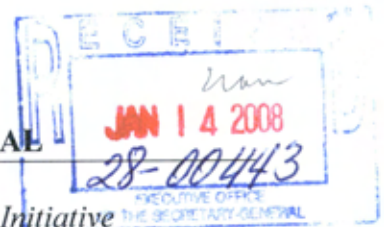


1320
KR (for your action & briefing to DSG)
CC PO, SP
15 Jan
UNEP
DSG

NOTE TO THE DEPUTY SECRETARY-GENERAL



Subject: Business Advisory Council for the Greater Tumen Initiative

Dear DSG,

As you might recall the Tumen Secretariat had invited me to participate in their 9th Consultative Commission Meeting and chair the Investment Forum, which took place in Vladivostok, Russia on 15-16 November. This note serves to inform you on the outcomes of the meetings.

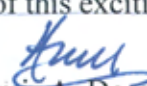
We have been supporting UNDP China and the Tumen Secretariat over the past two years, in the development of a Business Advisory Council under the aegis of the Greater Tumen Initiative, an intergovernmental cooperation mechanism in North-East Asia. This new institutional platform will involve the private sector to foster sustainable development in the region.

At the 9th Consultative Commission Meeting of the Greater Tumen Initiative, on 15th November 2007 in Vladivostok, the Business Advisory Council was formally launched. It consists of senior business leaders from the countries of the Greater Tumen Region and foreign investors operating in these countries. Among the newly elected members of the Council's Steering Committee are representatives of multinational companies such as DHL, Standard Chartered Bank and Goldman Sachs, as well as, business associations including the China-Britain Business Council and the American Chambers' network.

The BAC will operate as a non-governmental entity and be private sector led and founded. All participants of the 9th Consultative Commission Meeting welcomed the creation of the BAC, which aims to promote permanent dialogue between governments and private sector representatives to strengthen regional development and cooperation.

I attach a copy of the Terms of Reference for the Business Advisory Council (as adopted), minutes of the BAC Inaugural meeting and the list of Steering Committee members to date.

I wanted to thank you for the opportunity to be part of this exciting new initiative.


Amir A. Dossal
10 January 2008

cc: Mr. Onanga-Anyanga
Mr. Rahman
Mr. Rich
Ms. Klugman

Terms of Reference

Business Advisory Council for the Greater Tumen Initiativeⁱ

Background

The **Greater Tumen Region (GTR)** is an area in North-East Asia which encompasses the Jilin, Liaoning and Heilongjiang provinces in Northeast China and Inner Mongolia; the Rason Economic and Trade Zone (ETZ) of the Democratic People's Republic of Korea; Part of the Primorsky Territory of Russia; Eastern Mongolia; and Eastern port cities of the Republic of Korea.

The **Greater Tumen Initiative (GTI)**, originally the Tumen River Area Development Programme (TRADP), is a regional cooperation mechanism created in 1995 with a membership of five countries: the People's Republic of China, Democratic People's Republic of Korea, Mongolia, Republic of Korea and Russian Federation. It is a unique intergovernmental platform for economic cooperation and exchanges for North-East Asia and serves as a catalyst in expanding policy dialogue and strengthening fundamentals for improving the business environment. The GTI has served as a platform for dialogue and policy coordination among the member countries in the North-East Asia. It has contributed to good relations, and made concrete progress in specific areas, such as cross border trade and transport infrastructure. It also has led, to some degree, to greater growth and sustainable development for the people in the GTR.

Why Business Advisory Council?

At the 8th Consultative Commission Meeting held in Changchun, China on 2 September 2005, the member countries, recognizing that substantial disparities exist among the member countries in terms of the political system and economic development, agreed to revitalize and promote TRADP as the Greater Tumen Initiative (GTI) through their enhanced commitment to the initiative's goals. They adopted a Strategic Action Plan for the period 2006 – 2015 calling for increased involvement of the private sector in the GTI to improve the enabling environment for investment, in particular foreign direct investment. The member countries agreed to set up a **Business Advisory Council (BAC)**, as the new institutional platform for the GTI, acknowledging the critical role the private sector to foster sustainable development in the region, with special focus on the following areas:

- Transport
- Tourism
- Energy
- Investment
- Environment, as a cross-cutting sector

Why should Businesses join the Business Advisory Council?

