

Northeast Asian Development Finance Cooperation: The Construction of a Development Finance Support Network

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Summary

1) With the financial crisis originating in the United States, the shape of Northeast Asian development finance cooperation is being rethought. The track-one Japan-China-ROK Trilateral Summit was held in December 2008, and a new framework is being sought.

2) In October 2008, amid the global financial crisis, the international NGO track-two (17th) Northeast Asia Economic Forum was held in Tianjin. The concept of a Northeast Asian development bank, as a means of development finance cooperation, was raised there. Specifically, a subregional development bank was proposed, the "Northeast Asian Bank for Cooperation and Development", to have a complementary relationship with the Asian Development Bank, and the "Research Center for Financial Cooperation in Northeast Asia" was inaugurated, to make a reality a "development bank" to function as a Northeast Asian regional financial institution.

3) Looking back at the development of the bank concept, and reviewing the major proposals, the directions for Northeast Asian development finance cooperation are being surveyed.

4) Proposal: The financial cooperation necessary for Northeast Asia is the "construction of a development finance support network". Without financial resources no vision or project of any kind can be attained. Without a development vision investment will be deterred, and the obligation to demonstrate in concrete form that investment into Northeast Asia possesses the potential to bring great profit lies with both the development vision formulation agencies and the development finance cooperation agencies. Regarding the reasons that direct investment can't move into the regions which can be developed in Northeast Asia, one is that a "grand design" has not existed to demonstrate, in obvious form, the strategy for the construction of the Northeast Asian economic subregion; another reason is that a comprehensive framework has also not existed in Northeast Asia for the creation of funds to deliver an upgrading of infrastructure, the greatest problem in advancing Northeast Asian economic cooperation. There are also many problems which must be solved for the realization of the development finance schemes in order to plan the overall optimization of the development of Northeast Asia. In particular, the existence of the problem of the DPRK, as can be seen in the Tumen River Area Development Programme, has posed a "political difficulty" to the creation of Northeast Asian development finance schemes. Here I propose the strategic construction of a development finance support network as a development funding cooperation body fused with a development vision.