

**Drawing a Grand Design for Northeast Asia
on the White Canvas of the Twenty-First Century:
The Establishment of the NEADB and Japan's Contribution**

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Northeast Asia is an area rich in diversity, where both the potentials for development and those for disputes are hidden. The potentials for development include the possibility of building an economic bloc comparable to the EU or NAFTA—described as a spontaneous economic sphere or natural economic territory. This is the result of multilateral cooperation mechanisms, including mutually compatible and beneficial funding, technical capability, labor, and natural resources. The potentials for dispute are based on uncertainty as, to a certain extent, we see the continuation of a cold war environment in Northeast Asia. Northeast Asia's diversity refers to the various levels of economic development among, for example, Japan, South Korea, North Korea, and Mongolia, the differences between liberalism and communism, and between market-oriented economies and controlled economies, and differences in race, culture, and historical perspectives.

It is desirable to create a plan or grand design that includes the potential for development in this complicated region. The purpose of the grand design in Northeast Asia is to reduce the role of military security and form a framework based on economic cooperation.

Is there a way to create a cooperative security mechanism centered on economic cooperation and social coexistence, rather than on collective security that relies heavily on military involvement (particularly on the Korean peninsula)? What solutions are there to the issues of the twenty-first century, i.e., terrorism, anti-globalism, widening economic gaps, fragile financial systems, and the global environment? Multilateral cooperation is increasingly becoming the desired strategy for addressing these issues.

THE UNITED STATES AND NORTHEAST ASIAN COUNTRIES

The United States has determined that Iraq, Iran, and North Korea represent an “axis of evil.” However, at the same time, the US has stated its support for South

Korea's "Sunshine Policy." Although this may be highly controversial and appear contradictory, it seems to be part of a US policy toward North Korea that adopts a "carrot-and-stick" approach. The US emphasizes bilateral relationships, between Japan and the US, and between Japan and South Korea, and views multilateral cooperation as having a complementary role. The US also considers the Korean peninsula a highly volatile area, equating it with the Middle East, and pointing to it as a justification for a US missile defense initiative.

One of the main pillars of Russia's foreign policy toward East Asia is to focus on its economic relationship with Asia and the Pacific, especially its bilateral relationships with China, Japan, and South Korea. At the same time Russia promotes multilateral cooperation mechanisms such as APEC. Within Russia, the Russian Far East has attempted to increase its external economic exchanges, and its economic presence in Northeast Asian countries and the US.

China is positively promoting multilateral cooperation as illustrated by its membership in APEC, ASEAN+3, and the WTO. The city of Tianjin has been very active in holding conferences, such as the Northeast Asia Economic Forum, to promote multilateral cooperation, and it has expressed an interest in becoming the home of the proposed Northeast Asian Development Bank's headquarters.

South Korea has indicated its intention to create a framework for multilateral cooperation in Northeast Asia, and both its ruling and opposition parties have shown a cooperative attitude toward the idea of a Northeast Asian Development Bank. Since a large amount of funds will be necessary to stabilize the Korean peninsula, Northeast Asian countries can lead the fund-raising through a new multilateral development bank, in which Europe and the US could also be involved.

From a security viewpoint, Mongolia emphasizes its relationship with neighboring China and Russia, but it also emphasizes its relationships with Japan, the US, Germany, and other countries. Mongolia is actively participating in multilateral organizations in Asia such as APEC and the ARF, and it is promoting stability in Northeast Asia and regional multilateral cooperation. Mongolia is positively promoting the development of the Tumen River area (led by the UNDP) in an effort to secure outlet to the rest of Asia and to the Pacific and to fulfill its role in multilateral cooperation.

Japan is passive in the development of Northeast Asia because diplomatic relations with North Korea have not yet been normalized. Japan's position has been to remain an observer, although it has been officially invited to join the Tumen River Area Development Programme. Even though Japan is active in multilateral cooperation mechanisms such as APEC, it has remained cautious

toward regional issues in Northeast Asia. Japan's involvement in Northeast Asia can be described as cooperative, as illustrated by Japanese, US, and South Korean cooperation to realize South Korea's Sunshine Policy, and in its participation in ASEAN+3.

A common aspect of the policies of the Northeast Asian countries and the US is the promotion of multilateral cooperation, even if the priority accorded to it varies among the countries.

NORTHEAST ASIAN SECURITY MAP

Given the pattern of progression in traditional security views, a balance-of-power type of security may evolve into "collective security." Collective security is said to maintain peace through military cooperation and assurances, as illustrated by NATO. Another pattern is a change toward "cooperative security," which emphasizes regional development by building an economic bloc such as the EU.

Japan's security is protected under the Japan-US security treaty. Many view this as the cornerstone for maintaining peace in the region. However, in view of a "Japan in Asia," it may be inevitable that Japan creates adequate security mechanisms through multilateral cooperation with Northeast Asian countries. The US is promoting its missile defense initiative as a provider of regional security. However, many countries are suspicious about a missile defense initiative that could lead to new military expansion. Although Japan has expressed doubts over a missile defense initiative, it supports this idea because of the Japan-US alliance. Pursuing peace through a missile defense will lead to "collective security."