Investment in the Greater Tumen Region will provide businesses a gateway to build and expand their operations in the five countries of North-East Asia. The Member Governments are committed to providing special incentives to encourage new businesses to flourish in the region. Members of the Business Advisory Council will also have the opportunity to provide direct advice to the governments on how best to improve the investment climate in the region, seeking corresponding changes in economic policies. The unique mechanism of joint sessions of the BAC and the Consultative Commission will provide the opportunity for direct exchange between business and government representatives.

Objectives

The Business Advisory Council will aim to **provide a platform for permanent dialogue between governments and private sector representatives**, and would have the following key objectives:

- Promote economic activity, i. e., investment as well as efficient production and distribution of goods and services, leading to a higher standard of living, consumer satisfaction and job creation;
- Provide proposals and recommendations to the governments on improvement of business environment in Tumen Region through the mechanism of joint sessions of BAC and Consultative Commission;
- Foster creation of an enabling environment for investment, including establishing a Free Trade Zone in the Greater Tumen Region;
- Advocate the region as dynamic business opportunity to new investors, including outreach to the international audience of business leaders and entrepreneurs;
- Recommend innovative financing mechanisms and identify funding priorities;
- Develop innovative partnership modalities for attracting new investors to the region.

Expected Outcomes

The more **immediate results** of the BAC, to be achieved in the first three years 2007-2009 will include providing recommendations to member governments on how to (i) promote economic activity, i. e., investment as well as efficient production and distribution of goods and services, leading to a higher standard of living, consumer satisfaction and job creation; (ii) promote the region as a dynamic investment opportunity through outreach to the international audience of business leaders, investors entrepreneurs; and (iii) advocate for corporate social responsibility.

Institutional Arrangements

The Business Advisory Council will consist of senior business leaders from the participating countries and foreign investors operating in the member countries. It will operate as a non-governmental entity, and be **private sector led and funded**.

Sector experts will be invited to join sessions of the BAC for addressing special issues. Eminent persons from civil society will also be invited to participate in the activities of the BAC. **Joint sessions of the Consultative Commission and the BAC could be scheduled during the Commission's annual meetings.**

The BAC will comprise of the following three organs: **a Steering Committee, a Congress and a Secretariat.**

The Steering Committee will:

- Meet twice a year. For any additional consultations, the Secretariat will arrange for electronic/e-mail discussions.
- Provide strategic guidance on the overall framework of the BAC, taking into account the objectives outlined above.
- Review and make recommendations to the GTI Consultative Commission and to the Congress, on the above objectives.
- Be chaired by a business leader from one of the 5 countries with 4 Vice Chairs representing the different sectors of the economy.
- Select the Chair from within its members. The Chair will hold this position for no more than one year. Four Vice Chairs will be nominated, also for one year. The Chair will be a *primus inter pares*, relying on the advice of the 4 Vice Chairpersons. The Chair will provide general policy guidance to the Business Advisory Council, working closely with the Consultative Commission, the Tumen Secretariat, the UNDP Office in Beijing, China and the UN Office for Partnerships, New York.

The Steering Committee will be comprised of:

- Approximately 30 business leaders representing the private sector from member countries, foreign investors and representatives of business umbrella organizations from the region.
- The UN Resident Coordinator in the People's Republic of China in an *ex officio* capacity. (UN Resident Coordinators/representatives from the other four member countries may participate as observers.)

Observers: The European Chamber of Commerce and the US Chamber of Commerce will be invited to participate in the meetings of the Steering Committee as observers and

will provide advice to the Steering Committee. Up to five Academic Institutions will also be invited as observers. .

Membership Criteria: Members of the Steering Committee, who will serve on a voluntary (unpaid) basis, will be selected based on:

- A business track record in one of the five countries of the Greater Tumen Region.
- A minimum of five years successfully operating a business enterprise in the Greater Tumen Region.
- A minimum of \$X million paid-up capital (to be determined).
- Facilities employing 500 or more local workers.

Selection Process: Membership of the Steering Committee will be for a term of 2 years. Members of the *initial* Steering Committee will be appointed by GTI Consultative Commission. Future members will be elected on the basis of a majority vote by the Congress, based on a list of nominees (from the private sector).

The Congress will:

- Constitute the main body of membership of the GTI-BAC.
- Provide Members a platform for collaboration between countries and across sectors, including the prospect of international partners being able to provide advice and inputs for expanding local markets. The ultimate aim would be to attract foreign investment capital in sub-sectors of direct interest to them.
- Have three tiers of membership: large corporations; small and medium enterprises (SMEs), and individuals. Membership of the Congress will be subject to payment of a fee of US \$X (to be determined).
- Adopt recommendations of the Steering Committee by consensus.

