Greater Tumen Initiative

Supported by United Nations Development Programme

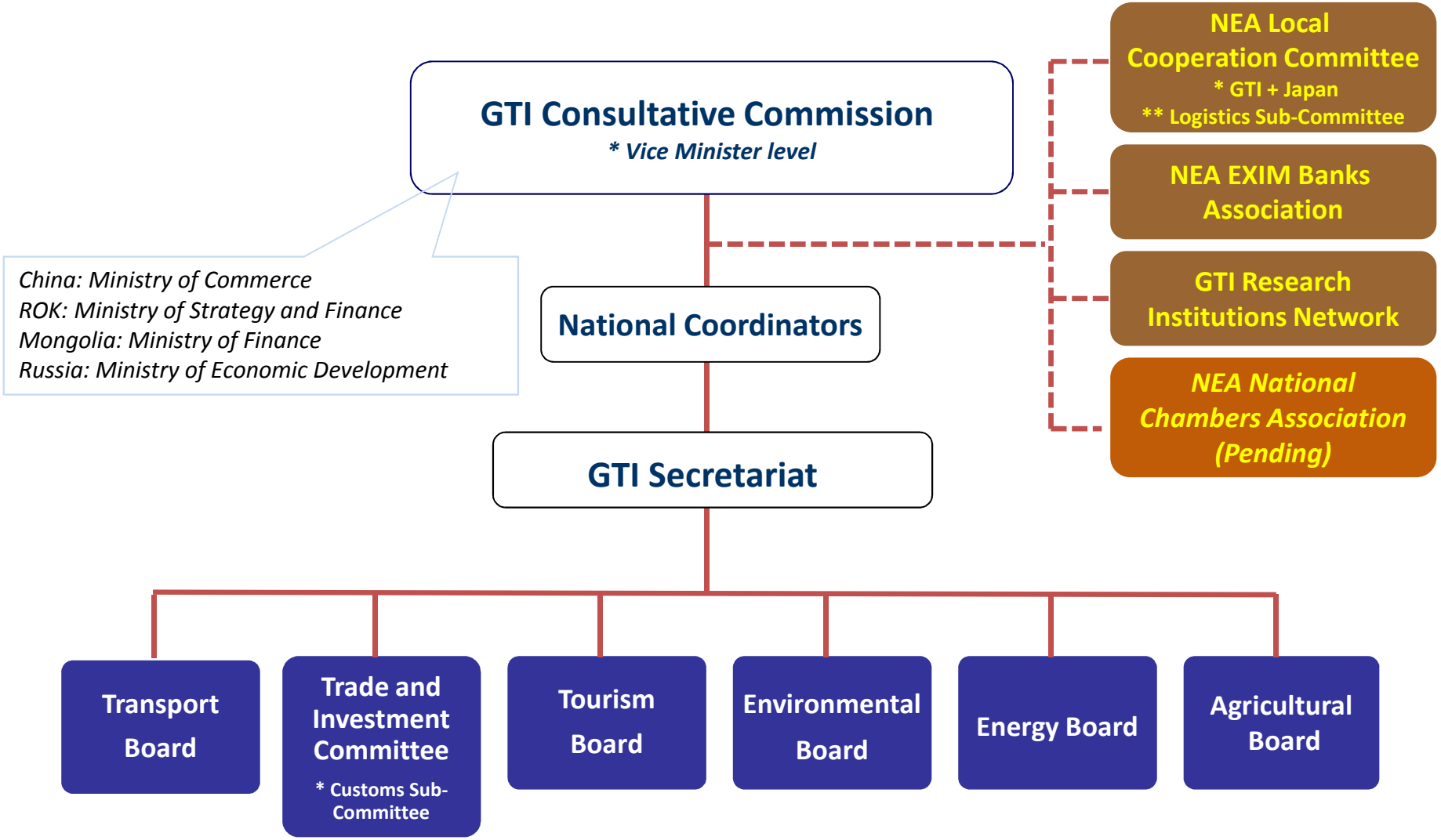
Local Cooperation of GTI

1 **Introduction of LCC and LSC**

2 Activities under LCC and LSC

3 Partnership and GIZ Support

Institutional Structure of GTI



LCC/LSC Members

LCC Members:

Currently, LCC has 12 members:

- ***China:*** **Heilongjiang Province, Inner Mongolia Autonomous Region, Jilin Province, Liaoning Province;**
- ***Japan:*** **Tottori Prefecture**
- ***Mongolia:*** **Dornod Province, Khentii Province, Sukhbaatar Province, Selenge Province**
- ***ROK:*** **Gangwon Province, Busan Metropolitan City, Jeju Special Self-Governing Province**

LSC Members

Currently, LSC has 9 members:

- ***China:*** **Heilongjiang Province, Inner Mongolia Autonomous Region (Manzhouli), Jilin Province, Liaoning Province, and Yingkou City**
- ***Japan:*** **Tottori Prefecture**
- ***Mongolia:*** **Dornod Province**
- ***ROK:*** **Gangwon Province, Busan Metropolitan City**

Members at a Glance

Country	Member	Year of Accession	Area (km^2)	Population	GRDP	Main Industries
China	Inner Mongolia	2012	118,300			Agriculture, Chemicals, Energy, Iron and Steel, Textiles, Pharmaceuticals
	Jilin Province	2012	187,400	27,330,300 (2017)	RMB 1528.9 billion	Automobiles, Energy, Metallurgy, Petrochemicals, Textiles, Tourism
	Heilongjiang	2012	453,000	37,887,000 (2017)		Energy, Equipment, Food Processing, Forestry, Petrochemicals, Pharmaceuticals
	Liaoning	2012	148,000	438,000,000 (2017)	RMB 2.2 trillion	Electronics, Machinery, Metallurgy, Petrochemicals
Japan	Tottori Prefecture	2012	3,507	560,000 (2017)	1.7551 trillion yen	Automotive Component, Electronic Device, Agriculture and Marine products
Mongolia	Dornod	2012	123,597	76,507 (2017)		
	Khentii	2012	80,325	76,019 (2017)		

Country	Member	Year of Accession	Area (km^2)	Population	GRDP	Main Industries
Mongolia	Selenge	2017	41,152	108，768 (2017)	602.2 billion MNT (2017)	Agriculture, Mining, Livestock Husbandry, Tourism
	Sukhbaatar	2012	82,287	61,323 (2017)		
South Korea	Busan Metropolitan City	2015	770	3,534,848 (2017)		Footwear, Textiles, Shipbuilding, Automotive, Marine product processing, Exhibitions, and tourism.
	Gangwon Province	2012	20,569	1,547,387 (2017)	USD 25,220 (2017) per capita	Agriculture Bio-Industry, Medical Electronics , New Materials
	Jeju Special Self-Governing Province	2015	1,848			Agriculture, Fishery, Service, Tourism

Objectives of Local Cooperation

foster a platform to facilitate economic cooperation among the NEA local governments for achieving sustainable development and mutual prosperity of the region

