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# A GREEN TRADE ZONE IN NORTHEAST ASIA? Spring 1995

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### COMMENTARY

#### A GREEN TRADE ZONE IN NORTHEAST ASIA?

Greater efforts are needed to ensure that the Tumen delta becomes a model for environmentally responsible development, not another example of unchecked industrialization.

Armin Rosencranz, Paul Stanton Kibel and Jeanny Wang

The Tumen River, located in Northeast Asia, forms the border of China, Russia and North Korea where they converge beside the Sea of Japan. From its headwaters in the snowy Changbai Mountains the Tumen extends 516 kilometers to the sea, gathering the runoff from five major tributaries and the respective populations and industries that live in the catchment.

The area encompasses a diversity of forest and water ecosystems, and is relatively sparsely settled. The lower reaches of the Tumen River creates a floodplain with numerous freshwater lakes and brackish lagoons, and the delta comprises an area of

tremendous ecological significance and beauty. Its wetlands are home to 100,000 migratory ducks, geese and swans, and serve as an important migratory stop for the red-crowned and white-naped crane, two of Asia's endangered species.

Despite its fragile and rich ecology, the Tumen river and delta are now threatened by development and industrialization pressures. In 1992, the United Nations Development Programme (UNDP) helped to launch the Tumen River Area Development Project (TRADP). The TRADP, which includes China, Russia, North Korea, South Korea and Mongolia, is designed to create the first international free trade zone in Northeast Asia. Although the TRADP project is still being formulated, there are significant new developments in the region. These developments have a profound effect on the environment, particularly the quality of water in the Tumen and the downstream ecosystems that it feeds.

Not everyone supports industrialization in the Tumen watershed. Citizens, scientists, and wildlife specialists eager to preserve the region's unique wetlands and biodiversity are resisting development. They are calling for the integration of environmental protection into the economic planning process. If environmentalists succeed, the TRADP could emerge as a new model of sustainable development. If they fail, the Tumen delta ecosystem, and the waterfowl and wildlife that depend on it, will face an uncertain future.

#### Environmental Cooperation Among the Tumen Countries

At the Rio Earth Summit in 1992, the United Nations and the global community pledged to promote a new model for trade. This new model would incorporate environmental protection into the development planning process. With James Gustave Speth, founder of the World Resources Institute and co-founder of the Natural Resources Defense Council, as the new head of UNDP, many looked to the TRADP as an opportunity to breathe life into Rio's promises.

In early 1994, the UNDP brought the five TRADP nations together to draft and negotiate a memorandum of understanding regarding environmental protection. This memorandum requires that the countries undertake independent environmental assessment, "identify common opportunities for sustainable development" and "foster support for environmental cooperation."

Under the memorandum, China, Russia, and North Korea -- the three riparian nations -- will implement their own environmental policies. This strategy enables UNDP to avoid the thorny sovereignty issues that often arise when international institutions seek to amend national policies. Moreover, if the

strategy succeeds, it will help strengthen the environmental regulatory structure of Tumen's riparian countries. This could provide long-term benefits beyond Tumen and the TRADP.

On the other hand, leaving the three financially strapped riparian countries to implement their own policies may be wishing too much. These countries already have difficulty cooperating on an economic or political level and may have further difficulties in reaching consensus about protecting the environment.

### Continuing Ecological Degradation

While the guidance of the UNDP and the memorandum of understanding promote a strategy for sustainable development of the Tumen, there are doubts over whether this strategy is being put into practice. Water quality in the Tumen River constitutes a very serious environmental problem. All sewage from the Chinese sector, as well as significant quantities of sediment and industrial effluents, discharge into the Tumen and its tributaries. It is estimated that 90% of water pollution in the Tumen River system comes from four major sources: the Maoshan iron mine, the Chinese Kaishantun Chemical Fibre Pulp factory, Shiyan paper factory, and Awudi Chemical factory. New and revitalized industries in the Chinese sector include textiles, pharmaceutical factories, and machine manufacturing. Agriculture and forestry occur alongside coal, gold and copper mining in the area.

Despite the tentative commitments of the riparian countries and their consensus on protecting Tumen's wetlands, there are indications that Tumen development is moving forward with insufficient regard for environmental damage or mitigation. Reports of unchecked industrial expansion in Northern China and the Russian Far East are increasing.