The Secretariat will:

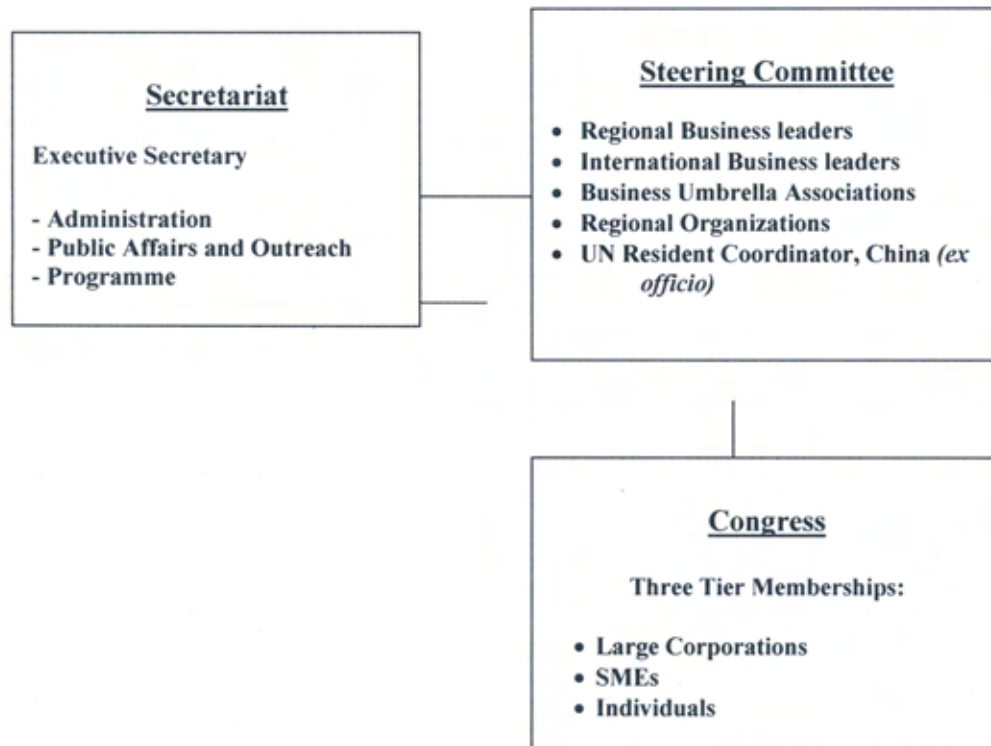
- Report to the UN Resident Coordinator (in the Country where it will be located) for administrative matters, and to the Chair of the Steering Committee of the BAC for substantive matters.
- Employ a small team of programme staff to oversee the activities (to be determined). This staff will support the work of the Steering Committee, which will include:
 - Assist the Chair in convening meetings of the Steering Committee.
 - Develop briefing notes and books, parliamentary documentation, outreach material, *inter alia*, on each of the five regions.
 - Provide policy briefings and advice to members of the BAC on bilateral relations, trade and investment, legislative arrangements, advocacy and public private partnerships.
 - Respond to members' inquiries, conduct research, deliver briefings, and issue reports, as needed.

- Prepare agendas and ensure that all pertinent documentation for the Steering Committee's consideration are circulated to all members in advance of each meeting, maintain minutes of each meeting's proceedings, summarize the discussions and decisions agreed.
 - Keep the Steering Committee fully informed on Member Governments' actions taken in response to the BAC's recommendations through the submission of regular reports.
- For an initial 2 year period, the Tumen Secretariat will serve as Secretariat to the BAC. Following this initial phase, an independent Secretariat will be established in one of the 5 GTI member countries.
 - Be headed by an Executive Secretary. The Director of the Tumen Secretariat will serve as Executive Secretary until a decision to appoint one is taken by the BAC.
 - Receive support from the UNDP Office in Beijing, China on management aspects of its work, including budget, staff, administration, accounting and reporting – during the first 2 years of operation.

