

# International Cross Border Economic Regions in East Asia, Greater Tumen Region (GTR) and Greater Mekong Sub-region (GMS)<sup>1)</sup>

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## Abstract

*The negative growth of the 2009 world economy, the first since the end of Second World War, was not a natural disaster but a result of disequilibrium caused by excessive dependence on globalization and marketization, which had persisted since the end of 1970's. Still struggling to recover from the worldwide economic decline, we should reconsider the importance of balanced development of globalization with regionalization, inter-regional trade with intra-regional trade, and the globalization based on regionalization. It will be achieved by meeting various challenges such as FTA, EPA, common bond market, common currency, and other issues. These challenges in macro regions are important for building frameworks of regionalization. However, micro-regional cooperation also will be important in community-building from the grass roots. In this new age of regionalism, our challenge should stress on decreasing barriers to impede movement across borders and on strengthening micro regional cooperation on both sides of the borders. We should make efforts to build International Cross Border Economic Region (ICBER) in East Asia. There are two representative attempts to build ICBER, Greater Tumen Region (GTR) in Northeast Asia, and Greater Mekong Sub-region (GMS) in Southeast Asia, both of which started in the beginning of*

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*1990s, just after the end of Cold War. By now there is large difference in economic performances between GTR and GMS. However, checking new situations in both regions, we can say GMS has made large steps to build an ICBER in Southeast Asia, while there remain a lot of challenges to overcome. GTR in Northeast Asia will also possible to follow GMS through efforts by governments and societies in the region.*

### **Keywords:**

International cross border economic region (ICBER), Greater Tumen Region (GTR), Greater Mekong Sub-region (GMS), Globalization based on regionalization, Inter-regional trade, Intra-regional trade, Global financial and economic crisis

## **1. CURRENT GLOBAL RECESSION AND DISEQUILIBRIUM**

Until 2008 we enjoyed high economic growth based on globalization. It started from the end of 1970s, and we continued excessive dependence on globalization and marketization for 30 years. It was the age of Ms. Thatcher, Mr. Reagan and Mr. Nakasone, and characterized by small government, privatization, strong dollar, military expansion. During same period there was break down of socialist centrally planned economies.

Under that scheme, global GDP grew on an average of nearly 3% per year from 1979 to 2008. East Asian economic growth exceeded the world average, with GDP averagely increasing by 4.1% yearly during those 30 years, despite the 1997 Asian currency crisis.<sup>2)</sup>

Foreign trade has developed more than the economic growth. The ratio of world exports to GDP increased from 14.3% in 1978 to 25.0% in 2007. Foreign trade has developed further in East Asia: its share of world exports doubled from 14.0% in 1978 to 27.2% in 2007, and East Asia's ratio of exports to GDP jumped from 12.9% to 34.8% during that time. Economic growth with expansion of foreign trade also contributed to per capita GDP, which by 2008 had increased by 46% compared with it in 1979 in

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2) The calculation is based on data measured in 1990 US dollars, United Nations Statistics Division, *National Accounts Main Aggregates Database*, <http://unstats.un.org>.

the world and had increased by 131% in East Asia measured in terms of 1990 US dollar. However, growth through globalization and marketization has been accompanied by increasing current account imbalances in East Asia and the US.

From 1995 to 2005, the ratio of current surplus to GDP increased from 0.2% to 7.1% in China, from 2.1% to 3.6% in Japan, and from -1.7% to +1.9% in Korea. On the other hand, the US ratio of current deficits to GDP increased from 1.6% to 6.4% in the same period. East Asia has been among the main financiers of this huge US deficit, as shown by rapid increases in the region's foreign reserves. At the end of 2005, Japan held US\$835.5 billion (4.5 times greater than in 1995), China held US\$822.5 billion (10.8 times greater than in 1995), and Korea held US\$210.3 billion (6.4 times greater than in 1995). Globalization in finance supported the holding of these imbalances.