This expansion is due in large part to the powerful economic and geopolitical forces driving the TRADP. These include China's voracious economy; Russia's eagerness for foreign currency; Mongolia and the central Asian republics' interest in a trans-Asian railroad as an alternative to the Trans-Siberian Railway and a means of reducing their dependence on Russia for trade and transport. Japan and South Korea also view the project as a means to increase trade, transport and investment in the region.

In a recent study prepared by Beijing's National Research Center for Science and Technology for Development, Ma Jiang reported that the construction and industrialization in Northeastern China were causing severe environmental problems on land and water. According to the study, mining discharges, untreated sewage and

soil erosion are damaging the fragile ecosystems of such areas as the Poisset Bay wetlands at the mouth of the Tumen. Activities such as mining and logging in the headwater region of the Tumen River threaten the Changbai Mountain Forests, an internationally recognized center of biological diversity. Ma warned that unless effective environmental protection laws are implemented, unchecked and ecologically destructive development is likely to continue.

In the Chinese sector of the Tumen River system water pollution is worst. Recent plans for developing a massive irrigation and hydropower system in Jilin province (in Northeast China) to supply the TRADP region could reduce the flow and degrade the quality of water in the Tumen tributaries, and threaten stream habitat. These and other large scale projects have limited funding and little priority for environmental prefeasibility studies that will help identify, prevent, or mitigate ecologically destructive activities before they occur.

Many citizens and researchers are skeptical of the effectiveness of the environmental prefeasibility studies and impact assessments, even if such studies and assessments are undertaken.

According to Deng Chun-Lang, an environmental scientist at Beijing University, industrial development in China lacks adequate environmental protection and assessment. Deng maintains that although environmental impact guidelines exist on paper, the quality of the environmental impact statements is usually poor, and "in reality they are just an administrative formality." These points were echoed by Cai Zhu Wan, Director of the Hunchun City Environmental Protection Agency: "In China, even if a developer pollutes, he must continue operations because China still needs to develop."

Perhaps the most striking example of China's indifference to environmental concerns is the construction and expansion of a wall to protect a Chinese transport road from Tumen flow changes.

This wall, located on a portion of the Tumen 17 miles from the Sea of Japan, is sited on a stretch of river that often changes directions. Vladimir Rakov, a Professor of Natural History at the Russian Far Eastern University in Vladivostock, believes the wall will likely result in severe flooding and ecological damage on the Russian side. Rakov forecasts that 40 square kilometers of arable Russian land could be lost. In this case, neither ecological processes nor the downstream land-users are given adequate consideration by the Chinese upstream developers.

China's disregard for environmental protection concerns in the Tumen Region has prompted widespread international criticism. Some observers have accused the Chinese national government of

counting on the environmental sympathies of the international community. They claim Chinese officials may not deem it necessary to set aside funds and human resources for environmental protection because they expect that more environmentally-minded nations and organizations will do so on China's behalf.

Russia, too, is guilty of environmental disregard. In anticipation of increased shipping and trade in the region, Russia has proposed developing the Tumen city of Zarubino and the surrounding Khasansky district into a major international sea port. This development calls for a massive expansion of train and transportation systems, to link Zarubino with Inner Siberia, China and Mongolia. According to Paul Griffin, a U.S. consultant who recently returned from Tumen, "environmental impact assessment is being done, but simultaneously with, not prior to, construction." This is a parallel situation to that in China. Hence, even if environmental hazards are identified, there is little opportunity for mitigation.

Others have voiced similar concerns. Viktor Gorlach, Director of the Russian Far East Marine Reserve, reports that environmental protection laws are routinely ignored. Visitors to the area also suspect that Russia may be dumping nuclear wastes in the Sea of Japan adjacent to the Tumen delta.

#### Nature Protection Efforts

While there are considerable economic and geopolitical forces working against the sustainable development of the Tumen Region, there are also forces working on its behalf. Within China and Russia, national efforts are underway to save the Tumen from the consequences of unchecked industrial development. These efforts are being led by a broad spectrum of interests, including university scientists, environmental ministry staff, and -- in Russia -- environmental citizen groups.

In China, the Chinese Research Academy of Environmental Sciences (CRAES) conducted a comprehensive environmental survey of the Tumen delta. This survey, which was underwritten by the UNDP, assessed the impacts of the TRADP, identified specific mitigation strategies, and listed sensitive wetlands areas that should be left undeveloped. The recently completed CRAES survey recommended the creation of a land-use management plan that would specify permitted and prohibited uses based on each area's identified ecological sensitivities.