Relationship between the Steering Committee and the Secretariat: After each Committee meeting, a formal communication will be sent by the Committee Chair to the Secretariat and Member Governments, informing them of key discussions and recommendations put forward by the meeting. The Committee will issue an annual report summarizing the main achievements during the year and its key recommendations to Member Governments on the BAC's mandate. The report, which will be widely distributed to GTI stakeholders, will be presented by the BAC to Member Governments at a special session of the Consultative Commission devoted to the BAC. This high level dialogue will take place between ministers and the Steering Committee Chair and Vice Chairs. Following the meeting, the report will be widely distributed to GTI stakeholders.

¹ *The Terms of Reference for the BAC have been developed by the UN Office for Partnerships in New York, as tasked by the GTI, following the decisions taken by the Consultative Commission in Changchun in 2005.*

Chart
Business Advisory Council
for The Greater Tumen Initiative



BAC Steering Committee

Co-Chairs

Mr. Wang Jun Hao

Vice Chairman
Juneyao Group, P.R. China
wangjunhao@juneyao.com

Mr. Anthony Walton

Vice Chairman
Standard Chartered Bank Group, USA
anthony.walton@us.standardchartered.com

Vice-Chairs

DPRK

TBC

Mongolia

Ms. Oyungerel J

Chairman & CEO Petrovis, Mongolia
oyungerel@hotmail.com

ROK

Mr. Lee Chang Hi

Vice President
Daewoo International Corp., ROK
chlee2@daewoo.com

Russia

TBC

Sector Coordinators

Transport

Mr. Baeg Seong-Ho

President
Dong Chung Ferry Co. Ltd, ROK
CAPT-BAEG@HANMAIL.net

Tourism

TBC

Energy

Mr. Marchese Cattaneo

Managing Director
Arkoil Plc, UK
management@arkoil.biz

Investment

Mr. J. Zimmerman-TBC

Chairman AmCham-China
Jzimmerman@SSD.com

Environment

TBC

Media Relations

Mr. Stephen King -TBC

Director
BBC World Service Trust, UK
stephen.king@bbc.co.uk

BAC Area Representatives

United Kingdom

Mr. Stephen Phillips

Chief Executive, China-Britain Business Council, UK
stephen.phillips@cbbc.org

Far East, Russia

Mr. Aleksey Kakaulin - TBC

Board Member, Far Eastern Energy Company, Russia
kakaulin@dvec.ru; glinchikova@dvec.ru

Institutional Members

UNDP

Mr. Khalid Malik

UNRC/UNDP Resident Representative,
China (ex.officio)
khalid.malik@undp.org

UNDP

Mr. Marco Borsotti

UNRC/UNDP Resident Representative,
Russian Federation
Marco.Borsotti@undp.org

UN Office for Partnerships

Mr. Amir Dossal

Executive Director, New York
dossal@un.org;
westervoss@un.org

UN World Tourism Organization

Dr. Harsh Varma

Director, Development Assistance,
Madrid
hvarma@world-tourism.org

Affiliated Members

Council of Young Leaders

1. Mr. Michael Blickstead

Analyst – Goldman Sachs, UK
michael.blickstead@gs.com

2. Mr. Patrick Korb

Analyst – Eton Park Capital Management, USA
patrick.korb@etonpark.com

3. Dr. John Park

Director – Korea Working Group, US Institute of Peace, USA
jpark@usip.org

Secretariat

Mrs. Nataliya Yacheistova

Acting Executive Secretary
Director of the Tumen Secretariat, Beijing, P.R.C.
nataliya.yacheistova@undp.org

**Minutes of the Organizational Meeting of the
Business Advisory Council ("BAC") of the Greater Tumen Initiative ("GTI")**

Date/Venue: 16 November 2007, Hotel Hyundai, Vladivostok, Russian Federation

Chairpersons:

Mr. Amir Dossal, Executive Director, UN Office for Partnerships (morning)

Mr. Wang Jun Hao, Vice Chairman, JuneYao Group, People's Republic of China (afternoon)

1. Appointments

Co-Chairs and Vice-Chairs

- Mr. Wang Jun Hao, Vice Chairman, JuneYao Group, People's Republic of China ("PRC"), accepted his appointment as Co-Chair of the BAC.
- Ms. Oyungerel J, Chairman and CEO, Petrovis, Mongolia, accepted her appointment as Vice-Chair of the BAC.
- Mr. Lee Chang Hi, Vice President, Daewoo International Corporation, Republic of Korea ("ROK"), accepted his appointment as Vice-Chair of the BAC.