However imbalances had become too large to hold, and begun to hit financial system of US in 2007 followed by the global financial crisis of 2008. In 2009 the world economy experienced the first negative growth since the end of secondary World War. So far we have managed to prevent the world economy from falling down through huge expenditure of governments and enlarged credits by financial sector. However various kinds of prices such as food, oil, and gold have soared, and real estate bubble has been made in China. In south European countries public finance has been still unstable and we cannot exclude the possibility to see resemble situation as 1930. In major economies, US, Japan and Europe stagnation has been continued though huge financial expenditure has made.

Still struggling to recover from the worldwide economic decline triggered by the global financial crisis of 2008, we now recognize that these schemes are unsustainable. We should therefore reconsider the relationship of globalization with regionalization, inter-regional trade with intra-regional trade, and the importance of globalization based on regionalization<sup>3)</sup>.

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3) Since the 1997 Asian currency crisis, a lot of books have discussed about regionalization, globalization, cross border economic relations in East Asia. See Perkmann (2002), Liu (2003), Beeson (2007), Timmermann (2008).

## 2. INTER-REGIONAL TRADE AND INTRA-REGIONAL TRADE<sup>4)</sup>

The division of labour enhances productivity and increases national wealth<sup>5)</sup>. As trade and division of labour are opposite sides of the same coin, trade in one country or region, (domestic trade or intra-regional trade), and trade among countries or regions, (international trade or inter-regional trade), can either play an important role in economic growth. Globalization enables nations to extend the limits of space to develop division of labour, and it makes possible for them to promote their economic development. However, economic history and the current world economic situation imply that globalization should be balanced with regionalization and that inter-regional trade should be combined with intra-regional trade.

For one example, Japan has been seriously affected by the current global economic depression, and its 2009 economic growth rate was the lowest among major OECD countries. An important reason for this situation is Japan's excessive dependence directly and indirectly—through China and the ASEAN countries—on the US market and inter-regional trade. Germany's economy also depends heavily on foreign trade, although primarily with EU countries and intra-regional neighbours, sharp contrast to Japan. In 2009 German exports of goods and services are estimated to have decreased by 14.4% from 2008, while Japanese exports are estimated to have decreased by 25.1%<sup>6)</sup>.

## 3. GLOBALIZATION BASED ON REGIONALIZATION, MICRO- REGIONAL COOPERATION, AND INTERNATIONAL CROSS BORDER ECONOMIC REGION

Globalization based on regionalization will make a greater future contribution to sustainable development of regions and countries.

Having studied the calamities arising from the closed regionalism of the 1930s, European countries gradually crafted an open regionalism after the Second World War. Along with globalization pushed by GATT and the

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4) I made some detailed discussion on this topic in Matsuno (2011). This essay is a revised and enlarged version of it.

5) Adam Smith, *An inquiry into the nature and causes of the wealth of nations; vol. 1* ; general eds. R. H. Campbell and A. S. Skinner ; textual ed. W. B. Todd, Oxford, Clarendon Pr. , 1976, p.5, 13.

6) *OECD Economic Outlook No.86*, November 2009, summary of projections, [http://www.oecd.org/document/18/0,3343,en\\_2649\\_33733\\_20347538\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/18/0,3343,en_2649_33733_20347538_1_1_1_1,00.html)

WTO, regionalization in Europe has progressed from the EEC to the EC and to the EU, drawing an increasing membership in the process.

Although East Asian countries have developed their economies mainly through globalization, they also have developed through regionalization, notably by establishing goals for the ASEAN Community and initiating East Asian summit meetings. Recent major progress included commitment to an East Asian community in the 10 October 2009 joint statement of the summit meeting among Japan, Korea, and China. It is important to note that these three nations have endorsed the goal of community building in East Asia, even though it will take a considerable long time to reach the goal.

Obviously difficult challenges are ahead in building an East Asian community. However, we acknowledge that the direction towards globalization based on regionalization is important in East Asia, as it has been in Europe.

Globalization based on regionalization will be achieved by meeting various challenges such as FTA, EPA, common bond market, common currency, and other issues. These challenges in macro regions are important for building frameworks of regionalization. However, micro-regional cooperation also will be important in community-building from the grass roots.