- Strengthen the capacities of NEA local governments participating in regional economic cooperation
- Enhance policy coordination between local & central authorities to synergize development strategies
- Promote dialogue, communication and mutual understanding among NEA neighbors
- Identify and implement joint cooperative programs and projects for mutual benefit
- Mobilize resources and international support for local cooperation activities
- Exchange information on local economies and share knowledge on regional development
- Encourage favorable regional business environment to attract investment and lay a foundation at the local level for NEA economic integration

* Source: Greater Tumen Initiative Strategic Action Plan 2017-2020

Principles

The LCC shall be guided by the following principles:

- A non-binding partnership network without legal identity or international agreements required;
- Participation in the LCC is on a volunteer basis by NEA local governments;
- Decisions will be made by consensus through constructive dialogue;
- It respects equality, diversity and sovereignty of all members

Objectives of Logistics Sub-Committee

Serve as a platform of local cooperation to promote facilitation, efficiency, enhancement of transport logistics in GTR

- Enhance policy coordination between local & central authorities to address bottleneck that impede the regional logistics development potentials
- Improve logistics development by testing sea-land intermodal pilot transportation routes in collaboration with shippers, inland transportation operators, international logistics service providers(forwarders), maritime companies and GTI Transport Board and/or GTI Trade Facilitation Committee etc
- Promote Public Private sector Partnership (PPP) to mobilize resources and international support for piloting new transport routes and improving the existing routes for full use as well as other transports logistics such as warehousing, software support for transport etc
- Exchange information on shippers, international logistics service providers (forwarders), export and import freight and trade size and routes etc. in the region.

* Source: Greater Tumen Initiative Strategic Action Plan 2017-2020

1 Introduction of LCC and LSC

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Major activities of LCC

◆ **Annual Meeting of LCC & LSC and Annual Preparatory Meeting for LCC and Working Meeting for LSC**

- Established Local Cooperation Committee in2011
- Local Development Forum held back to back with LCC Meeting

◆ **Dialogue with Central Governments**

- Starting from 2011, a joint session with LCC was organized during the CC Meeting where local governments can have a constructive joint discussion on progress made by LCC joint efforts and LCC future development.
- CC joint session with LCC has become a critical platform for both local governments and central governments to seek more smooth policy coordination and to foster strategic development.

◆ **Capacity Building Programme and Information Sharing**

- Capacity Building Programme on regional cooperation for local official in 2011
- Capacity Building Seminar Organized by Korea Customs Service since 2012
- *Capacity Building Progrmme Survey in 2018-2019*
- *LCC Technical Guide :* this detailed LCC Technical Guide on the LCC/LSC Mechanism and the working procedures is to help both our current and prospective members as well as partners to understand the framework of LCC and navigate their activities and involvement within LCC
- Information sharing on regional cooperation, brainstorming & project ideas, etc.

◆ **GTI International Trade and Investment EXPO**

- Organized annually since 2013, hosted by Gangwon Province in cooperation with the GTI Secretariat
- Exhibition, Forum, product sales, IR, trade/investment consulting, etc.
- This multi-day event provides various opportunities for traders, investors, and government officials from both GTR and non-GTR region to exchange views on regional investment relations and engage in trade consultation.

◆ **Project Implementation**

- Proposal on Logistics Sub-Committee (2014)
- Proposals of some hard projects submitted to the EXIM Banks Association

◆ **Partnership building**

LCC Meetings

	Time	Location	Meeting Host	Signed Declaration	Outcomes
1st LCC Meeting	Aug.30 2013	Changchun, Jilin,China	Jilin Provincial Government	Changchun Declaration	➢ Confirmed memberships and welcomed the inauguration of the LCC. ➢ Adopted the LCC's Terms of Reference ➢ Identified challenges and gave recommendations in concerned areas for local economic cooperation, such as insufficient transport infrastructure, complex visa policies and border-crossing procedures
2nd LCC Meeting	Aug.6 2014	Yonago, Tottori, Japan	Tottori Prefectural Government	Tottori Declaration	➢ Acknowledged the progress on the implementation of the "GTI Transport Corridors Study Project" and the "Evaluation Study of Sea-Land Routes in Northeast Asia" ➢ Acknowledged the successful conclusion of the Capacity Building Workshop on Trade and Investment Facilitation in NEA held in March 2014 in Cheonan, ROK ➢ Welcomed the outcome of Trans-GTR Transport Corridors: Financing Infrastructure Development ➢ Tottori proposed to establish a Logistic Committee focusing on sea-land transportation and routes development under the LCC platform

	Time	Location	Meeting Host	Signed Declaration	Outcomes
3rd LCC Meeting	Aug.7 2015	Choibalsan, Dornod, Mongolia	Dornod Provincial Government	Dornod Declaration	➢ Adopted the LSC's Terms of Reference. ➢ Welcomed Busan Metropolitan City and Jeju Special Self-Governing Province of ROK as new members ➢ Pledged full supports to GTI members countries' national development strategies and policies, including "One Belt, One Road" initiative and "Chang-Ji-Tu" strategy by China, "Grassland Road" strategy by Mongolia, "Eurasia Initiative" by the ROK, and "Eurasian Economic Union" strategy by Russia ➢ Reviewed 8 project proposals, including 1) Land & Sea Cross Border Transportation Project of Hunchun via Zarubino Port; 2) Hunchun (China) – Zarubino (Russia) Transportation Channel and International Logistics Park Project; 3) Jiaohe Emergency Coal Reserves Center Project; 4) Offshore Fishing Project in Russia's Kamchatka Peninsula; 5) The Coronet in Eastern Mongolia; 6) The Development of Road Infrastructure in Dornod Province; 7) Small-scale oil Refinery; 8) Establishment of LSC

	Time	Location	Meeting Host	Signed Declaration	Outcomes
4th LCC Meeting	Oct.12 2016	Sokcho, Gangwon, ROK	Gangwon Provincial Government	Gangwon Declaration	➢ Agreed to jointly implement LCC Action Plan for 2016-2020. ➢ Applauded the LSC for the implementation of its first Pilot Route Testing Project and expressed LCC's confidence in future successful projects ➢ Identified following key areas for promoting mutually beneficial cooperation: visa and customs clearance procedures, technology transfer between members, investments in piloting new transport connectivity routes, tourism routes development, trade and investment promotion, expansion of cultural and educational exchanges, increasing investment and trade cooperation ➢ Proposed following project ideas: 1) Pilot sea-land route testing involving Yingkou and Busan ports; 2) Joint research on governance of logistics; 3) Joint piloting new cruise lines to promote cruise tourism in the region; 4) Joint research to simplify logistics clearance procedures to address the high transaction cost for people and cargo movement

