

Roundtable on Financing for Regional Economic Integration for Northeast Asia & The Sixth Ad Hoc Committee Meeting for Establishing the Northeast Asia Bank for Cooperation and Development

Summary and Conclusion

February 26, 2010

The Roundtable on Financing for Regional Economic Integration for Northeast Asia and the Sixth Ad Hoc Committee Meeting for Establishing the Northeast Asia Bank for Cooperation and Development was held on the 25th and 26st of February 2010 in Honolulu, Hawaii, USA to continue to take concrete steps on the roadmap of the process of obtaining support from governments in establishing a Northeast Asia Bank for Cooperation and Development (NEABCD).

NEABCD is envisioned as the mechanism to attract capital for large-scale, cross-border projects, further the economic and regional integration of Northeast Asian nations and promote economic development in a socially and environmentally responsible manner. This Roundtable was a crucial meeting that continued the process of implementing the tasks and general agenda set by the NEAEF at the Board Meeting of the NEAEF's Research Center for Financial Cooperation in Northeast Asia in Tianjin that resulted in the Nankai Consensus (November 2009). Specifically, the current Roundtable developed a strategy to move forward a fast-track proposal to form the Northeast Asia Bank for Cooperation and Development with inter-governmental support.

The major outcome of the meeting was a basic unified strategy on how to establish high-level discussion and support of the proposal on an international government level. The desired outcome is that the respective governments explore¹ the NEAEF proposal to establish a Northeast Asia Bank for Cooperation and Development. The strategy would be implemented by preparing a succinct briefing document that summarizes the common distilled essence of agreement. The essence of the proposal is an agreement among experts from Japan, China and Korea, during previous NEAEF workshops and meetings, on the basic concept of establishing the NEABCD. This briefing document would include a clear justification for establishing such a bank. Further, the briefing document would explicitly explain why the NEABCD would not be a copy of existing regional development banks, like the Asian Development Bank. The briefing document would also elucidate that there is a genuine need and opportunity for such a new financial institution in the post-crisis environment.

The distilled essence briefing document will be completed by April 10, 2010 in order for the possibility of having it discussed at the China, Japan, Korea Summit to be held in June 2010, and

¹ "Explore" in English will be translated as "yanjiu" in Chinese, "kento" in Japanese, and "komto" in Korean.

to have further government discussion at the G-20 meeting. All participants agreed that there should be a regular and frequent communication, by email and telephone, before the deadline.

The distilled essence briefing document would be clearly labeled as the work of the NEAEF in order to clearly demonstrate the long-term efforts of specialists from Japan, Korea, China, as well as other countries, and not the proposal of any specific nation within the Northeast Asia region. Further, this document will avoid explicit or specific proposals on topics that could potentially create prejudice against the proposal. The groups developing the individual country documents pledge to consider the principles within the common distilled essence of agreement as unchangeable.

Analogously, part of the overall strategy will require that a specific set of documents be developed for separate countries to promote discussion and secure support of the proposals by the individual countries. The set of documents would be tailored to create a likelihood of greatest success within the cultural and political realities of the individual countries. Representatives from Japan, Korea and China presented various domestic strategies that might be used to gain recognition and support for having the national governments consider exploring the possibility of creating the Northeast Asian Bank for Cooperation and Development.

The initial environment of the meeting was set by a review of the perspectives within Japan, China and Korea. The substance of the Roundtable's Roadmap Agenda was set by the Stanley Katz's Memorandum which provided the NEAEF with a check list of Major Organizational and Operational Issues and the concept of creating Briefing Papers as a way of attaining a fast-track approach to approval. The Roadmap Agenda was adopted through the Nankai Consensus and parties agreed to proceed with developing research plans. The China Research Group presented draft research plans and the Korean Research Group created a *List of Key Points to be Included in the Proposed Briefing Papers*, both documents within the Guidelines of the NEAEF Research Center for Financial Cooperation for Northeast Asia (Tianjin, November 2009). The Chinese Research Group consisted of experts from Nankai University, China Development Bank, Export-Import Bank of China and other Chinese institutions. The Korean Research Group consisted of the research staff of the Export-Import Bank of Korea and other Korean institutions. These two documents were a major focus of the meeting's discussion and led to considerable consideration, including one panel exclusively devoted to these documents. The Japanese Research Group consisting of JBIC and Akita International University provided technical presentation, as well as extensive commentary. The participants found interesting and relevant the case study of the Alaska industrial development financing and specific examples of successful and failed infrastructure financing that was provided by US experts. Significant commentary about Russia and Mongolia's relevance to the NEABCD was made throughout the meeting.

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