCFA), as well as the Corridor performance Measurement and Monitoring (CPMM), are tools to support private sector participation. CPMM measured corridor efficiency and identified bottlenecks. To support further integrated trade facilitation and reduce SPS measures impact as barrier to trade, ADB supports the CAREC Common Agenda for Modernization of SPS Measures endorsed by Mongolian Customs in September 2015. Additionally, Mongolia: Regional Upgrades of SPS Measures for Trade Project - loan signed December 2015 is now effective. A regional technical assistance (TA) *Transforming SPS Measures for Trade* is currently under preparation. Coordinated Border Management (CBM) in CAREC ensures efficient and effective processes and procedures used by all regulatory agencies. The objective is to facilitate trade and clearance of travelers while ensuring secure borders. ADB conducted and supported workshops to introduce CBM on a national level in Mongolia as well as on a sub-regional level with events in Kazakhstan, Kirgizstan, and Tajikistan. Additionally, National Trade Facilitation Committees were established or are on their way in Pakistan and Tajikistan.

## **VII. Way Forward**

### **8.1 Directions for GTI Cooperation in Trade and Investment**

The GTI Trade and Investment Cooperation Roundtable Meeting provided an opportunity to get valuable opinions from diverse experts from different areas and sectors. The scope of presentations and discussions were very comprehensive and dealt with main issues including trade facilitation, trade and investment, transport and logistics. As the next step for further cooperation in the future, the GTI TIC and the CSC should review the outcomes of the Roundtable Meeting and design specific projects to realise the recommendations from the experts. Reflecting the insights of experts who took part in the Roundtable Meeting, the GTI member countries need to keep in mind the following points when organising cooperation in trade and investment.

#### **Strengthening financial support**

Considering the limited resources under the GTI, support from member countries, the region's investment banks and involved public and private stakeholders is one of the key measures for more efficient and practical cooperation and projects. This includes reporting and information-sharing between GTI CSC and TIC members and focal points with their respective national governments and openly advocating for joint projects within the respective national institutions to allocate funds for GTI projects.

The early involvement of the GTI Research Institutions Network (RIN) and GTI Export–Import (EXIM) Banks Association in project planning will improve the practicality of project proposals and ensure the likelihood of approval and later implementation of joint projects. Public–private–partnerships and close cooperation with the private sector is another way to secure funding.

#### **Cooperation with international organisations and development partners**

The GTI has already signed memoranda of understanding with the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) and GIZ, and has been successfully cooperating with them in the trade and investment sector on the joint organisation of projects such as seminars, workshops and co-financing.

While keeping good partnerships with UNESCAP and GIZ, the GTI member countries also need to build further partnerships with other organisations and deepen cooperation, especially within the field of trade and investment. For example, the United Nations Commission on International Trade Law (UNCITRAL) will be able to provide support for the GTI member countries to establish an e-commerce model, which is one of the most advanced business models in Northeast Asia. The United Nations Industrial Development Organization (UNIDO) has expertise on technical assistance for technology and investment promotion, and the GTI member countries can share information on developing industrial parks as suggested by UNIDO at the Roundtable Meeting. The Asian Development Bank is envisioned to be the permanent partner of GTI and can share best practices in regional

cooperation (e.g. the Central Asia Regional Economic Cooperation Programme, and Greater Mekong Subregion) with the GTI member countries.

### **Capacity-building and technical assistance**

The level of development in the trade and investment sector in each of the GTI member countries is different. Each member country has her unique trade and investment laws, rules and regulations, procedures, and resources. Until now, the GTI member countries have tried to harmonise the differences under the GTI Trade Facilitation Committee, TIC and CSC. To further accelerate the necessary policy coordination, continued mutual information-sharing, intensified capacity-building and technical assistance will be must-dos to create win-win prosperity for each other.

The WTO TFA, which was highlighted during the Roundtable Meeting, could provide a good opportunity for future cooperation among the GTI member countries. Each country has Category A/B/C reported to WTO to implement the WTO TFA. Sharing information on the situation of WTO TFA implementation is a first step to identify topics for capacity-building and technical assistance among GTI member countries. In addition, tackling still-existing non-tariff barriers in customs and clearance procedures in cross-border trade is another good candidate for capacity-building and technical assistance to deepen cooperation in trade facilitation.