	Time	Location	Meeting Host	Signed Declaration	Outcomes
5th LCC Meeting	Aug.16 2017	Heihe, Heilongjiang, China	Heilongjiang Provincial Government	Heihe Declaration	➢ Reviewed and approved five project proposals: 1) the China-Europe Block Train Project of Yingkou Port, 2) the Harbin-Europe International Block Train Project, 3) the Paved Road Project from Choibalsan City in Dornod Province in Mongolia to Khavirga-Arkhashaat, at the Chinese-Mongolian Border, 4) the Paved Road Project Heading Southeast from Choibalsan City to Khalkhgol /Sumber/ Soum of Dornod Province, 5) and the Paved Road Project Heading North from Choibalsan Soum to Bayn-Uul Soum of Dornod Province of Mongolia to Ulikhan-Ulikhan Maikhan, at the Russian-Mongolian Border. ➢ Recommended to work jointly to identify opportunities for improving regional cooperation mechanisms and platforms, deepening investment and trade cooperation and promoting industrial upgrading to realize mutual benefit and common development ➢ Welcomed representatives from private sector, research institutions and international organizations to show their insights into local cooperation ➢ Welcomed Selenge Province of Mongolia as a new member

	Time	Location	Meeting Host	Signed Declaration	Outcomes
6th LCC Meeting	July.13 2018	Hoki Tottori, Japan	Tottori Prefectural Government	Tottori Declaration	➢ Congratulated the successful conclusion of the Pilot Transport Testing Project (Mudanjiang - Suifenhe - Grodekovo - Vladivostok - Donghae - Sakaiminato) and the first trial of the new Pilot Transport Testing Project (Changchun - Hunchun - Zarubino - Vladivostok - Donghae - Sakaiminato) ➢ Reviewed the Chita Logistics Hub project proposed by Zabaykalsky Krai, Russian Federation, and agreed to work jointly to attract private investment for the successful construction of the industrial park and consolidated export area. ➢ Reviewed the Milk Run Logistics System project, which will be further structured and formatted to be submitted to LCC for consideration in due course.

Major activities of LSC

◆ **Annual Meeting of LSC and Working Meeting for LSC**

- Established Logistics Sub-Committee in 2015

◆ **Information Sharing**

- Information sharing on regional transport, trade and associated logistics in general with relevant parties and brainstorm for cooperation ideas
- Information sharing sheet – Logistics Barriers and Cargo Data and Assessment Form

Prepared and updated by LSC members twice a year, to identify bottlenecks in regional logistics development and seek possible solutions.

- Brainstorming & project ideas, etc.

◆ **Dialogue with Central Governments and Partners**

- Coordination and communication with CSC and Transport Board for enhancing the regional logistics development and problem solving
- Task force meeting in 2015 for specific project
- Meeting with the Far Eastern Customs Administration, Vladivostok Customs and Zarubino Port

◆ **Project Implementation**

- 1st Pilot Transport Testing Project (Mudanjiang – Suifenhe –Grodekovo – Vladivostok – Donghae - Sakaiminato) (in 2016)
- 2nd Pilot Transport Testing Project (Changchun – Hunchun – Zarubino – Vladivostok – Donghae – Sakaiminato) (First trial completed in April 2018 and second trial completed in October 2018)

◆ **Studies under the framework of GTI**

- Integrated Transport Infrastructure and Cross-border Facilitation Study for the Trans-GTR Transport Corridors
- Software support to the operationalization of transport corridors in GTR in 2014
- Evaluation Study on Sea-Land Routes in Northeast Asia in 2014

LSC Meetings

	Time	Location	Meeting Host	Outcomes
1st LSC Meeting	Aug.7 2015	Choibalsan, Dornod, Mongolia	Dornod Provincial Government	➢ Reviewed pilot transport routes and identified two potential sea-and-land routes for testing: 1) Harbin-Suifenhe-Vladivostok-Donghae-Sakaiminato; 2) Changchun-Hunchun-Zarubino/Vladivostok-Donghae-Sakaiminato ➢ The Secretariat requested all LSC members to refine the initial "Information Sharing Sheet" and nominate focal contact points ➢ Emphasized the importance of the Russia's involvement, and the GTI Secretariat pledged to convey its message to the Ministry of Economic Development of the Russian Federation to encourage the local governments' participation in LSC
2nd LSC Meeting	Oct.12 2016	Sokcho,Gangwon, ROK	Gangwon Provincial Government	➢ Expanded its membership by welcoming Busan Metropolitan City ➢ Agreed to update the information sharing sheets twice a year, before the working level meeting and before the annual LSC meeting ➢ Reviewed progress on implementation of the "Pilot Transport Project for: Mudanjiang-Suifenhe-Vladivostok-Donghae-Sakaiminato Route" ➢ Discussed and adopted 2016-2017 Work Plan of LSC

	Time	Location	Meeting Host	Outcomes
3rd LSC Meeting	Aug.16 2017	Heihe,Heilongjiang, China	Heilongjiang Provincial Government	➢ Reviewed the Information Sharing Sheets and Assessment Forms on Logistics Barriers and Regional Cargo Data, the Logistics Data on Selected Sea-Land Routes ➢ Discussed development of Sea-Land Routes and reviewed Progress Report of the Pilot Route Testing Project ➢ Approved membership applications of Dornod Province and Inner Mongolia Autonomous Region ➢ Reviewed the Work Plan for 2017 and concluded that the Work Plan for 2017 should be further updated by the Secretariat in light of the discussion at the 5th LCC Meeting
4th LSC Meeting	July.13 2018	Saihaku,Tottori, Japan	Tottori Prefectural Government	➢ Reviewed the Assessment Form for "Information Sharing Sheet- Logistics Barriers and Cargo Data" ➢ Reviewed the outcomes of the meeting with the Far Eastern Customs Directorate of Russia, Vladivostok Port ➢ Approved the new Pilot Transportation Testing Project ➢ Approved Yingkou city's membership application

Information Sharing Sheet-Logistics Barriers and Cargo Data 2019

Province, Country	Regional challenges regarding China-Russia cross-border cargo transport	Background and Rationale	Possible Solution and Action Plan	Countries and Government Departments to be Involved at Central and Local Level	Regional initiatives and budget for facilitating smooth transport
Jinlin, China	High cost compared with Dalian, Yingkou port of China and other ports in the Area. Limited logistics volume. Restrictions on China-related logistics services, such as allowing the qualified Chinese logistics corporation to transport goods by vehicles between Hunchun and Zarubino Port. 1. Limited companies participate and contribute to the cross-border cargo transport. 2. Lack of necessary incentives to facilitate the cargo flows. 3. Relevant procedures needs to be simplified and some restrictions and limitations needs to be reduced.	1. The existing supporting infrastructure is old, it can not satisfied with the development of logistics. 2. At present, there are very limited cargos transferred through Hunchun-Zarubino Port-Busan Ferry Route.	1. Infrastructure renovation work need to be done by both China and Russia side. 2.Relevant procedures needs to be simplified and some restrictions and limitations needs to be reduced. Conduct propaganda, attracts more cargo owners to use Busan ferry route.	1. Transportation Department of local government for both China and Russia. 2.Busan Municipal Government; Jilin Provincial Government; Administration of Zarubino Port	In order to fully support the development of the transport, Jilin Provincial Government continuously provide ferry route allowance 3 million RMB per year since 2007, and according to the development of the ferry route, the allowance may reached to 5 million RMB in 2015. Until now, financial support from Jilin Provincial Government to the ferry route is over 15 million RMB.