Modernization arose when a new organization—the nation state—spreads from Western countries throughout the world. In building nation states, the decisive role has been played by creating a ‘national economy’, encircled by national boundaries and employing a uniformed currency, a national tax system, integration of measures and so on. Thus, obstacles to the movement of people, goods, and money have been removed, and regional integration has been developed within a national economy.

It should be noted, however, that this process erected new barriers between regions on both sides of national borders. In this new age of regionalism, our challenge should be to decrease barriers impeding movement across borders and to strengthen micro regional cooperation on both sides of the borders. We should make efforts to build *International Cross Border Economic Region* (ICBER) in East Asia.

#### 4. ICBER IN NORTHEAST ASIA: GREATER TUMEN REGION (GTR)

For several years, we have been visiting border areas in East Asia, Northeast Asia and Southeast Asia, to study evolution of cooperation across national borders.

During the Cold War period, there was no multilateral economic cooperation in Northeast Asia, and most economic cooperation took the bilateral form. Following to the end of the Cold War, and to the betterment of international relations in the region, Jilin Province of China proposed the Tumen River Development Program (TRDP) in 1990. The proposal was followed by the United Nations Development Program (UNDP) in 1991<sup>7)</sup>.

Two cities of the Yanbian Korean Autonomous Prefecture in Jilin Province —Hunchun and Yanji— have sought to develop economic relations with neighbouring regions and countries of Russia, the Democratic People's Republic of Korea (DPRK), the Republic of Korea (ROK), and Japan. Hunchun built the Border Economic Cooperation Zone in 1992 following the announcement of the TRDP in 1990 and 1991. Additionally the Export Processing Zone and the China- Russia Mutual Trade Zone were built in 2000 and 2001 within the Border Economic Cooperation Zone.

Efforts to improve transportation infrastructure in this area included construction of a railway from Hunchun to Kamysovoe in Russia which was finished in 1999, and completion of a motor way from Changchun to Yanji in 2008. In July 2005, Hunchun agreed with Rajin of North Korea to improve the road between two cities and to develop Rajin Port through mutual cooperation. The agreement has not yet been implemented. Other initiatives to promote regional economic cooperation and to create a micro region include efforts to run a new ship line connecting Hunchun, Zarbino, Sokcho, Niigata, and Vladivostok. These efforts are attempts to promote the regional economic cooperation and to create the micro region. While they are not yet as successful as expected, local initiatives to create micro-regions deserve support from all levels of governments and society.

In September 2005, the 8th Meeting of the Consultative Commission was held in Changchun, which is the inter-governmental organization to promote TRDP consisted by representatives of five countries, China,

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7) See Lee (2003).

DPRK<sup>8)</sup>, Russia, ROK, Mongolia. The meeting decided to extend TRDP for more ten years until 2015, and TRDP was renamed GTI, Greater Tumen Initiatives, with enlarged program area of the Greater Tumen Region (GTR) including three Provinces of Northeast China, Inner Mongolia Autonomous Region of China, Rajin-Sonbong Economic and Trade Zone in DPRK, Eastern Region of Mongolia, Eastern Coastal Cities of ROK, and part of Primorsky Territory of Russia<sup>9)</sup>. In August 2009, China decided the Chinese Tumen River Area Development Plan which was approved as a national project by the central government. The project area is enlarged to Changchun and Jilin, which have larger economic capacities than the Yanbian Korean Autonomous Prefecture. In the next month, September 2009, President Hu Jintao and President Dmitrii A. Medvedev exchanged the Agreement of Cooperation Programs in Northeast China, Far East Russia, and East Siberia. Under that scheme 205 projects are listed in border area. In January 2010 DPRK also introduced a new policy to raise the status of Ra-son to the Special City, which is authorized to be more independent in the field of economic relation with foreign countries. These things show larger possibilities to promote GTI, and to build ICBER in Northeast Asia.

## 5. ICBER IN SOUTHEAST ASIA: GREATER MEKONG SUB-REGION (GMS)

An example in Southeast Asia is an excellent to study in building a micro region across a national border along the East West Economic Corridor, which is the second flagship project of the Greater Mekong Sub-region (GMS) economic cooperation<sup>10)</sup>.

