

Comparative Advantages and Disadvantages of Five Northeast Asian Cities

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I. Introduction

1) Background and Objectives

Major cities not only work as growth engines for national economy but also perform important functional roles in the wider regional and global urban-systems. Effective management of a major city is thus important not only for national development but also for the development of the regional and global urban-systems. Spatial dispersal and global integration, dubbed as time-space divergence and time-space convergence respectively, require a new strategic role of major cities in the world today.

In Northeast Asia, as in other global regions, emerging networks of trade, investment, finance, and people have centered around major cities which function as national platforms of inter-state economic relations and interchanges. Since the Plaza Agreement

in 1985 which triggered massive outflows of Japanese foreign investment into East Asian economies, major cities in Northeast Asia have found themselves placed within a region-wide urban system which is both hierarchical and competitive.

The Northeast Asian urban system is hierarchical in terms of varying economic size and quality of constituent cities with Tokyo on top. It is competitive in terms of comparative advantages such sectors as finance and transportation. Northeast Asian cities find it increasingly important to seek strategies to minimize the hierarchical difference and maximize comparative advantages vis-a-vis other cities in the regional urban system.

The main objectives of this paper are twofold: 1) to provide comparative profiles of selected major cities in Northeast Asia ; 2) to suggest viable strategies to reinforce strength and minimize weakness of each city.

Chapters II and III respectively deal with these objectives.

2) Geographical Definition of Northeast Asia

A common definition of Northeast Asia rests on state-centered clustering : the area containing China (minus Hong Kong), Korea, and Japan. One other definition, mostly held by Chinese scholars, adds Taiwan (Chinese Taipei), Hong Kong, Mongolia, and eastern Siberia, while excluding the vast majority of Chinese territory except three Dongbei (Northeast) provinces of Liaoning, Jilin, and Heilungjiang.

On an economic basis, the boundary of Northeast Asia is defined as an area consisting of China's Dongbei, Korea, Japan, and Russian Far East, roughly combining the Yellow Sea and East Sea Economic Region. More broadly, it is expanded to cover the Yellow Sea - East Sea - South Chinese Sea Economic Region.

Various definitions of Northeast Asia serve different analytic purposes. This paper adopts a definition of Northeast Asia as covering an area consisting of China (plus Hong Kong), Taiwan, Korea, and Japan, excluding Russian Far East and Mongolia.

2. Advantages and Disadvantages of Northeast Asian Cities

1) Selection of Cities

Various groups of cities, by different criteria, have been identified as the Northeast Asian urban system. Hahn (1994) suggests 77 cities with population of more than 200,000 along the Beijing-Seoul-Tokyo (BESETO) corridor as constituent cities of the Northeast Asian Urban System (NAUS). Kim (1994) considers around 30 cities of more than one million population constituting the NAUS. Kim selects 10 global cities among them: Tokyo, Seoul, Beijing, Hong Kong, Singapore, Taipei, Osaka, Bangkok, Manila, and Jakarta. Kim (1995) also identifies five mega-cities of the NAUS - Beijing, Seoul, Tokyo, Shanghai, and Vladivostok - based on population, status as global city, and development linkages to surrounding areas. Yu (1993) picks 11 cities that are geopolitically important in Northeast Asia : Seoul, Tokyo, Osaka, Fukuoka, Pusan, Chongjin, Vladivostok, Shanghai, Xingtao, Dalian, and Pyongyang.

In this paper, three criteria are used to select the major cities in Northeast Asia to be compared : status as global city, national representativeness, and geographical location. As to status as global city, three cities - Seoul, Tokyo, and Hong Kong - come as the first

selections. Criteria used to identify the global city status are : location of transnational cooperation(TNC) headquarters, global banks, manufacturing firms, producer service industries, transportation, and population.

Beijing and Shanghai are the second selections for their status as a national capital and the primary gateway city to China respectively, for all their relatively low porosity to transnational capital and labor. Vladivostok can be the third selection for its strategic location, but is excluded here due to the relatively low level of urban infrastructure and small population. It also sits outside the geographical definition of Northeast Asia defined above. Meanwhile, Taipei is excluded for geopolitical reasons. The resulting selections of major cities in this paper are thus : Beijing, Seoul, Tokyo, Shanghai, and Hong Kong.