Regional data regarding cargo transport at major ports and other border crossing locations						
Cargo Items	**Quantity**	**Company Location**	**Export/Import**	**Shipping Port Destination Port**	**Departure Point Arrival Point**	**Preferred Transport Route**
Coal	2,000,000 Ton (2016)	Changchun City of Jilin Province, China	Import	By railway	Fareast of Russia Hunchun city of China	Hunchun-Mahaliinno railway port
Timber						
Powdered Iron	900,000 Ton (First Quarter 2017)					
Fish	280 TEU (2016)	Changchun City of Jilin Province, China	Export	Zarubino Port Busan Port	Hunchun city Busan City	Hunchun railway port Zarubino Port Busan Port
Wooden Product						
Corn Noodles	120 TEU (First Quarter 2017)					
Costume						
Kicthen Items	450 TEU (2016)		Import			
Refreshment						
Cloth	100 TEU (First Quarter of 2017)					
Toys						

Province, Country	Regional challenges regarding China-Russia cross-border cargo transport	Background and Rationale	Possible Solution and Action Plan	Countries and Government Departments to be Involved at Central and Local Level	Regional initiatives and budget for facilitating smooth transport
Heilongjiang, China	Need to find more regular resources of good to guarantee their transportation cost.	1.The supply of goods is not fixed, and the transportation cost is uncontrollable 2.Customs clearance procedures are complicated	1.Need more fixed source of goods to cover the transportation costs. Members of LCC need to integrate and exchange resources, develop fixed supply transportation network. 2.Improve publicity efforts, attract attention of all members of LCC to this route, in order to improve the utilization of this route.	Russia, Korea, Japan	Harbin-Europe Railways Freight Transport 1. Main Route: It from Harbin-Manzhouli Land Port- Zabaikalsk and Chita(Russia)- Trans-Siberian Railway, via Yekaterinburg and Moscow to Hamburg Harbour in Germany(totally 9820kms). To the north and west in land, it passes through the Russia to the Baltic Sea ittoral belt in Europe and to the east, it passes through the Far East Port in Russia via the sea route to Japan, Korea and some other harbor cities in Northeastern Asia. 2. Main characteristics: Firstly, this transport route has a long history and it is convenient and unimpeded, safe and safe and efficient. Secondly, it has lower cost. Cross border from Manzhouli, only via the Russia, it could reach the Baltic Sea and some other countries in Europe spending 9-15 days for the whole journey, It is just meet the demand of the global logistics, because less 2000kms than the other railway routes via Alataw Pass and five countries in Central Asia. 3. Main plan: it has completed two-way freight railway transportation. It has planned a shuttle block train in each one week by the end of 2015, and two shuttle block trains in each one week by the end of 2016. The Scope of collection of goods in Europe is extending to the Germany, Poland, Czech Republic, France, Hungary, Spain, Italy and etc. The transport route is extending to the east, connecting with the sea and land transport road of China, Russia, Korea and Japan via the Suifenhe Port in Heilongjiang Province and three ports of Russian Far East, and via the ports of Tottori and Niigata in Japan, Sokcho and Busan in Korea. By now, this route has been successfully proceed as an pilot project, and it need to address the bottlenecks about less volume of freight traffic and complicated formalities for Customs Clearance.

Province, Country	Regional challenges regarding China-Russia cross-border cargo transport	Background and Rationale	Possible Solution and Action Plan	Countries and Government Departments to be Involved at Central and Local Level	Regional initiatives and budget for facilitating smooth transport
Tottori, Japan	**Challenges arising from soft infrastructure issues:** 1. High truck transport costs between China and Russia: Lack of price competition due to limited number of companies that conduct bonded transportation. 2. Customs clearance fees were charged by both Chinese and Russian sides. 3. Increased cost and time requirements due to inconsistent trade code abbreviations and misinterpretations. 4. Lack of customs and quarantine experience in receiving cargo from Japan: Customs procedures took 17 days, as it was the first time for Suifen customs to receive a multilateral food shipment from Japan. Quarantine was passed at Yanji, as clearance was not attainable through Suifen customs (July- Aug. 2012). **Challenges arising from hard infrastructure issues:** 1. Lack of cargo handling ability at Vladivostok Port: The crane lifting ability at berth 1 & 2 is 10 tons (2 cranes). Equipment such as reach stackers to facilitate the division of cargo have resulted in increased expenses (Nov. 2011). 2. Increased truck transport costs resulting from weight restrictions at Suifen customs which require cargo to be divided: Due to bridge construction problems on Russian roads, the cargo weight restriction at Suifen customs is limited to 40 tons. 3. Increased costs due to difficulties in obtaining empty containers in Northeastern China: As there were no empty containers available for transport to Sakaiminato, additional costs were incurred due to the need to ship empty containers from Vladivostok. According to the latest trial shipment (Mudanjiang - Suifenhe - Vladivostok - Sakaiminato) in 2016, transhipment at Vladivostok is a major bottleneck for cross-border cargo.	1. Upgrade would contribute increasing volume of cargo. However, it is a matter of private business and up to the terminal owner. 2.It is hard to move physically any cargo from one terminal to another even inside the same port due to the Russian customs regulations. 3.Japanese people have vague impression that it takes a lot of time to complete custom/quarantine procedure at Vladivostok Port due to complicated regulations. 4.Container repositioning results in increasing cost and lead-time. Lack of empty containers is generally caused by trade imbalances.	1. Financial assistance should be considered by public entities (national/local governments, international organizations). Fact-finding tour at Vladivostok Port would be the first step in order for evaluation. 2.Simplify custom procedures to move transit cargo within the port. 3. Fact-finding tour and more trial transport would be necessary in order for the route to be commercially viable. 4.It is necessary to consider a mechanism to enable fast and effective reallocation of empty containers.	1.Russian Government (national/central), international organizations should consider financial support. 2. Ministry for the Development of the Russian Far East (Russia) Since Vladivostok is one end of the Primorye 1, an international transport corridor, it worth while discussing with the Ministry. 3.Tottori Prefecture and other local government, private sector. 4.central/local government, private sector	1. Aiming to develop new transport routes between Sakaiminato and Northeast China using DBS Ferry route. Commissioned 9 feasibility studies for trial routes since 2011, of which 4 were routes that crossed the China-Russia border. 2017 fiscal year budget: 3,900,000 yen (1,300,000 x 3 routes). 2. Establish a comprehensive transport terminal with international ferry and domestic trade roro ship port functions. Total budget: 9.3 billion yen (National Government: 5.8 billion yen, Tottori Prefecture: 3.5 billion yen) Period: 2015 fiscal year start – 2019 fiscal year completion 3. Participation in annual inter-regional (Tottori Prefecture, Gangwon-do, Jilin Province, Tuv Province) discussions regarding improvement of trade and transport logistics at Northeast Asia Local Government Summit.