### **Communication with the private sector**

Private enterprises are the main actors engaged in trade and investment in Northeast Asia. Identifying their needs and grievances and finding ways to meet their needs are what the GTI member countries should consider when they design specific projects. The GTI member countries agreed to establish the Northeast Asia National Chambers Association at the 15th GTI Consultative Commission Meeting (17 September 2014). However, the Association has not been launched yet because of different views on the membership of the Association among the related chambers of commerce. Launching the Association as planned is a starting point for strengthening business-to-government (B2G) cooperation under the GTI mechanism. Before the official launch of the Northeast Asia National Chambers Association, as an alternative, it is suggested that the GTI member countries consider utilising the already-set-up Trilateral Chambers' Meeting (China, Mongolia and the Russian Federation). The Mongolian National Chamber of Commerce and Industry had presented the Meeting as best practice during the Roundtable meeting.

GTI member countries should focus on activating B2B cooperation. There could be diverse channels to provide spaces for B2B cooperation. For example, the GTI International Trade and Investment EXPO (Gangwon Province, Republic of Korea) and the China-Northeast Asia EXPO (Jilin Province, China) could be good opportunities for organising B2B activities. The organisers of the EXPOs need to pay attention to an opinion raised at the Roundtable Meeting that the current EXPOs are too much oriented toward business-to-consumer activities. The EXPOs could be a main tool to facilitate B2B

contacts within the region and at the same time serve as a platform to enhance B2G cooperation. For this, the GTI member countries can organise side events to the EXPOs where they can share more information on trade and investment with the private enterprises taking part in the EXPOs.

### **Online information-sharing on trade and investment**

The Roundtable Meeting revealed that more information on trade and investment from the GTI member countries should be transparent and shared with other stakeholders. Especially in the digital era, sharing information on web-based platforms was strongly recommended by the experts. Here, an open provision of trade regulations, customs procedures, and SPS requirements can enhance regional trade and promote information-sharing among government organisations, traders, investors, academia, and so on.

The GTI member countries need to discuss what information will be meaningful and useful for stakeholders and how they will use information and communication technology to share detailed information on trade and investment. The web-based information-sharing will deepen efficient communication among the GTI stakeholders, and the online storehouse of knowledge will play a role as a leading platform for mutual learning and create tangible outcomes in trade and investment cooperation.

### **8.2 Follow-up Activities to Consider**

Based on the directions above, the GTI member countries should undertake follow-up activities to realise the recommendations from the Roundtable Meeting. Follow-up activities can range from seminars and workshops, to more in-depth studies or concrete proposals for the enhancement of already existing mechanisms for information exchange in the form of Chambers meetings or the set-up of a website. Here, the GTI's Roadmap for Trade and Investment Cooperation 2017–2020 is the main instrument to achieve the objectives of the GTI Strategic Action Plan 2017–2020 and to guide related policy-makers in the region. It serves as main framework to design more practical cooperation activities and achieve more concrete outcomes in the trade and investment sector.

The following table provides an overview based on the priority areas and actions of the Roadmap and the inputs and discussions shared during the Roundtable Meeting. It serves as a helpful document for GTI TIC and CSC members for further planning and discussions.

Prior- ity areas	Recommendations	Follow-up activities	Actors
1. Accelerate trade liberalisation and facilitation	Strengthen AEO cooperation between the customs authorities	<ul style="list-style-type: none"> <li>• Complete the GTI Project ‘AEO Cooperation Scheme among Customs Administration’ (Jun 2016–Dec 2017)</li> <li>• Jointly draft proposal for follow-up activities such as annual review of AEO MRA progress</li> </ul>	CSC AEO Working Group
	Strengthen coordination and information between trade-related agencies to enhance efficiency of customs clearance	<ul style="list-style-type: none"> <li>• Cooperate with the Korea Customs Service (KCS) to organise a regional capacity-building workshop to tackle barriers in customs procedures</li> <li>• Cooperate with GTI CSC Members to coordinate regional knowledge-sharing and networking activities</li> <li>• Create a GTI expert group to share the latest information on trade and investment (e.g. laws, rules and regulations) with private enterprises</li> </ul>	TIC CSC KCS GTI Secretariat
	Cooperate towards an MRA of SPS laboratory test	<ul style="list-style-type: none"> <li>• Draft joint proposal to set up an SPS Working Group under the GTI Agriculture Committee similar to the current AEO Working Group</li> </ul>	AC GIZ
	Lower non-tariff trade costs through paperless trade (including Single Window)	<ul style="list-style-type: none"> <li>• Cooperate with UNESCAP to implement the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific (May 2016)</li> <li>• Conduct UNESCAP project ‘Capacity-building towards cross-border paperless trade for trade facilitation in Mongolia and East and Northeast Asia and Central Asia’ (May 2016–April 2018)</li> </ul>	TIC CSC GTI Secretariat UNESCAP
	Jointly implement the WTO TFA	<ul style="list-style-type: none"> <li>• Request formal information on funds under the WTO TFA</li> <li>• Organise Workshop/seminar to discuss opportunities for cooperation on WTO TFA implementation</li> </ul>	GTI NCs TIC CSC