2) Method of Comparing Cities

This paper posits two axes of comparison, vertical and horizontal, acknowledging the nature of NAUS. The vertical axis puts emphasis on differences between cities in the hierarchy which can be rated in quantitative terms : status as global city, export/import linkage, FDI linkage and quality of life. The relative status of the cities in NAUS may be subject to constant change, given the fact that their prosperity is increasingly

affected by external influences such as locational decisions of TNCs.

On the other hand, the horizontal axis highlights the cooperative and reciprocal nature of inter-urban relations. It also pays attention to cultural and historical contexts not easily measured by numbers -- such as business climate, economic structure, governing philosophy, and so on. Looking at economic linkages and flow of people between the cities across national boundaries provides a clue to find cooperative frameworks based on diversity (or complementarity) of cities in NAUS.

Various criteria are involved in defining the position of a certain city in the plain of horizontal/vertical axes. For example, it might be presumed that the global status of Tokyo does not necessarily lead to its hegemonic status in the NAUS. It will depend on whether Tokyo has the cultural flexibility to wisely accommodate the regional and global demand.

A preliminary conclusion is that for one major city to be viable in this century it needs to develop strategies to provide favourable conditions for urban infrastructure, industry and culture compared with other cities in the NAUS. On the horizontal axis, strategies to maximize cooperation with other cities need to be suggested for a city to claim the status of regional capital.

3) Major Findings from Comparison between Cities

(1) Advantages and Disadvantages of Northeast Asian Cities : the Vertical / Competitive Dimension

Two main categories are used as rating index for Table 1 : business environment and quality of life. The business environment category includes variables like population and workforce, openness to foreigners, trade infrastructure and transportation, and business operation cost. Included in the quality of life category are : number of healthcare professionals and facilities, newspaper circulation, number and size of public libraries, theaters and cinemas, and crime rates.

Table 1, compiled from Rondinelli

and Hahn (Seoul Development Institute, 1995), shows that Tokyo and Hong Kong have the strongest overall comparative advantages among selected NAUS cities. They have the edge in almost all categories. Their competitiveness comes mainly from a powerful workforce and a high degree of openness to foreign culture.

Tokyo shows the highest ratings for population and labor force, trade infrastructure and transportation, and quality of life, but is weakest in the area of business operation cost. Hong Kong is rated higher in openness to foreign people, but lower in trade infrastructure and transportation. Seoul shows strength in low business operation cost, with ratings for other categories roughly in the middle between those of Tokyo/Hong Kong and Shanghai/Beijing.

Table 1. Competitiveness of Selected Cities

Item	Tokyo (Japan)	Hong Kong	Seoul (Korea)	Shanghai (China)	Beijing (China)
Population and workforce	8.6	6.8	7.6	5.0	5.0
Foreign interest activities and openness to foreign cultures	7.0	10.0	4.5	3.5	1.0
Trade related infrastructure and transportation	6.5	3.8	5.0	1.3	3.3
Firm operating costs	1.0	4.3	6.2	4.7	4.5
Quality of life conditions	9.4	7.7	4.5	5.2	5.2
Average total	6.5(1st)	6.5(1st)	5.6(3rd)	3.9(4th)	3.8(5th)

Note: Each score spans from 0 (lowest) to 10 (highest). For more detailed procedure to obtain the scores, refer to the source below.

Source: Rondinelli and Hahn (1995, pp.128-133)

Table 2. Relative Competitiveness of Selected Cities

	Tokyo	Hong Kong	Seoul	Beijing	Shanghai
Economic Condition	1st	2nd	3rd	5th	4th
Quality of life	1st	4th	5th	2nd	3rd
Civil Consciousness	1st	2nd	3rd	5th	4th
Average total	1st	2nd	3rd	4th	5th

Source: Kim, et al. (1997)

Table 2, compiled from Kim, et al. (Samsung Economic Research Institute, 1997) using a ranking method between cities, shows a similar outcome to Table 1, with Tokyo ranking at top. Explanations drawn from these two tables for each city are as follows.

① Tokyo

Tokyo remains an important international center for competitive activities in East Asia due to its large size, the concentration of Japanese and foreign multinational corporate headquarters within its metropolitan area, and due to the worldwide economic power of the Japanese firms located in Tokyo. Also, it is the third largest corporate center in the world following New York and London, and one of the world's most important transport centers with excellent air, sea, and land transport networks.

Tokyo's competitive advantages are its modern and efficient infrastructure, high level of safety, and access to global Japanese companies. Tokyo's international competitiveness benefits from the stable macro economic

environment and its financial and banking core sector. The former includes low interest rate and price increase rate. The latter provides financial services for much of East and Southeast Asia.