Cargo Items	Quantity	Company Location	Export/Import	Shipping Port Destination Port	Departure Point Arrival Point	Preferred Transport Route
disposable chopsticks	2 TEU in 2016	Tottori Prefecture	Import	Vladivostok Sakaiminato	Mudanjiang Kurayoshi	Mudanjiang - Suifenhe- Vladivostok - Sakaiminato
used farm tractor (regular shipment)	36 TEU in 2016	Tottori Prefecture	Export	Sakaiminato Vladivostok	Tottori Vladivostok (and other Russian cities)	Sakaiminato - Valdivostok
frozen fish and seafood	41 TEU in 2016		Import	Vladivostok Sakaiminato	Vladivostok Sakaiminato (and other Japanese cities)	Vladivostok - Sakaiminato
automobile parts (regular shipment)	20 TEU in 2016	Western Japan	Export	Sakaiminato Vladivostok	Western Japan Vladivostok	Sakaiminato - Vladivostok
construction material (regular shipment)	500 ton in 2016	Tokyo	Export	Sakaiminato- Vladivostok	Tokyo Vladivostok (and other Russian cities)	Sakaiminato - Vladivostok

Province, Country	Regional challenges regarding China-Russia cross-border cargo transport	Background and Rationale	Possible Solution and Action Plan	Countries and Government Departments to be Involved at Central and Local Level	Regional initiatives and budget for facilitating smooth transport
Gangwon, ROK	Need to resolve barriers relating to matters such as cargo unloading at Port of Vladivostok 1. Impossibility of using cargoes over 17 tons due to old crane facility at the Commercial Port (Passenger Pier) where car ferries arrive 2. The customs office operates as a branch with dispatched personnel so that lacks of needed workers make it difficult to process cargoes along with lack of flexibility.				• Agree to join the LC, but a major experimental route must include the East Coast of Korea. • Regarding the LC, its composition needs to include local governments and be operated accordingly. Additionally, we need to discuss the composition of the committee (private sector) and its extended operation when we choose the experimental route and pilot cargoes. • The test route needs to be chosen as a route that connects the land and the sea, and we need to identify and improve barriers. • Extending the test route to the East Coast of Korea as well as identifying barriers to cargo loading and unloading and passenger boarding and unloading 1. Harbin-Suifenhe~Pogranichny~Vladivostok-East Coast area 2. Changchun~Hunchun-Kraskino~Vladivostok/Zarubino-Donghae(Sokcho) Port • For maritime logistics, we need to choose a route and a logistic company departing, stopping, and arriving at member countries and resolve any issues after that. • Construction of the passenger pier at Sokcho Port (2013~2016, 19.6 billion KRW) and construction of the International Passenger Terminal (2014~2017, 23billion KRW) • 3-phase Donghae port development project (2011~2020, 1,689.5 billion KRW)

	Cargo Items	Quantity	Company Location	Export/Import	Shipping Port Destination Port	Departure Point Arrival Point	Preferred Transport Route
2012-2014 (Total)	Container (TEU)	2080		export	Donghae→Vladivostok		
		212		import	Vladivostok→ Donghae		
	Cars	4114		export	Donghae→Vladivostok		
		99		import	Vladivostok→ Donghae		
	Heavy equipment	1671		export	Donghae→Vladivostok		
		3		import	Vladivostok→ Donghae		
	Bulk (ton)	1420		export	Donghae→Vladivostok		
		278		import	Vladivostok→ Donghae		
	Passengers	33220		export	Donghae→Vladivostok		
		32146		import	Vladivostok→ Donghae		

Province, Country	Regional challenges regarding China-Russia cross-border cargo transport	Background and Rationale	Possible Solution and Action Plan	Countries and Government Departments to be Involved at Central and Local Level	Regional initiatives and budget for facilitating smooth transport
Liaoning, China	1. Lack of cargos on return way of the transport corridor from Liaoning (Dalian, Yingkou, Shenyang) to Manzhouli and transit to Europe) 2. The pre-fesibility study of the transport corridor Liaoning-Mongolia-Europe (China: Jinzhou to Zhuengadabuqi port to Mongolia: Choibasan and Erenchav connect to Russian railway) is now on-going. To expidite the progress, more active support from Chinese and Mongolian government are expected 3. Chinese government approval in Liaoning Province, Dalian City, Yingkou City, the construction of international multimodal transport customs supervision center, is conducive to the improvement of Yingkou (Dalian) to Manchuria to Europe (Russia) international sea rail transportation efficiency, reduce logistics costs, promote energy-saving emission reduction, promote the rapid development of cross-border logistics.				It is expected to develop cross-border logistics, boost trade and investment cooperation through building the following three economic corridors among China, Mongolia and Russia: 1. To expedite building up Dalian International maritime center and for promoting the sea lane from Liaoning (Dalian, Panjin, Huludao port) through Bering Strait to the north port of Norway, then to reach different ports in Europe. 2. To streamline logistics corridors of Liaoning-Manzhouli-Durope, by integrating function of Dalian and Yingkou ports and realizing trailer pick-up transport between Liaoning and Shandong province. 3. To build up sea-land corridor connects Liaoning-Mongolia-Europe, which is from Jinzhou and Dandong port to Choibasan (Mongolia) and reach European countries. Regarding Shenyang-Manzhouli-Europe transport corridor project, Shenyang municipal government is planning to spend 3 years with 600 million RMB in total as subsidy to support. The proposal of building up Dalian Custom International Multimodal Transport Managing Center is already approved by General Administration of China Customs; it is now considering to build up one more managing center at Yingkou port.

Cargo Items	Quantity	Company Location	Export/Import	Shipping Port Destination Port	Departure Point Arrival Point	Preferred Transport Route
Containers including digital products, machine and hardware, clothing, car assessories, cosmetics, etc for 9 types of products	2016 Central European trains completed 33000 TEUs, an increase of 30.8%.	Yingkou	Export/Import, including transit containers through Busan and Incheon of ROK	Yingkou port, Moscow and Warsaw, etc (6 cities)	Yingkou port, Moscow and Warsaw, etc (6 cities)	Busan-Incheon-Yingkou-Manzhouli-Moscow-Warsaw
Electronic products, clothing, machine and hardware, chemicals, etc	200,000 tons	Dalian	Export/Import	Dalian port, Moscow and Warsaw, etc (6 cities)	Dalian port, Moscow and Warsaw, etc (6 cities)	Dalian-Manzhouli-Europe
machine tool and accessries, Aluminum curtain wall, car assessries,machine assembly, LCD TV assessries, clothing, etc	246TEU, open from 30 Oct 2015 to 14 Jan 2016	Shenyang	Export/Import	Shenyang, Hamburg port	Shenyang, Hamburg port	Shenyang-Manzhouli-Russia-Belarus-Poland-Hamburg