In August 2009 we visited Savannakhet in the southern Lao People's Democratic Republic<sup>11)</sup>. It is located along the East West Economic Corri-

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8) DPRK sent announcement of withdrawal from the scheme in November 2009. *Kyodo Tsushin*, December 4, 2009, <http://www.47news.jp/CN/200912/CN2009120401000246.html>.

9) See Lee (2006), and home page of GTI, <http://www.tumenprogramme.org/>.

10) See Ishida and Kudo (2007).

11) Following sentences are based on information we have received in a field visit to Lao PDR from 18th to 23<sup>rd</sup> August 2009. The visit was held as one of activities in the research project titled 'Development of Great Mekong Sub-region and Challenge to ASEAN Divides' which was supported by Japan Society for the Promotion of Sciences as a Grant-in-Aid for Scientific Research (project number: 21402022, project leader: Prof. Kiyokatsu Nishiguchi). See Nouansavanh (2010) for Lao PDR perspectives toward GMS.



dor, one of the trunk roads in East Asia, and is expected to promote economic activities in the region. At the end of 2006, the second international bridge over the Mekong River was finished to connect Savannakhet with Mukdahan in Thailand. However, traffic has not yet reached half of its expected volume. The owner of a Japanese company that produced socks for export to Japan complained of inefficient custom procedures, bad behaviour of local officers and inadequate skill of workers. At the project site of the Special Economic Zone for new production, tree stumps had not been cleared. Primary users of the new bridge are approximately equal to 2,000 daily Thai tourists<sup>12)</sup> travelling by bus to “Savan Vegas” which has a huge casino in a five star hotel. Savan Vegas is a joint venture owned by a US private capital firm, local government and private business persons.

Construction of hard infrastructure, including roads and bridges has produced the possibility of regional cooperation that improves peoples’ lives. However, to realize that possibility requires further efforts to improve soft infrastructure and to develop human resources through improvements in education system and other means.

In March 2010 we visited Yunnan Province in southwestern China<sup>13)</sup>.

Going back in history, Yunnan, which formed independent states such as the Kingdom of Nanzhao and the Kingdom of Dali in some period, was long feared as a land of fevers, with so-called ethnic minorities inhabiting it in large numbers. Bordering Vietnam, Laos, and Myanmar, however, and being a strategic transportation center which adjoins also Tibet, it is an extremely important region in politics, economy and securities for China, and the immigration of the Han to this region has continued from the Ming Dynasty down to today. During the Sino–Japanese War the Yunnan played a key role as a British and US supply route to Chiang Kai-shek, who moved the government to Chongqing in neighboring Sichuan Prov-

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12) When we visited to the custom in the beginning of September, 2011, Mukdahan custom office showed the number of passengers, cars, buses, and trucks across the second international Mekong river in the statistical year 2008 (Oct. 2007-Sep.2008) and 2010 (Oct. 2009-Sep.2010) as followings. Passengers were 864,251 and 1,777,188. Passenger cars were 95,921 and 208,552. Buses were 11,596 and 11,297. Trucks were 42,466 and 54,239. Numbers are total of exit and entry. We can see passengers and cars of Thai tourists are increasing much more than cargo trucks.

13) Following paragraphs in chapter 5 are the revised version of Matsuno (2010), which was translated from Japanese essay by ERINA, the Economic Research Institute of Northeast Asia. I greatly appreciate the excellent work done by the Institute.



ince<sup>14)</sup>.

Recent changes in the Yunnan economy largely relate to the GMS economic cooperation. Yunnan Province has participated as a local government, alongside central governments of Cambodia, Laos, Myanmar, Thailand and Vietnam in this cooperation which started in 1992 by initiatives of the Asian Development Bank. Kunming, capital city of Yunnan Province locates in the one end of the North South Economic Corridor (Kunming–Hanoi and Bangkok), which is the first flagship project of GMS development cooperation.