However, Tokyo has drawbacks arising from weaknesses in national competitiveness and world trade standards. Also, Tokyo's international competitiveness suffers from the weakness in national competitiveness, including the high level of dependency of local government on central government revenues, improper practices and corruption in government, the impact of personal taxes on work initiative, the treatment of foreigners compared to citizens, and the low quality of life compared to the U. S. or European cities.

② Hong Kong

Hong Kong ranks high on most measures of national and urban competitiveness. Its ability to export and strong compliance with world trade regulation standards remains strong, but it has a less illustrious

record on efficient use of factors of production and natural resources resulting in decreased productivity.

While Hong Kong enjoys a highly competitive position of trade and investment in Asia, it ranks relatively low on trade-related infrastructure and transportation, and on operating and living costs. Indeed, it is one of the most expensive cities in the world to do business in. It has the most expensive rental costs, low vacancy rates, and high overall cost of living.

③ Seoul

Korea's overall national competitiveness rating of 5.7 is lower compared to other countries reviewed in this study. The country's economic and political risk ratings are both excellent and the overall risk score is 7.5. On the other hand, Korea is lagging behind other Asian cities in efficient use of factors of production and natural resources, which scores only 3.5. Most of the barriers to more

efficient use of factors of production come from three sources: the strong government intervention in the economy, the discrimination between private and public companies and between foreigners and citizens; and the underdeveloped financial markets. Two other major indicators of national competitiveness - ability to export and rising living standards - have good average scores. While the level of infrastructure is an indicator of international competitiveness, its relative standing compared to competitor countries remains low, reflecting relatively lower level of competitiveness in this respect. (see Table 3)

The Seoul Metropolitan Area's international competitiveness is seriously weakened by Korea's perceived and actual failure to comply with established international trade standards. Seoul's international competitiveness scores are also limited by moderate rating (5.6) in the competitiveness of urban conditions. Scores are particularly

Table 3. Measuring National Competitiveness

Item	Japan	Hong Kong	Korea	China
Ability to export	6.3	7.6	5.7	4.4
Efficient use of factors	7.3	6.7	3.5	2.3
Rising living standards	7.2	6.9	5.9	1.6
Country risk	8.0	7.0	7.5	5.0
Average total	7.2	7.1	5.7	3.3

Note: Each score spans from 0 (lowest) to 10 (highest). For more detailed procedure to obtain the scores, refer to the source below.

Source: Rondinelli and Hahn (1995, pp.117-122)

low on foreign interest and openness (4.5) and quality of life indicators (4.5) and only moderate on trade-related infrastructure and transportation (5.0) and firm operating costs (6.2). Seoul does score high, however, on population and workforce indicators (7.6).

④ Beijing

China is still relatively weak in its ability to export, and is considered very inefficient in the use of factors of production and natural resources to increase national productivity. China also ranks low on human development and quality of life indicators and has the highest political and economic risk rankings among Asian countries.

Beijing has competitive advantages to the extent that it is the political capital of China, has a relatively well-developed infrastructure vis-a-vis other metropolitan areas in the country, and also has a large domestic market. However, Beijing still has a relatively weak set of urban conditions for international competitiveness. It ranks low in population and workforce, openness to foreign cultures, and foreign trade support services. Operating costs, including office rents in Beijing for international businesses are relatively high compared to other Asian cities with better business infrastructure and support functions. Beijing also ranks low on overall quality of life indicators which are

important in attracting international business and managers.

Beijing is increasing its international competitiveness through an aggressive infrastructure investment program. Also, it is developing organizations that can facilitate and promote international transactions, and improve Beijing's quality of life.

⑤ Shanghai

Shanghai's international competitiveness is low due to many of the same reasons that explain Beijing's weakness. China's relatively weak national competitiveness and world trade standards make Shanghai's low scores lower on trade-related infrastructure and transportation, foreign interest activities and openness to foreign cultures, and high operating and living costs.

However, the Shanghai municipal government is trying to make use of its favorable geographical location to increase its international competitiveness. It has a strategic position not only on the East China Sea but also at the head of the Yangtze river. This type of location has made Shanghai both an important global seaport as well as a critical distribution center for an extensive region stretching from the East China coast westward to Nianjing. Shanghai has also strengthened its position as a transport hub in East Asia.

Competitiveness through a combination

of policies that include construction of large-scale economic and industrial zones, infrastructure construction, administrative and economic reforms and human resource development.