2. Promote cross-border e-commerce development to lower non-tariff trade costs	Improve the trade policy environment to facilitate e-commerce, especially for SMEs' participation in global markets	<ul style="list-style-type: none"> <li>• Conduct a comprehensive study on the current situation of e-commerce (e.g. trade volume, relevant laws and regulations, efforts of applying international standards), barriers identified, best practices and policy recommendations to accelerate e-commerce among the GTI member countries</li> </ul>	TIC, CSC, GTI Secretariat Chambers
	Promote the regional adoption of uniform legislative texts created by UNCITRAL	<ul style="list-style-type: none"> <li>• Closely cooperate with UNCITRAL for technical assistance and recommendations on international codes to adopt for further e-commerce development</li> </ul>	TIC GTI Secretariat UNCITRAL
	Build a platform for business cooperation	<ul style="list-style-type: none"> <li>• Include dedicated sessions for B2B and private–public dialogues during GTI events</li> <li>• Nominate contact persons for GTI cooperation within involved chambers and business associations</li> </ul>	Jilin, China Gangwon, Republic of Korea GTI Secretariat Chambers
	Improve outreach by publishing successful cases of regional B2B cooperation	<ul style="list-style-type: none"> <li>• Compile selected business cases for each GTI member country to be published on the GTI website and presented during EXPO events</li> </ul>	Jilin, China Gangwon, Republic of Korea RIN GTI Secretariat Chambers
3. Improve regional supply chain connectivity and integrate regional logistics	Enhance soft cooperation in transportation to promote logistics services and reduce logistics costs	<ul style="list-style-type: none"> <li>• Conduct GTI project ‘Study on the Soft Environment of Regional Supply Chain Connectivity’ (approved June 2017) by communicating closely with stakeholders (local government, private enterprises) to provide practical policy recommendations</li> </ul>	TIC, LCC, RIN, GTI Secretariat, Chambers
	Implement the identified GTI regional logistics corridors	<ul style="list-style-type: none"> <li>• Sensitise responsible national ministries to the inclusion of selected GTI transport corridors in national transport development plans</li> </ul>	GTI NCs TB
	Strengthen coordination mechanisms in customs and inspection procedures (China–Russia, e.g. repeated declaration and inspections of transit goods)	<ul style="list-style-type: none"> <li>• Jointly draft a project proposal to set up local cross-border working groups of related customs agencies under the CSC</li> <li>• Evaluate bilateral local cross-border working groups during CSC meetings</li> </ul>	CSC
	Set up a joint inspection institution in Jilin, China, for agricultural exports from Russia, Mongolia, and China to the Republic of Korea and Japan	<ul style="list-style-type: none"> <li>• Draft feasibility study based on regional best practices of joint inspection</li> <li>• Jointly draft project proposal for the set-up of a joint inspection institution</li> </ul>	AC RIN GIZ
	Improve the land and sea transportation policy environment	<ul style="list-style-type: none"> <li>• Discuss related agendas such as the reduction of cross-border transport category restrictions as at the GTI Transport Board meeting</li> </ul>	TB GTI Secretariat