Province, Country	Regional challenges regarding China-Russia cross-border cargo transport	Background and Rationale	Possible Solution and Action Plan	Countries and Government Departments to be Involved at Central and Local Level	Regional initiatives and budget for facilitating smooth transport
Busan, ROK	1. Lack of awareness on the route in spite of the improvement of logistics. (incentives to businesses that use the 'Hunchun – Zarubino – Busan' route.) 2. Difficulties in obtaining empty containers from China: Necessity of containers because of imbalance between imports and exports, high portion of bulk 3. High cost of Russian land route: The fare is too high for short distance. 4. Complicated clearance of Russia customs: insufficiency of facility in China and Russia customs, impossibility of transship clearance in Zarubino customs (Pilot Project to promote the East Sea Rim logistics route.) 5. High cost of transship in Busan port: ocean freight charge and extra shipment expenses are too expensive 6. Difficulties in entering to the new market	1. Pilot Project to promote the East Sea Rim logistics route had been planned for easing regulations related to the customs clearance through 'Hunchun – Zarubino – Busan' route. The items are mostly grains, seafood, and frozen food. 2.The background that we planned this project was the high logistics cost. Even though the logistics environment has been developed, the shipping costs were still high for importers and exporters.	1. The action plan for this Project is to operate a trial route in advance of the establishment of the Sea-Land Logistics Route this year. The route starts in Hunchun, through Zarubino Port, ends in Busan, and vice versa. The quantity of cargos is around 60 of 20 foot containers. The City of Busan is planning to implement this Project after August 2018(TBC). 2.Therefore, we are going to provide grants to companies that are exporting their products and importing products as well.	1. Jilin Province, China	1. Active promotion for the route using information session or press 2. Cooperration with Russian Government and Chinese Governmaent: simlify clearance, permission for transshipment pass of frozen cargo items in Zarubino port, cost reduction between Russia and China 3. Preparation for incentive system

Cargo Items	Quantity	Company Location	Export/Import	Shipping Port Destination Port	Departure Point Arrival Point	Preferred Transport Route
mineral water, wood pulp, dried pollak, dried fruits, tooth pick	average 20 TEU per departure		Import		Jilin province, Busan city	Jilin-Vladivostok/Zarubino-Busan-abroad
cosmetics, machinery, laver, candies, food, toys	average 20 TEU per departure		Export		Busan city, Jilin province	Busan-Vladivostok/Zarubino-Jilin
anchovy, wood pulp, waste paper, mattress, scrap plastic	10907 TEU in 2016		Import	Tottori port / Busan port		
freezen aquatic products, automobile parts, polyester	7846 TEU in 2016		Export	Busan port/ Tottori port		
wood pulp, aluminium ingot, scrap iron, processed marine products	43972 TEU in 2016		Import	Vladivostok port / Busan port		
machinery, daily supplies, automobile parts	81191 TEU in 2016		Export	Busan port / Vladivostok port		

Regional Logistics Barriers

Categories	LSC members inputs	Raised by	Verifications	Prioritized by
Vladivostok port	Lack of cargo handling ability at Vladivostok Port. The crane lifting ability at berth 1 & 2 is 10 tons (2 cranes), which resulted in increased expenses. (Nov. 2011).	Tottori, Gangwon	Updated by GTI Transport Expert Group-Far Eastern Marine Research, Design and Technology Institute (FEMRI) 1. It is impossible to increase the capacity of the cranes. Limited by the capacity of the berths. 2. The terminal was designed as a passenger, not a cargo one.3. Lack of stable cargo flow.	Jilin
Hunchun and Suifenhe BCPs	Costs of cross-border transport by trucks is high, and limited companies conducted bonded transport due to the lack of price competition. (for both Hunchun and Suifenhe BCPs)	Tottori	(verified by Jilin) 1. Infrastructure and customs inspection facilities of Russia side need to be promoted. 2. Low clearance efficiency. 3. High clearance costs.	Gangwon
Hunchun-Zarubino	Delay of customs clearance process between Zaburino and Hunchun	Gangwon		Gangwon
Hunchun-Zarubino	Restrictions on China-related logistics services, such as allowing the qualified Chinese logistics corporation to transport goods by vehicles between Hunchun and Zarubino Port.	Jilin	(verified by Jilin) The restriction is from Russia. It affects the cargo transport and regional logistics volume. Trucks from Russia can be directly into China. Trucks from China can not directly into Russia. China's logistics companies take use of Russia's trucks make the cost ten times than take use of China's trucks. The logistics is reduced.	Tottori

1st Pilot Transport Testing Project (Mudanjiang-Suifenhe-Zarubino-Vladivostok-Dhonghae-Sakaiminato) in 2016

2nd Pilot Transport Testing Project

(Changchun-Hunchun-Zarubino-Vladivostok-Donghae-Sakaiminato)

First Trial in April 2018

Second Trial in October 2018

Trans-GTR Transport Corridors and Pilot Sea-Land Transport Testing Projects

Source : "Integrated Transport Infrastructure and Cross-border Facilitation Study for the Trans-GTR Transport Corridors", GTI, 2013.

1st Pilot Transport Testing Project (Mudanjiang-Suifenhe-Zarubino-Vladivostok-Dhonghae-Sakaiminato) in 2016

1st Pilot Transport Testing Project (Trial transport of cargo through Mudanjiang-Suifenhe-Zarubino-Vladivostok-Dhonghae-Sakaiminato using DBS cruise ferry) in October

◆ **Objectives**

- To find out logistic bottlenecks in the GTI region, such as cost, time, infrastructure and custom clearance, by transporting cargoes (wooden products) from Mudanjiang, Heilongjiang Province to Sakaiminato, Tottori Prefecture, Japan

◆ **Summary of the Report**

- It took 30 days to transport containers from wooden factories in Mudanjiang, Heilongjiang Province to the consignee's warehouse in Kurayoshi, Tottori Prefecture. The lead time is approximately one and a half times longer than the existing (alternative) transport route, which the consignee mostly uses. (Mudanjiang - Dalian - Kobe - Kurayoshi, approximately 20 days by truck and container ship)