(2) Linkages Between Northeast Asian Cities: the Horizontal/Cooperative Dimension

Table 4 through Table 9 show linkages among selected cities in various categories. Brief explanations are provided as follows.

Table 4 indicates that the average geographical distance between the five cities is 1,600 km, with the longest distance of 2,890 km between Tokyo and Hong Kong, and the shortest 860 km between Seoul and Shanghai. In terms of flight hours, as shown in Table 5, the average time distance between the five cities is 2 hours and 10 minutes, the longest being 5 hours between Tokyo and Hong Kong and the shortest 1 hour and 40 minutes between Seoul and Shanghai.

Table 6 shows that Hong Kong has the largest number of regular weekly flights to and from the other four cities, whereas Seoul has the lowest level of flight linkages with other cities, with only 113 weekly flights which is far below the average of 166 flights between five cities. Regular routes with more than 50 weekly flights are those between Seoul-Tokyo, Tokyo-Hong Kong, Beijing-Shanghai,

and Beijing-Hong Kong.

Table 7 and Table 8 indicate sea transport linkages as measured respectively in number of regular weekly lines and container freight volume. Tokyo (plus Yokohama) and Hong Kong have the largest number of regular weekly lines, whereas Seoul (Inchon) has a very low level of linkages in this category, indicating that most of its cargoes may be handled via the Pusan port. A similar situation is found in from Table 8.

Table 9 shows investment linkages in Northeast Asia on an international basis. As is well known, the rapid and massive outflow of Japanese investment to the Newly Industrializing Economies (NIEs) in East Asia, after the Plaza Accord in 1985, contributed to the refinement of industry and trade and to economic growth of the invest-receiving NIEs. It nurtured a condition in which the NIEs could in turn redirect their own foreign direct investments(FDIs) to other less-developed economies in the region, in a strategy to overcome the difficulties deriving from decrease in exchange rates of their currencies against U.S. dollar. Korea and Taiwan have been the leaders in this trend of 'FDIs by NIEs'. FDI from the NIEs seems an ongoing process in the 1990s when investments from ASEAN countries begin to take place in the least-developed economies like Myanmar and Cambodia.

Table 4. Geographical Linkages

(Unit : km)

	Tokyo	Seoul	Beijing	Shanghai	Hong Kong
Tokyo		1,160	2,100*	1,760	2,890*
Seoul	1,160		950	860	2,100*
Beijing	2,100*	950		1,070	1,980
Shanghai	1,760	860	1,070		1,240
Hong Kong	2,890*	2,100*	1,980	1,240	

Notes: * Geographical distance greater than 2,000km

Table 5. Travel Time Linkages

(Unit : km)

	Tokyo	Seoul	Beijing	Shanghai	Hong Kong
Tokyo		150	240*	210*	300*
Seoul	120		135	×	235*
Beijing	195*	100		118	185*
Shanghai	150	100	115		131
Hong Kong	240*	195*	178	132	

Notes: * Flying time more than 3 hours

Table 6. Air Traffic Linkages (1998. 3)

(Unit : no. of flights/week)

	Tokyo	Seoul	Beijing	Shanghai	Hong Kong	Sum
Tokyo		65*	31	25	70*	191
Seoul	65*		13	7	28	113
Beijing	31	13		87*	42	173
Shanghai	25	7	79*		44	155
Hong Kong	70*	35	52*	44		201
Sum	191	120	175	163	184	833

Note: * Regular weekly flights more than 50

Table 7. Sea Traffic Linkages (1997)

(Unit: no. of lines/week)

	Tokyo	Seoul	Beijing	Shanghai	Hong Kong
Tokyo		1.0	15.6	15.6	72.4*
Seoul	1.0		0.0	0.0	5.0
Beijing	12.6	0.0		7.9	3.0
Shanghai	15.6	0.0	7.9		12.2
Hong Kong	72.4*	5.0	3.0	12.2	

Note: * Regular weekly lines more than 50

Table 8. Sea Traffic Linkages (1997. 12)

(Unit: TEU/week)

	Tokyo	Seoul	Beijing	Shanghai	Hong Kong
Tokyo		56	7,674	18,629	169,272*
Seoul	56		0	0	4,392
Beijing	7,674	0		12,045	8,924
shanghai	18,629	0	12,045		25,919
Hong Kong	169,272*	4,392	8,924	8,924	