<b>4.</b> <b>Support regional private sector cooperation</b>	Set up a dedicated platform for GTI Chambers	<ul style="list-style-type: none"> <li>• Establish the Northeast Asia National Chambers Association under GTI as soon as possible</li> <li>• Alternatively incorporate the existing Trilateral Chambers' Meeting (China, Mongolia and Russia)</li> </ul>	GTI Secretariat Chambers GIZ
	Enhance the function of regional trade fairs	<ul style="list-style-type: none"> <li>• Organise events for B2B and B2G information-sharing back-to-back with GTI EXPO (Gangwon, Republic of Korea) and CNEA EXPO (Jilin, China)</li> </ul>	TIC Jilin, China Gangwon, Republic of Korea Chambers
	Promote Chambers' cooperation through acceleration of the Northeast Asia Chambers Association and Joint Meetings back-to-back with GTI events	<ul style="list-style-type: none"> <li>• Establish the Northeast Asia National Chambers Association under GTI as soon as possible or cooperate with the existing Trilateral Chambers' Meeting (China, Mongolia and Russia)</li> </ul>	GTI NCs GTI Secretariat Chambers
	Establish a GTI platform website (or digital GTI platform) for businesses in the GTR and information-sharing	<ul style="list-style-type: none"> <li>• Set up an expert group on trade and investment from the GTI member countries to share the latest information (e.g. laws, rules and regulations) with private enterprises</li> <li>• Draft a project proposal to allocate funds for GTI website re-design</li> <li>• Re-design the GTI website and add business-oriented sections to provide more practical information on trade and investment</li> </ul>	GTI NCs RIN GTI Secretariat Chambers
<b>5.</b> <b>Enhance cooperation on special economic zones</b>	Organise knowledge-sharing on best practices for cross-border cooperation zones (e.g. China with Lao PDR, Vietnam and Mongolia)	<ul style="list-style-type: none"> <li>• Organise a capacity-building workshop to share information and expertise on special economic zone development in cooperation with the KCS</li> <li>• Organise fact-finding missions on best practices for cross-border zones, cooperating with Chinese provincial governments</li> </ul>	LCC TIC
	Promote trade and investment in cross-border cooperation zones	<ul style="list-style-type: none"> <li>• Organise familiarisation tours for business to cross-border zones in the GTR</li> <li>• Organise an information session on cross-border cooperation zones back-to-back with GTI EXPO and Northeast Asia EXPO</li> </ul>	Jilin, China Gangwon, Republic of Korea TIC Chambers
	Conduct a pre-feasibility study on the establishment of an industrial park in Primorsky Krai, Russia	<ul style="list-style-type: none"> <li>• Jointly draft a project proposal on 'pre-feasibility study on the establishment of an industrial park in Primorsky Krai of Russia' with UNIDO ITPO Korea</li> </ul>	TIC GTI Secretariat UNIDO ITPO

<b>6. Promote regional infrastructure investment</b>	Strengthen the utilisation of the GTI EXIM Bank Association	<ul style="list-style-type: none"> <li>• Share infrastructure building project proposals with the GTI Transport Board and the Northeast Asia EXIM Banks Association to evaluate the possibility of resource mobilisation</li> </ul>	EBA TB GTI Secretariat
	Coordinate national investment plans to enhance policy alignment and convergence	<ul style="list-style-type: none"> <li>• Offer a platform to discuss synergies and common approaches in national investment plans, identify sub-regional objectives within each GTI member country's plans</li> </ul>	GTI NCs TB
	Establish a transport route sub-committee under the GTI Transport Board	<ul style="list-style-type: none"> <li>• Strengthen the function of the GTI Logistics Sub-Committee under GTI Local Cooperation Committee as a platform to develop the sea-land transport route in Northeast Asia through designated contact personnel and constant knowledge-sharing</li> </ul>	LCC LSC TB
	Organise meetings of transportation companies	<ul style="list-style-type: none"> <li>• Invite transportation companies to GTI Transport Board meetings and related events such as forums or seminars.</li> </ul>	TB GTI Secretariat

#### Abbreviations for Actors

AC	GTI Agriculture Committee
AEO	Authorised economic operators
Chambers	Chambers of Commerce and Industry
CSC	GTI Customs Sub-Committee
EBA	Northeast Asia EXIM Banks Association
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
GTI	Greater Tumen Initiative
GTI NCs	GTI National Coordinators
KCS	Korea Customs Service
LCC	GTI Local Cooperation Committee
LSC	Logistics Sub-Committee
RIN	GTI Research Institutions Network
TB	GTI Transport Board
TIC	GTI Trade and Investment Committee

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