The impetus behind the great change in recent years in Kunming was the hosting of the World Horticultural Exposition in 1999. Along with developing the city's infrastructure, the visitors from China and abroad increased spectacularly, which became an opportunity for the development of the tourism industry, and brought an expansion of the cultivation of flowers, vegetables and fruit trees, etc., and of related business, adding to the existing tobacco and tea industries. The farmland on the outskirts of Kunming was covered by the white roofs of plastic greenhouses, the flower market commenced trading at nine o'clock every evening, and the flowers that went under the hammer were transported to Kunming Airport by first light, and were shipped domestically and overseas by the first morning flights.

Following to the World Horticultural Exposition, the Great Western Development Strategy, beginning in 2000, has activated the Yunnan economy through the construction of infrastructure, etc., centered on the building and upgrading of roads.

A Chinese enterprise that was business partner of a Japanese firm in Kunming took organic vegetables that made best use of the natural environment, weighed them out, wrapped them in cellophane in trays, indicated the place of production, and in a state where the price sticker was ready to be put on, the enterprise had been highly successful in a business where it shipped them to supermarkets in big cities like Shanghai and to Canada. At that time it was investigating the expansion of business into Myanmar, and had got to the stage of choosing at its own discretion the timing of making it start.

As background of the changes in the Yunnan economy, the presence of

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14) See Ishijima (2004).

the Mekong River region development framework, via GMS economic cooperation, is large.

We made a trip to Jinghong (Xishuangbanna) lying 730 km to the southwest by road, and inspections of the Laos and Myanmar borders and Mekong port facilities.

As one approaches Jinghong with a gradually lowering of elevation, in the surrounding mountains the cultivation of rubber trees, in addition to tea, became marked.

In a Thai village, a great amount of watermelons were piled up on the open ground at the side of the road, and at the side of a large truck the work of packing them into boxes was being carried out by women. In the field, bags were placed over bunches of bananas, and along with raising the sugar content, they warded off insect pests, and kept the surface of the fruit beautiful. Amid the major drought since autumn 2009, rice growing had continued, rice seedling nurseries had been built, and the transplanting of seedlings had begun.

During two days stay in Jinghong, we visited two national borders. One is between Mohan of China and Boten of Lao PDR. The other is between Daluo of China and Mongla of Myanmar. In Mohan there was a beautiful gate and a custom building, and we saw a truck loaded by iron wires from China. A long distance service bus passed through gate toward Vientiane. In the opposite side, Boten had only a small custom house. After the immigration we went to Boten Free Trade Border Area, which was built by the government of Lao PDR in 2002. The right to develop the area was given for ninety years to a joint company of Chinese Hong Kong capital and the National Planning & Cooperation Committee. Along the street there were small shops of Chinese product and small restaurants. The only large building was a hotel for Chinese tourists to enjoy gamble in casino. We found another large hotel was in construction near there.

We could not visit Mongla of Myanmar across the gate from Daluo. There was very small number of people through the gate.

The construction of infrastructure and the liberalization of trade and investment will not necessarily bring about regional development on both sides of an international border. It is very important to develop human resources of local people for sustainable development in the region. Growth of businesses by local capital and people is also valuable.

## 6. DIFFERENT PERFORMANCES BETWEEN GTR AND GMS

In preceding chapters we have reviewed two important attempts to build ICBER, international cross border economic region in East Asia, which are GTR, the Greater Tumen Region, in Northeast Asia, and GMS, the Greater Mekong Sub- region, in Southeast Asia. They both started in the beginning of 1990s, just after the end of the Cold War. However, as we have seen, performances of two attempts in twenty years are different. In GMS international cooperation has been established for building infrastructure, such as bridges and roads, facilitating trade and investment, enhancing tourist industry, and so on, while there still remained some challenges, say, to improve soft infrastructure, such as education and custom procedures. On the other hand, in GTR international cooperation has not yet realized in large scale, while some agreements in local base have been signed, and construction of infrastructure has been made within some countries.