Note: * Regular weekly container freight volume more than 100,000 TEU

Table 9. International Investment Linkages (1990-95)

(Unit: mil. dollar, %)

	Thailand		Malaysia		Indonesia	
	Investment	Percent	Investment	Percent	Investment	Percent
Japan	19,521	39.4	5,175	20.1	10,871	4.8
Korea	2,096	4.2	1,205	4.7	4,828	5.4
Taiwan	4,115	8.3	4,791	18.6	5,424	10.5
Hong Kong	2,140	4.3	525	2.0	10,481	5.7

3. Policy Implications for Northeast Asian Cities

The current economic crisis plaguing Northeast Asia has created strong contrasts in inter-city linkages. On the one hand, inter-city linkages across national boundaries have shrunken, as illustrated by sharp reduction in passenger traffic and in international real estate transactions. On the other hand, the economic crisis has led to cooperative environment between cities in a concerted effort to survive the currency crisis. It is expected that inter-city networks and linkages will greatly expand once the economic crisis has been overcome and the large second-tier NIEs like China, Thailand,

and Indonesia have reached the production level of the first-tier NIEs.

At the same time, competition between cities will continue, especially in the area of international finance. The triad competition between Tokyo, Hong Kong and Singapore over regional financial markets will be intensified in the next decade. Hong Kong will be hard pressed to preserve its central status against Shanghai. Singapore will attempt to extend its sphere of influence into South Asia. Tokyo's financial competitiveness will depend on whether it can achieve financial deregulation and liberalization in the near future.

The competitive position of each city

indicated in this study is expected to change, especially in the coming decade when Beijing and Shanghai will take advantage of the rapid-growing national economy and Seoul will play a more significant role in the event of Korean unification. As listed in Table 10, Tokyo will remain as the first order center in overall economic hierarchy, followed by Shanghai, Hong Kong and Seoul as the second order centers. Hong Kong will compete with Tokyo for financial primacy as the first

of the Japanese state.

order center, ahead of the second order centers such as Shanghai and Seoul. In air transportation, the trend towards a hub-port system, combined with airliners' interests, will promote Hong Kong and Seoul to the first order centers, while leaving Tokyo behind as the second order center. Beijing will remain as the first order political center, followed by Tokyo and Seoul.

Table 10. Functional Hierarchies of Northeast Asian Cities

Item	1st Order Cities	2nd Order Cities	3rd Order Cities
Economy	Tokyo	Shanghai Hong Kong Seoul	Beijing
Finance	Tokyo Hong Kong	Shanghai Seoul	Beijing
Exchanges	Hong Kong Seoul	Tokyo	Beijing Shanghai
Politics	Beijing	Tokyo	Seoul

1) Tokyo

Tokyo will remain as the primary city in (Northeast) Asia into the foreseeable future, for a variety of reasons listed in the previous chapter. It is, without doubt, the only city in East Asia on the level of a global node of the first order, and its capital flows are of global significance. Tokyo's dominant status in NAUS as well as in the global city-system is also rooted firmly on a stable platform

However, Tokyo has limitations -- having national as well as metropolitan connotations -- to further growth and continued success as the primary city in Northeast Asia. They have much to do with cultural aspects of its citizens. As shown in Table 1, in the previous chapter, Tokyo seems relatively less receptive of foreign culture, rendering itself a non-porous city, which together with insufficient political hegemony matching economic power will hinder maintaining the

leading status in the absence of appropriate measures. Tokyo's development strategies thus need to focus more on how effectively it will externalize itself, than on how to assimilate foreign influence.

2) Hong Kong

Hong Kong's strength mostly comes from its cosmopolitanism. It is most porous of the five cities compared in this study. Hong Kong's dominant role as the regional financial center and entrepot to the mainland has been ascribed to its porosity. It is truly a self-confident, entrepreneurial and sophisticated city.

But it is destined to give way most to Shanghai -- especially since it was returned to official Chinese rule. Hong Kong's development strategies thus need to focus on how to maintain the current status vis-s-vis Shanghai, on the one hand, and how to avoid competition with Shanghai in a framework of cooperation. Rapid overtaking by Shanghai of its main advantages will be the major threat to Hong Kong's potential prosperity. Elaborating trade-related infrastructure and transportation seems to be a key to maintaining its leading role in East Asia.