◆ **Difficulties**

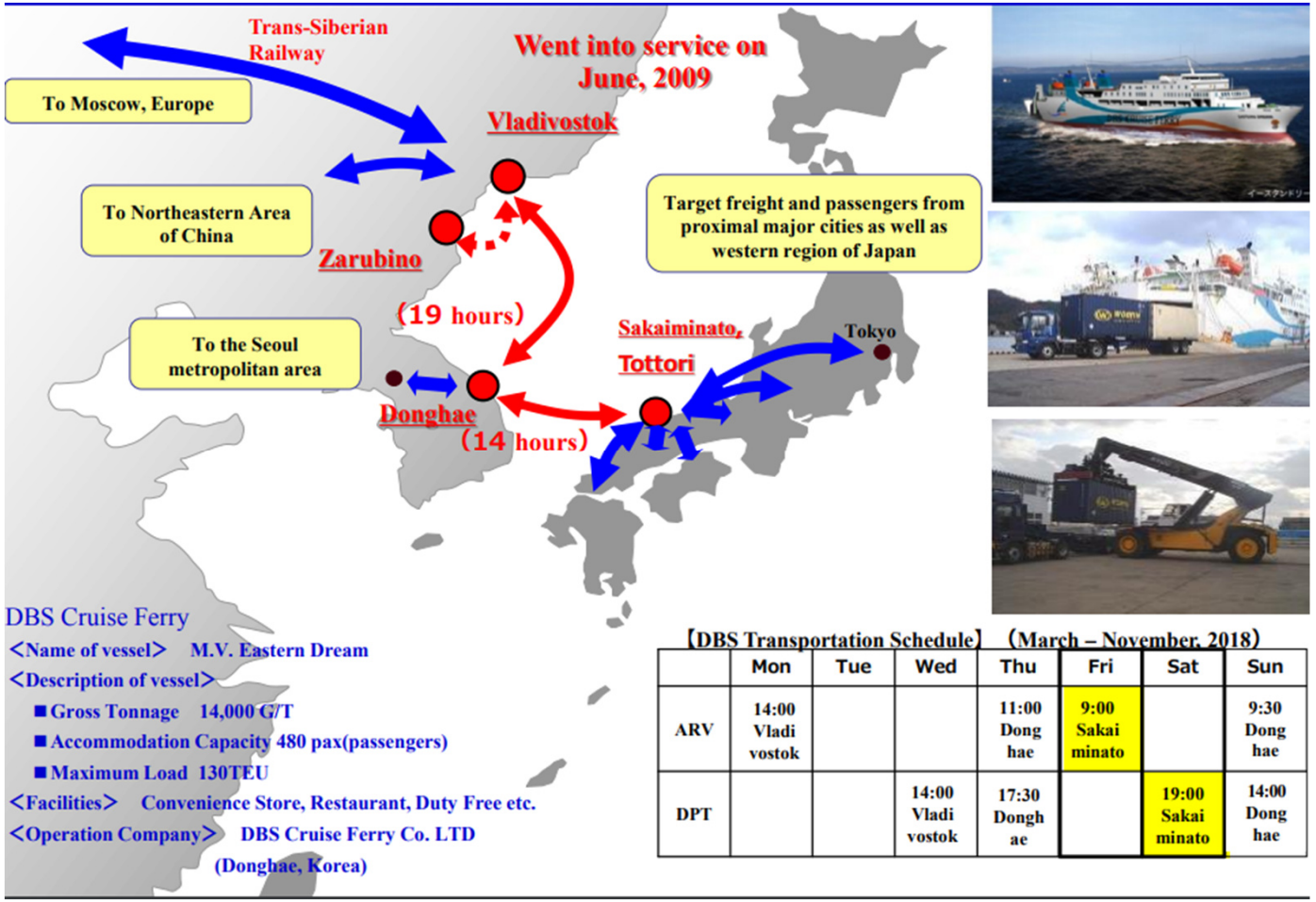
- The Vladivostok customs had never handled a trans-border container from Grodekovo to Commercial Port of Vladivostok (VMTP), and then to the passenger terminal, which requires a very complicated procedures. - The containers stayed in Vladivostok for 20 days after arriving at Commercial Port of Vladivostok (VMTP) and missed two sailings of DBS Cruise Ferry, which calls Vladivostok once a week.
- There are much restriction on the cargo catalogue along the pilot route.
- Lack of empty containers in Mudanjiang which is generally caused by trade imbalance

◆ **Follow-up**

How can rail and sea be connected more smoothly at Vladivostok Port? Vladivostok is one of key transport hubs for both cargo and passengers in the GTI region, and smooth and efficient traffic at the port would greatly contribute economic development in the region.

- Report to the CSC and Transport Board
- Field studies at Vladivostok Port
- New transport testing project

DBS Cruise Ferry Sea Routes



【DBS Transportation Schedule】 (March – November, 2018)

	Mon	Tue	Wed	Thu	Fri	Sat	Sun
ARV	14:00 Vladi vostok			11:00 Dong hae	9:00 Sakai minato		9:30 Dong hae
DPT			14:00 Vladi vostok	17:30 Dongh ae		19:00 Sakai minato	14:00 Dong hae

2nd Pilot Transport Testing Project (Changchun-Hunchun-Zarubino-Vladivostok-Donghae-Sakaiminato)

2nd Pilot Transport Testing Project (Changchun-Hunchun-Zarubino-Vladivostok-Donghae-Sakaiminato) in April 2018 (Japanese Liquid Crystal Display Panels and Chinese Agricultural Tractor)

◆ **Objectives**

- To assess logistical problems, such as cost, infrastructure and custom clearance, at border crossing points and the port of Zarubino
- To identify necessary steps to develop a fully operational and viable sea-land transport corridor, connecting Greater Tumen Region and Japan by sea, rail and road

◆ **Summary of the Trial**

✓ - Faster lead time • It only takes about 1 week of lead-time for the cargo to arrive at the destination in both exporting and importing in the transportation between Sakai Port and Jilin Province. • Considering the prompt carriage is required in freight transportation, this route has a great potential.

X - No clear transportation rule has been established. Complicated customs procedures were required as to bonded transport in Russia which turned out to be unnecessary procedures as a result. The fact that clear rules are not established might cause concerns for shippers, forwarding agents.

◆ **Difficulties**

- Treated as bonded transport between Zarubino and Vladivostok In general, freight is regarded as foreign goods when they are loaded onto/unloaded from a ship in Russia.
- DBS was required to submit copies of all the contract documents to customs in order to prove its relationships with transportation companies appearing on the customs declaration.
- There is only 1 available tugboat at Zarubino Port, one more tugboat need to be rent from Vladivostok when the authority of Zarubino Port requires two tugboats due to heavy weather. (Rental cost for the second tugboat is about 14,000$)
- Only large trucks are available to transport the cargo crossing border between China and Russia, (liquid crystal display panels) In the case of transporting small cargo, the cost becomes fairly expensive. ⇒ (any available small trucks or any consolidated transport)
- No clear answers about the customs procedures for exporting alcoholic beverages as transit cargo from Japan to China at the port of Zarubino

◆ **Follow-up**

- Information sharing with CSC and Transport Board
- Active utilization of the route, if certain cargo level is maintained, logistics cost, transit time and service could be improved
- Follow-up activities by the Task Force
- New transport testing project

2nd Pilot Transport Testing Project (Changchun-Hunchun-Zarubino-Vladivostok-Donghae-Sakaiminato) in October 2018 (Japanese Sake and Chinese Wood Ear)

◆ **Objectives**

- To strengthen Sakaiminato's function as a gateway to East Asia as well as to create a freight route between Tottori Prefecture and Jilin Province in China

◆ **Summary of the Trial**

- Import and export freight delivery between Sakaiminato and Jilin Province completed in the same one week lead time as was achieved during the first trial transportation thus reconfirming the superior speed of this route (lead time of established Dalian route is around 12 days).
- Not a single scratch found on outside of device product packing boxes confirming suitability of route for shipping precision machinery and other delicate items.
- Confirmed ability to transport alcohol, vegetables, and other food products on this route.

◆ **Difficulties**

- Trucks with power supply in the chassis are not available for land transportation between the border of China and Russia (Zarubino to Hunchun). Necessary to verify suitability of transportation method for items requiring refrigeration.
- Takes extremely long to determine whether or not cargo with few prior cases of transportation can be handled (e.g. Russian land transportation company could not determine whether or not they could transport bonded sake until just before arrival in Zarubino port).

