



2007 Young Leaders Program

For The Establishment of
the NEAB

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In-Young Kim, Ph.D./Professor
Department of Political Science
Hallym University, South Korea



The Necessity of NEAB

- ◆ The NEAB will play the role of increasing mutual understanding and economic cooperation between member countries, as well as the role of financing development projects in NEA countries.
- ◆ The NEAB would bring closer and more stable cooperation between NEA countries and a more peaceful NEA.



Summary of Paper

- ◆ Professor Junlu Ma summarizes the action plan of establishing the Northeast Asian Bank (NEAB), based on the abundant foreign exchange reserves of NEA countries.
- ◆ Prof. Ma points out Tianjin's initiative to invite the NEAB to establish its headquarters in Tianjin.
- ◆ Now we need to find out how NEA countries could agree on the headquarters of the NEADB in Tianjin.



The Northeast Asian Political Situation (I)

1. The main reasons for delaying the establishment of the NEADB have been political barriers among NEA countries.
2. There have been territorial and history disputes among Russia-Japan, SK-Japan, and China-Japan.
3. However, with the development of six party talk, the nuclear issue of NK has been solved step by step.



The Northeast Asian Political Situation (II)

4. President Roh Mu-Hyun visited North Korea and agreed many projects to invest North Korea with Kim Jong-Il.
5. In Japan, recently Hukuda regime appeared. He seems to facilitate the normalization of relationship between Japan and North Korea.
6. Now there are little room to overcome political barriers.



Japan

1. Japan can aid NK via the NEAB when Japan eventually agrees to diplomatic normalization with NK in the future.
2. NK will prefer to use NEAB rather than Japanese banks or US banks, because NK can get the security of financial transaction.



China

1. China is hosting the Olympic Games in 2008. The building of the NEAB can be a good chance to show its initiative leading one of world's financial institution.
2. The establishment of NEAB can be one of the top policy priorities for the Chinese central government policies.



South Korea

1. On Oct. 2-4, 2007 there was a summit meeting in Pyongyang between South Korean President Roh Moo-hyun and North Korea's Kim Jong-il.
2. In the joint statement President Roh agreed to provide a huge economic support for NK.
3. Korean Development Bank has assessed the cost of three main proposed projects - expanding the Gaeseong Industrial Zone, establishing a new zone in Haeju, and providing infrastructure improvement to roads and railways in the North - alone as costing over \$50 billion (47.7 trillion won) in public and private funds.



South Korea

4. The NEAB can take over the burden of the shortage of finance to rebuild the infrastructure of North Korea.
5. SK can drive raising international private and public funds through the NEAB.
6. In conclusion, if NEAB will be a secure source for funding NK, SK will support to build the NEAB.



Conclusion (I)

- ◆ The most important point is the urgency of NEAB. When we consider the period of stabilizing a newly established bank, it will take couple of years to invest in three northern provinces in China and NK.
- ◆ Another important point is NEAB'S OPENNESS FOR EVERY COUNTRY. Although NEA countries will be the main pillars of the NEADB, membership should be open to the world in order to attract further support.



Conclusion (II)

- ◆ However, in the initial establishment all countries such as China, Japan and South Korea, Russia, North Korea and Mongolia in the NEA region and the US, Canada, Australia, New Zealand, and the EU don't need to be included as participating countries.
- ◆ If some countries agree to build the NEAB, they can start NEAB with relatively small size.



◆ Thank you for your attention!!