The CRAES survey could prove to be of considerable political and scientific use to planners in regional and national environmental agencies. Many of these planners are committed to protecting the Tumen, but lack the solid evidence to confront the powerful

forces advocating development. The survey may provide Chinese environmentalists with the data they need to implement significant policy reforms in the Tumen.

There are other positive environmental developments in China. First, the Changchun Institute of Geography (in Northeast China) has been awarded a three year government contract to study environmental changes in the lower Tumen and to develop strategies to better integrate economic development and environmental protection goals. Second, the Jilin Environmental Protection Bureau designed a plan for monitoring and cleanup of whole river, with a target for controlling all pollution sources by 1997 and meeting strict government water quality standards by 2010. The Jilin bureau has also begun negotiations with North Korea to reduce that country's point source water pollution in the upper reaches of the Tumen. Tang Yunti, an official with the Bureau, believes that these negotiations are critical if China is to meet its environmental and water quality objectives for the Tumen region.

In Russia, efforts are underway to create a huge wetlands preserve (zakaznik) in Primorski, near the mouth of the Tumen. The proposed reserve would be off-limits to port development and industrial activity, although limited hunting and fishing would still be permitted. The proposal has the support of the Primorski Krai (regional government) Ministry of Ecology as well as of hunters and fishermen who live and work in the area. Before the preserve can be formally recognized, Primorski law requires the completion of an environmental inventory.

To help move the Russian project along, Friends of the Earth - Japan (FOE) has agreed to provide additional funding to complete the required study. Josh Newell of FOE reports that the results of the environmental inventory have reinforced Russia and Primorski's initial determination that industrial development in the Tumen region is unnecessary and unwise. Instead, the well established and already polluted ports of Vladivostock and Nahodka, located 200 miles north of the Tumen wetlands, should be used as the main transport centers for the region. FOE-Japan believes that these existing ports should be modernized and Tumen's fragile ecology should be left intact.

Environmentalists are also making some headway at the international level. The UNDP has organized a Program Management Committee, which convened two Preliminary Assessment Workshops for the TRADP nations. These workshops, held in Helsinki in 1993 and Beijing in April, 1994, resulted in pledges to exchange information on environmental management and a draft preliminary environmental study. This draft calls for in-depth assessment of such issues as water pollution, wetlands preservation and wildlife protection. Moreover, Herb Berhstock,

the UNDP's point man for the Tumen, reported in March, 1995 that all of the TRADP nations have indicated a readiness to initial the environmental Memorandum of Understanding. These pledges and plans reveal that there is a framework for future environmental cooperation.

The TRADP nations' support of the Memorandum of Understanding indicates that the UNDP strategy is yielding some tangible results. As Nay Thun, Associate Administrator for the UNDP and Director of the UNDP's Regional Bureau for Asia and the Pacific, has stated, "Since the outset of the Tumen program in 1992, UNDP has made every effort to ensure that sustainable development and environmental protection will be placed on the agenda for the participating countries. Thus far they have taken significant steps to affirm environmental principles and priorities that will further protection of the wetlands."

Some funding for environmental work may come from the Global Environmental Facility (GEF), currently administered by the World Bank. All the countries involved in the TRADP, including Mongolia and South Korea, have endorsed a joint resolution to seek approximately \$2 million in GEF funding. This money would go towards wetlands protection, marine conservation, environmental assessment training, and biodiversity protection through land-use planning.

#### Promoting Green Trade

The Far Eastern Economic Review, the leading weekly magazine for Asian investors, recently reported that "bad economics have derailed the United Nations' dream to turn the Tumen River delta into a free trade zone." According to the magazine, concerns over environmental impacts could "doom Zarubino's expansion plans." Moreover, the November, 1994 story reported that the UNDP's role has changed to "one which involves coordinating development rather than imposing a grand master plan." While such reports may be viewed as a regional failure by some foreign investors, they can only be viewed as progress by environmentalists and proponents of sustainable economic growth. Controlled and well-conceived development is a large improvement over the grandiose plans of the past.

Progressive voices and proposals must check forces pushing for unrestrained development. The international community should support the efforts of Chinese, Russian and North Korean advocates of environmental protection. Governments and foundations should grant additional funds and resources to groups, universities, ministries and individuals committed to protecting the region's ecological integrity. By working to improve their respective national environmental policies, these citizens and organizations can help place the TRADP on a more

sustainable and responsible course. In doing so, they can provide Northeast Asia and other developing regions with a new and better model for economic growth.

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