◆ **Follow-up**

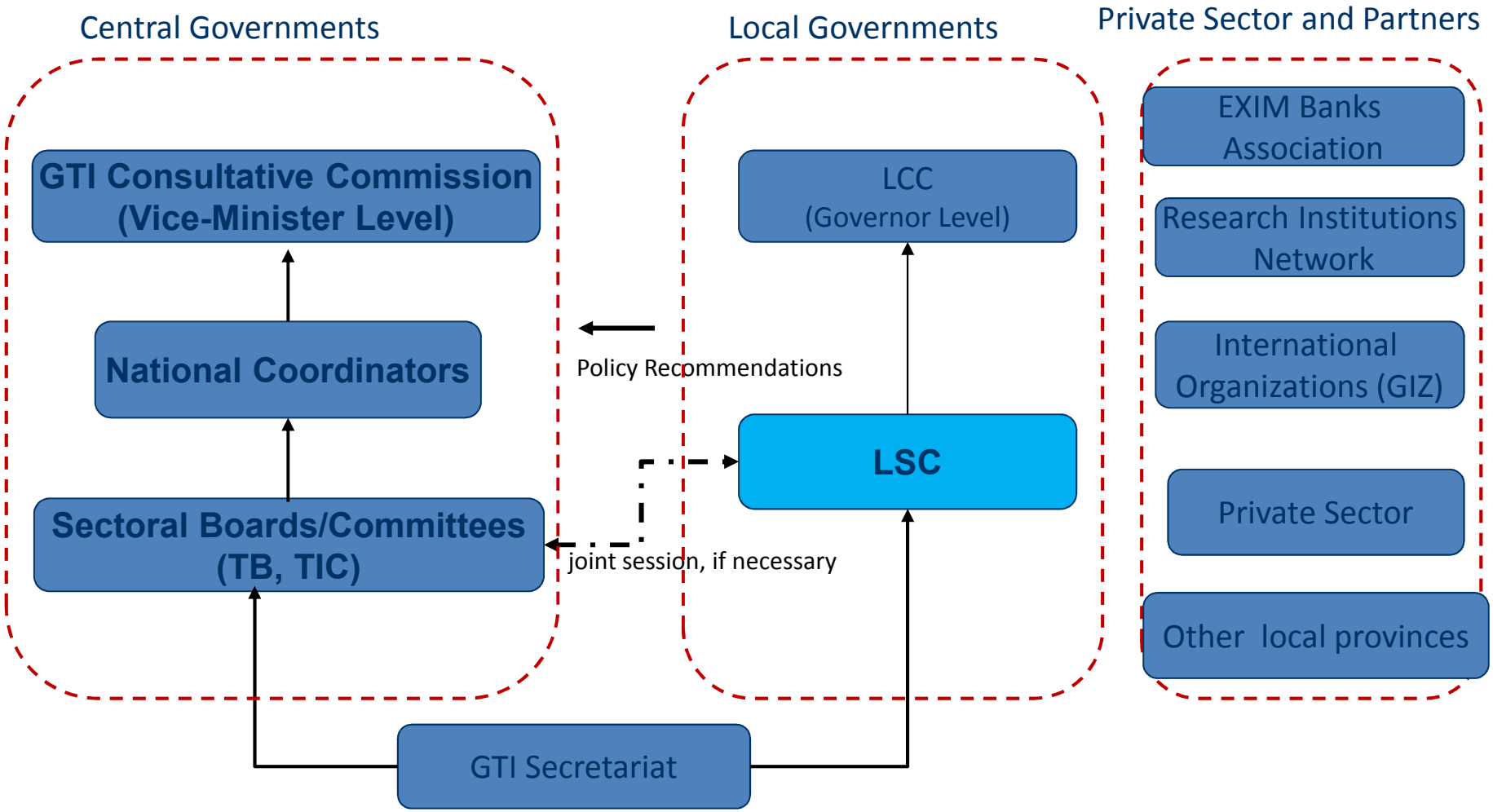
- Conduct trial transportation with new types of cargo
- Change freight method and timing and conduct further trial transportations in order to address issues that arose from the 2018 trial transportations
- Implement initiatives at Northeast Asia Expo and try to promote exports to Jilin Province and expanding sales routes.
- Information sharing with CSC and Transport Board

1 Introduction of LCC and LSC

2 Activities under LCC and LSC

3 **Partnership and GIZ Support**

Operational Structure and Partnership



Partnership Development and GIZ Support

Partnership Development:

- Dialogue with private sector during the LCC and LSC Meetings

- Dialogue with the Far Eastern Customs, Vladivostok Port and Zarubino Port

  Logistics barriers at Vladivostok port were discussed and clarified by the Far Eastern Customs Directorate
  Customs clearance and transit problems reflected from the first Pilot Transport Testing Project were discussed
  Support to the new Pilot Transport Testing Project was secured
  Other specific issues on logistics

- Participation of private companies in the Testing Projects, for the 1st Pilot Transport Testing Project:

  Shipper: two wooden companies in Mudanjiang
  Consignee: Maruju Co., Ltd. (Kurayoshi, Japan)
  Forwarding agent: SWIFT Transport Group

- Involvement of research institution (ERINA CAIT)

Partnership Development and GIZ Support

GIZ Support:

- Guideline for Soft Projects- good tool to design cooperation project

- Participation in LCC activities and sharing EU regional cooperation experience

- Financial support for LCC projects (Jilin project)

- Advice to LCC activities (go back to 2011)

- Facilitate communication between Mongolian provinces and GTI Secretariat through GIZ office in Mongolia

- Providing platform for exchanging LCC experience with other regional mechanism

Retrospective Exercise-“Go back to 2011”
Reflections on the strengths and way forward for a local cooperation mechanism in Northeast Asia

- Background

- The exercise was designed to evaluate the needs of LCC Members and the operation mode of LCC framework for the future by reflecting on LCC's work since its establishment in 2011.
- During the Pre-Meeting for the 6th LCC in 2018, a retrospective exercise “go back to 2011” was conducted by GIZ as one session of the meeting, LCC members were asked to “go back to 2011” to reflect and discuss what they want from LCC as a platform and how they want to work together within the LCC framework.

- Tool

The starfish retrospective was used as a tool for data gathering activity to foster the thinking around current practices and the value the members get from it. The starfish structures the retrospective into five areas: Keep doing, doing less, doing more, stop doing and start doing

- Recommendations

- - continuous effort should be made to invite new members and broaden the involvement of the private sector.
- - Specialised parallel session to accommodate the need for regional business-cooperation are seen as a vital contribution of the LCC to the regions sustainable development.
- - A technical guide on the LCC Mechanism and the working procedures should be drafted and distributed to LCC Members to help new members and partners understand the framework.
- - An online survey need to be designed to identify needs and resources for capacity building of local level government officials under the LCC mechanism.

- Call for Proposals

  - LCC projects with GIZ financial support

Approaches/Suggestions

- Cooperation with Private Sector need to be enhanced
- Joint meetings with TIC, CSC, Transport Board, Tourism Committee need to be considered
- Participation of local provinces of Russia (Primorsky Region, Kemerovo Region)
- The sense of ownership need to be built up
- The content of LCC cooperation need to be enriched
- Cooperation ideas in the different areas of economic cooperation need to be broadened to obtain more practical results.

Thank you very much !

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