Under this situation, the difference in economic performance of two areas has been appeared as shown in Table 1 and 2. Growth of per capita GDP in twenty years after the initiation of TRDP didn't exceed one before it in less developed countries, DPRK and Mongolia. It was even negative

**Table 1 Per Capita GDP in GTR and GMS (constant US\$ of 2005) <sup>\*1</sup>**

	1970	1975	1980	1985	1990	1995	2000	2005	2010	1990-1970	2010-1990
<b>GTR</b>											
Korea, Dem. People's Rep. of	438	637	726	802	754	554	503	549	530	316	-224
Mongolia	448	508	594	726	772	636	699	905	1,139	324	368
China	151	179	229	354	477	802	1,159	1,792	2,965	326	2,489
Russian Federation <sup>*2</sup>	1,907	2,281	2,782	3,330	4,036	3,529	3,871	5,315	6,293	2,129	2,256
Korea, Republic of	1,921	2,758	3,803	5,418	8,383	11,794	14,749	17,959	21,100	6,462	12,717
(Japan) <sup>*3</sup>	15,954	18,645	20,806	24,780	31,035	32,681	33,931	36,016	36,581	15,082	5,546
<b>GMS</b>											
Myanmar	73	73	88	101	83	103	145	258	383	10	300
Cambodia	371	247	190	179	219	255	324	471	598	-152	379
Lao People's Dem. Rep.	160	184	190	244	261	312	379	476	706	102	445
Viet Nam	158	157	191	240	265	356	468	636	844	107	580
Thailand	588	673	880	1,041	1,558	2,254	2,177	2,644	3,038	970	1,481
China	151	179	229	354	477	802	1,159	1,792	2,965	326	2,489

Notes:

<sup>\*1</sup> US Dollars at constant prices (2005) and constant exchange rates (2005)

<sup>\*2</sup> USSR until 1990

<sup>\*3</sup> Japan is for reference. While Japan has not joined to GTR cooperation by now, it will be able to make a contribution to the development of GTR in future.

Source: UNCTAD, *UNCTADstat*, 'Nominal and real GDP, total and per capita, annual, 1970-2010', <http://unctadstat.unctad.org/TableViewer/tableView.aspx>

**Table 2 Intra- regional differentials of per capita GDP**

	1970	1975	1980	1985	1990	1995	2000	2005	2010	1990-1970	2010-1990
CaseA (the lowest in 2010 = 1)											
GTR											
Korea, Dem. People's Rep. of	1	1	1	1	1	1	1	1	1	-	-
Mongolia	1.0	0.8	0.8	0.9	1.0	1.1	1.4	1.6	2.1	0.0	1.1
China	0.3	0.3	0.3	0.4	0.6	1.4	2.3	3.3	5.6	0.3	5.0
Russian Federation	4.4	3.6	3.8	4.2	5.4	6.4	7.7	9.7	11.9	1.0	6.5
Korea, Republic of	4.4	4.3	5.2	6.8	11.1	21.3	29.3	32.7	39.8	6.7	28.7
(Japan)	36.4	29.3	28.6	30.9	41.2	59.0	67.5	65.6	69.0	4.8	27.9
GMS											
Myanmar	1	1	1	1	1	1	1	1	1	-	-
Cambodia	5.1	3.4	2.2	1.8	2.6	2.5	2.2	1.8	1.6	-2.4	-1.1
Lao People's Dem. Rep.	2.2	2.5	2.2	2.4	3.1	3.0	2.6	1.8	1.8	1.0	-1.3
Viet Nam	2.2	2.1	2.2	2.4	3.2	3.5	3.2	2.5	2.2	1.0	-1.0
Thailand	8.0	9.2	10.0	10.3	18.7	21.9	15.0	10.3	7.9	10.7	-10.8
China	2.1	2.4	2.6	3.5	5.7	7.8	8.0	7.0	7.7	3.7	2.0
CaseB (the second lowest in 2010 = 1)											
GTR											
Korea, Dem. People's Rep. of	1.0	1.3	1.2	1.1	1.0	0.9	0.7	0.6	0.5	0.0	-0.5
Mongolia	1	1	1	1	1	1	1	1	1	-	-
China	0.3	0.4	0.4	0.5	0.6	1.3	1.7	2.0	2.6	0.3	2.0
Russian Federation	4.3	4.5	4.7	4.6	5.2	5.6	5.5	5.9	5.5	1.0	0.3
Korea, Republic of	4.3	5.4	6.4	7.5	10.9	18.6	21.1	19.8	18.5	6.6	7.7
(Japan)	35.6	36.7	35.0	34.1	40.2	51.4	48.6	39.8	32.1	4.6	-8.1
GMS											
Myanmar	0.2	0.3	0.5	0.6	0.4	0.4	0.5	0.6	0.6	0.2	0.3
Cambodia	1	1	1	1	1	1	1	1	1	-	-
Lao People's Dem. Rep.	0.4	0.8	1.0	1.4	1.2	1.2	1.2	1.0	1.2	0.8	0.0
Viet Nam	0.4	0.6	1.0	1.3	1.2	1.4	1.5	1.4	1.4	0.8	0.2
Thailand	1.6	2.7	4.6	5.8	7.1	8.8	6.7	5.6	5.1	5.5	-2.0
China	0.4	0.7	1.2	2.0	2.2	3.1	3.6	3.8	5.0	1.8	2.8