3) Seoul

Seoul needs to focus on maintaining

its geographical advantages which poise itself strategically and culturally in the middle of Northeast Asia -- especially in the geographical center of three geopolitically and geoculturally significant national capitals of Northeast Asia - Beijing, Seoul, and Tokyo. Maintaining cultural as well as economic and political autonomy will have to be carefully managed in an uneasy cooperative framework with Japan and China which nationally represent huge global powers. What is required for Seoul on its path toward becoming the regional capital is to overcome strong national pride, provide increased openness or transparency to the foreign community and to overcome negative memories created by past historical events with certain neighbors. By taking some kind of conducive policy measures to cope with the changing economic situation, such as building a framework of region-wide/inter-city cooperation as well as capitalizing on a strategic central location, Seoul will be better off within its reach to accomplish

4) Beijing

Beijing claims a globally consequential status for its political significance in world politics. It is a global geopolitical node of the first order, and it is the veritable center of a civilization that has endured for over

four thousand years.

Nevertheless, it is more of a political center for the country and its relationship to the day-to-day economic, social and cultural life in China is weaker and weaker, with the prospect that weakened internal linkages will also be detrimental to its status as the regional capital. It is thus prescribed that Beijing should focus its energy and resources on maintaining and revitalizing political and cultural hegemony vis-a-vis other booming cities in China, as well as on seeking competitiveness -- for instance by improving a weak set of urban conditions -- against prospective regional capitals like Seoul and Tokyo.

5) Shanghai

Shanghai, despite low profiles in almost all categories of competitiveness analyzed in the previous chapter, seems the most promising competitor in Northeast Asia. Its geographical location as a gateway to the mainland China and bridge between the northern and southern part of China, a sufficiently large local market, and an abundant workforce will assure the success as the ultimate champion in Northeast Asia.

Shanghai's strategy has to center on making the most of its geographic endowment. Improving and expanding seaport and airport facilities should be key policy objectives in the first

decade of this century.

4. Concluding Remarks

Northeast Asian countries of interest in this paper have been taking more and more shares in the world economy in every respect. Economic activities of individual countries keep growing with varying rates. While individual countries maintain rather independent economic strategies and policies specific to them, recent economic crisis in Northeast Asia for the past two years has reawakened the necessity to find region-wide solutions in a cooperative framework. Sharing information with regional competitors, particularly of a footloose, transnational capital has been found of utmost importance for nations and cities severely damaged by the currency crisis. Cities that have vied for transnational capital and markets now find it increasingly urgent to figure out a viable inter-city framework in which both competition and cooperation can complement each other.

This paper is not an attempt to provide such a framework per se. Rather, its main objective lies in the suggestion of some clues to such an effort. It is based on the premise that finding a region-wide framework in various aspects must start with identifying strengths and weaknesses of the cities that are prospective constituents of regional (Northeast Asian) urban system (NAUS).

For this purpose, five major cities -- Tokyo, Hong Kong, Seoul, Beijing, and Shanghai -- were selected for a comparative analysis of competitiveness and linkages in various categories. Viable strategies would have to provide remedies to reduce weaknesses and increase the strengths. In this regard various strategies, albeit not very specific, are proposed for each of the five cities. It is summarized that policy measures to improve investment environment or economic atmosphere are suggested for the cities in a relatively higher urban hierarchy (Tokyo and Seoul) while the ones to improve physical social infrastructure are suggested for the cities in a relatively lower urban hierarchy (Beijing and Shanghai), with the exception of Hong Kong. All in all, it is recommended that the cities invest in urban environment and infrastructure in rather a competitive fashion. However, they also need to be aware that individual competition must be accommodated in a cooperative regional system that will assure long-term triumphs to all regional competitors.

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ABSTRACT

Northeast Asia's burgeoning mega-cities have an extraordinarily economic vitality. While national statistics disguise how economic activity is concentrated, much of the region's robust growth of recent decades has centered around large cities, such as Tokyo, Seoul, Beijing, Shanghai, Hongkong. These cities are also at the heart of the Northeast Asia's emerging regional economy. This paper aims to compare the advantages and disadvantages of these selected Northeast Asian cities in various categories of urban competitiveness and cooperation. Above all, the paper compares the individual cities with one another, and analyzes relations and linkages among them. Then, strengths that can be reinforced and weakness that can be overcome are identified for each city. Finally, an urban development strategy for Seoul in the context of Northeast Asian cities is provided : i) Seoul should strive to be an effective regional capital of Northeast Asia ; ii) Seoul should be a focal point for the intermingling of Chinese, Japanese and Western cultures.