

The Experts Working Group on the Northeast Asian Development Bank

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The objectives of the March 2002 Experts Working Group Meeting in Anchorage were as follows:

- to move forward with the study on the need for financing infrastructure development in Northeast Asia
- to present the Northeast Asian Development Bank (NEADB) in the context of this need
- to clarify the NEADB concept and its feasibility by responding to objections and alternative proposals
- to seek further feedback and suggestions from experts on technical issues and on strategy development, in preparation for proactive efforts to publicize the NEADB proposal and integrate it into bilateral and multilateral initiatives.

Two background papers were distributed to the working group for review and comment: a paper by Stanley Katz, former Senior Vice President of the Asian Development Bank (ADB), outlining and responding to three common objections to the NEADB proposal, and a paper by Jai Woong Lee, presenting changes in the international environment and their impact on the prospects for financing infrastructure in Northeast Asia.

Comments by Kazuhisa Marukawa, Senior Executive Director of the Japan Bank for International Cooperation (JBIC), and Hisao Kanamori, of the Kanamori Committee of Japan, were also distributed at the meeting. Representatives from China, Mongolia, and the European Union contributed further perspectives and proposals for future work and initiatives.

During the past decade, the NEAEF has discussed the proposed establishment of the NEADB as a new, sub-regional development bank to help fill the region's long-term infrastructure financing needs and thereby to accelerate the region's economic development and integration. This idea was first discussed by Ma Hong, former President of the Chinese Academy of Social Sciences and now President of the State Council of China's Development Research Center, and independently introduced into the 1991 NEAEF Meeting in Tianjin, China, by Duck-Woo Nam, former Prime Minister of South Korea.

Since then, the Forum has moved forward with studies for developing and elaborating the concept of the NEADB. In 1991, Lee-Jay Cho, Chairman of the NEAEF, commissioned a research team headed by Burnham Campbell, a professor of the University of Hawaii and former Chief Economist at the ADB, to prepare a feasibility study of the proposal. Stanley Katz, former Senior Vice President of the ADB, further elaborated the NEADB concept in a series of papers presented at the NEAEF's annual meetings as well as other meetings since 1994.

At the 1999 NEAEF meeting in Tianjin, China, a statement was issued calling for the creation of an NEADB Ad Hoc Committee (headed by Stanley Katz) to take steps toward establishing the new Bank, particularly expediting outreach to policymakers in governments and international organizations to obtain their support.

The First Ad Hoc Committee Meeting was held in Tianjin, China, 11–13 May 2000. Finance experts and officials from China, Japan, South Korea, and the United States attended this meeting in their personal capacity. The general consensus among these finance and development experts was that the establishment of a NEADB is both desirable and feasible. The 2000 Tianjin Ad Hoc Committee Meeting concluded that by acting as an impartial multilateral mechanism for transferring capital from developed country capital markets to the Northeast Asian region, and by helping to disseminate technology, information, and education, the Bank would contribute importantly to economic development, which would in turn strengthen interdependence and contribute to regional peace and stability.

Following the suggestions of the First Ad Hoc Committee Meeting in Tianjin, The Osaka Roundtable Meeting on the establishment of the NEADB was held in Japan on 4 June 2001. The Osaka meeting was designed for the purpose of soliciting high-level officials' informal views and guidance with respect to the proposed new Bank. The meeting called for a post-Asian financial crisis reassessment of capital demand for NEA development; for further efforts to secure support from the European Union; and for cooperation and joint research with regional policy institutes on the NEADB and infrastructure financing for Northeast Asia.