To include participants from the business community in each GTI-member country, the BAC is seeking nominations for Vice-Chairs from the Democratic People's Republic of Korea ("DPRK") and the Russian Federation.

Sector Coordinators

- Marchese Andrea Cattaneo, Managing Director, Arkoil Plc, U.K., accepted his appointment as Energy Sector Coordinator of the BAC.
- Mr. Seong-Ho, Baeg, President, Don Chun Ferry Co. Ltd, accepted his appointment as Transportation Sector Coordinator of the BAC.

The BAC is seeking nominations for Environment, Investment, and Tourism Sector Coordinators.

GTI Representatives Abroad

- Mr. Stephen Phillips, Chief Executive, China-Britain Business Council, accepted his appointment as Europe Area Representative of the BAC.

The BAC is seeking nominations for Area Representatives from North America and other regions.

Secretary

Ms. Nataliya Yacheistova, Director, Tumen Secretariat, accepted her appointment as Acting Executive Secretary of the BAC.

2. Establishment of Council of Young Leaders

The Council of Young Leaders of the GTI, to be represented on the BAC by Mr. Michael Blickstead (Analyst, Goldman Sachs International), Mr. Patrick Korb, (Analyst, Eton Park Capital Management), and Dr. John Park (Director, Korea Working Group, U.S. Institute of Peace), was established.

3. Strategy for Expansion of the BAC

Each BAC member should recruit at least three additional members to join the BAC before the next meeting.

4. Communications: Internet Website

- Marchese Andrea Cattaneo contributed internet site design, management, and web hosting services for the timely establishment of an internet website for the BAC.
- BAC members should email a photograph of themselves, a brief biography, and a description of their company as soon as possible to Marchese Andrea Cattaneo at the address management@arkoil.biz.
- The BAC website should include background information on the Greater Tumen Region ("GTR"), the GTI, and the BAC, as well as investment case studies.

5. General Discussion

- The BAC should work to improve the branding of the GTI. Executives from the media and advertising sectors should be added to the BAC to help achieve this objective.
- Mr. Jim Zimmerman, Chairman, American Chamber of Commerce China, recommended the BAC develop a "how-to" guide for investing in each country in the Greater Tumen Region ("GTR") including a discussion of the challenges and key recommendations for areas of regulation to improve.

6. Next Steps

The BAC will hold its next meeting in late March 2008 in Shanghai, PRC. The following meeting of the BAC is currently scheduled to take place in September 2008 in Mongolia, during the 10th meeting of the Consultative Commission of GTI.

Membership of the BAC Steering Committee (as of 16 November 2007)

Co-Chairs:

1. **Mr. Wang Jun Hao**, Junyao Group, Vice Chairman, China
2. **Mr. Anthony Walton** (tbc), Standard Chartered Bank Group, Vice Chairman, USA

Vice-Chairs:

1. **DPRK**
tbc
2. **Mongolia**
Ms. Oyungerel J
Chairman & CEO - Petrovis
3. **ROK**
Mr. Lee Chang Hi
Vice President – Daewoo International Corporation
4. **Russian Federation**
TBC

Sector Coordinators:

1. **Transport**
Mr. Baeg Seong-Ho
President – Dong Chung Ferry Co. Ltd, ROK
2. **Tourism**
TBC
3. **Energy**
Marchese Andrea Cattaneo
Managing Director – Arkoil Plc, UK
4. **Investment**
TBC
5. **Environment**
TBC
6. **Media relations**
TBC

BAC Area Representatives:

United Kingdom

Mr. Stephen Phillips

Chief Executive – China-Britain Business Council

Institutional members:

1. UNDP

Mr. Khalid Malik

UNRC/UNDP Resident Representative, China (ex.officio)

2. UNDP

Mr. Marco Borsotti

UNRC/UNDP Resident Representative, Russian Federation (tbc)

3. UN Office for Partnerships

Mr. Amir Dossal

Executive Director, New York

4. UN World Tourism Organisation

Mr. Harsh Varma

Director, Development Assistance, Madrid

Affiliated members:

Council of Young Leaders

1. Mr. Michael Blickstead

Analyst – Goldman Sachs, UK

2. Mr. Patrick Korb

Analyst – Eton Park Capital Management, USA

3. Dr. John Park

Director – Korea Working Group, US Institute of Peace, USA

Secretariat:

Mrs. Nataliya Yacheistova

Acting Executive Secretary

Director of the Tumen Secretariat, Beijing