Notes and Source: same with Table 1

in DPRK. In contrast, per capita GDP in twenty years after the start of GMS increased far beyond twenty years before GMS in less developed countries, Myanmar, Cambodia, Lao PDR, and Viet Nam. Intra- regional differentials of per capita GDP has decreased in GMS from 1990 to 2010 in Case A and Case B, while it has increased in GTR by either of two calculations, with one exception of China.

We can point out several elements relating to the difference between two areas.

First, GMS has established governmental meeting in Ministers' level to discuss cooperation, while there has not been such meeting in GTR. The

Tumen Secretariat has set up in Beijing with close relation to UNDP, and GTI has held consultative commission meetings annually. However, they went no further than consulting or discussing general guidelines, and specific cooperation has been made mainly through bilateral agreements in local base.

Second, GMS has got support from ADB, Asia Development Bank, which gave initiatives to develop the area, and to coordinate each program, while GTR has no NEADB, Northeast Asia Development Bank, of which necessity has been discussed in a lot of symposia and seminars. Under the coordination by ADB each member country makes investment to GMS projects, and international organizations or developed countries support them by loans or ODAs.

Third, GTI, the development program of GTR, has not supported by Japanese government, though GTI would have positive effects to development of coastal region along the Sea of Japan. Japan has remained to be an observer in meetings by political reason, while it would be able to be the largest donor country to TRDP. In contrast, Japan has strongly taken part in GMS through ADB and its own ODA, the second international bridge across Mekong River, for example.

Fourth, DPRK has not yet overcome economic difficulties, and not succeeded in placing its economy to steady growth, while it will make important roles in GTI programs and dissolving intra-regional differentials in GTR. Additionally DPRK sent announcement of withdrawal from the scheme of GTI in November 2009. In contrast, former socialist countries in GMS, Viet Nam, Cambodia, Lao PDR, have been enjoying high economic growth through changing economic policies to open the country and to stimulate market. And now Myanmar also seems to follow them.

Last, central governments of China and Russia had not largely participated to TRDP until recent years. While China is hosting Tumen Secretariat in Beijing, TRDP in China had been local development plan confined to Yanbian Autonomous Prefecture in Jilin Province. In contrast, GMS has covered whole area of Yunnan Province and Guangxi Autonomous District, and its projects have done with close relation to the national project of China, Great Development Strategy of the West. In Russia, the central government had not sent enough money to support economy of the Far East, though there have been several development plans. In some case Russia had been negative to cooperation with neighbor countries, par-

ticularly with China, because it had been anxious about too large economic influence of China.

However, situation has changed gradually. About the last point we have already seen launching of the Chinese Tumen River Area Development Plan in 2009 as a national project with close relationship to the Revitalize Old Industrial Base Strategy of North East China. We have also seen policy changing in Russia and DPRK.

GMS has made large steps to build an ICBER in Southeast Asia, while there remain a lot of challenges to overcome. For GTR in Northeast Asia it is not impossible to follow GMS through efforts by governments and societies in the region.

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