The missile defense initiative requires a huge amount of money. A possible alternative would be to develop "infrastructure beyond borders" as international public goods in Northeast Asia, including North Korea, and to create trust in the region in order to reduce the necessity of missile defense. Japan's Official Development Assistance (ODA) and its economic assistance are vital to infrastructure development in China, Mongolia, North Korea, and the Russian Far East. In addition to the countries in Northeast Asia that need economic assistance, South Korea has also taken the position of opposing, in principle, the missile defense initiative. Therefore, economic assistance through ODA could be positioned as an alternative to the missile defense initiative. By creating multilateral infrastructure and international public goods through ODA, "cooperative security," with economic cooperation as its basis, can be promoted in this area.

Therefore, an ideal decision for Japan would be to promote multilateral cooperation aimed at the economic development of Northeast Asia in

collaboration with the US. “Cooperative security” can be pursued through “strategic ODA.” Japan must consider the mutual advantages for both the US and Northeast Asian countries, and adopt a foreign policy and an ODA policy that is valued by the US and Northeast Asia alike.

CONFIDENCE-BUILDING MEASURES IN NORTHEAST ASIA

It is important for Japan’s stability and development to use ODA in a strategic and effective manner, because of Japan’s renunciation of war under Article 9 of the Constitution. The reason for maintaining 100,000 US soldiers in East Asia is supposed to be the possibility of conflicts occurring in the Persian Gulf and the Korean peninsula at the same time.

Boutros Boutros Ghali, the former Secretary General of the United Nations, announced “An Agenda for Peace” in the early 1990s. “An Agenda for Peace” includes four categories: preventive diplomacy, peace creation, peacekeeping, and peace construction. This agenda is reflected, for example, in the reconstruction of Afghanistan and in confidence-building as a part of preventive diplomacy in the Korean peninsula. These strategies are seen as important to creating and maintaining peace.

Since Northeast Asia has a high potential for disputes, promoting preventive diplomacy in this area is a worthwhile endeavor. The Japanese government is also promoting “human security,” a concept that embraces a wider and more comprehensive view of security. Creating an economic sphere based on the development of human exchange and capacity as well as interdependence will help prevent disputes. Trust created in the region will promote infrastructure development and international public goods “beyond borders,” and an ODA suitable to this, in addition to the more traditional bilateral ODA.

AN ORGANIZATION FOR ASIAN ECONOMIC AND SOCIAL DEVELOPMENT

Based on the concept elaborated by Stanley Katz, the funding necessary to build basic infrastructure in the developing areas of Northeast Asia (the three provinces of Northeastern China, North Korea, the Russian Far East, and Mongolia) is estimated to range from \$7.5 billion to \$10 billion annually. This is the minimum necessary to develop transportation, energy, industry, communications, environmental, and intellectual infrastructure. The total amount of financing expected from existing development banks (the Asian Development Bank, the World Bank, and the European Bank for Reconstruction and Development) is approximately \$1.5 billion. The Japan Bank for International Cooperation is also

significant in terms of bilateral assistance. Private investment will accelerate with infrastructure development. The total bilateral assistance and private investment is estimated to be approximately \$1 billion, although \$2.5 billion in development funds could be spent through existing development banks.

Considering both the possibility that China might become an important donor country, owing to its rapid development, and the changes in the environment surrounding the Korean peninsula, it is desirable to establish an Organization for Asian Economic and Social Development, an international organization that deals with Northeast Asian issues in the twenty-first century.

Although the US government has stated that its foreign policy toward East Asia has not changed as a result of the September 11 terrorist acts, its East Asian strategy could indeed change significantly. The importance not only of military security but also of comprehensive security, including the economy, society, energy, etc., is being reexamined in the light of twenty-first-century threats and problems that cannot be solved by the US alone. In addition, China is positioned as a strategic competitor—with the largest population in the world—rapidly acquiring economic and military capability. In general, the US policy toward East Asia is supposed to consist of three pillars: the Japan-US alliance as the most important element, reinforcement of the US-China relationship, considering the Asian market, and the creation of a multilateral cooperation mechanism in East Asia.

Three major issues need to be handled in Northeast Asia, centered on the Japan-China-Korea triangle. The first is to build infrastructure to improve the developing areas of Northeast Asia (Northeast China, North Korea, Mongolia, and the Russian Far East) where negative effects of the cold war remain. The second is to create a financial system that takes into account the lessons of the 1997 East Asian currency crisis. The third is to strengthen economic and social functions in order to promote stability on the Korean peninsula.

One idea is to establish a new international organization to handle these three issues: an Organization for Asian Economic and Social Development, led by Japan, China, and South Korea. By equally sharing these responsibilities and utilizing the advantages of each country, Japan, China, and South Korea could together serve three functions: develop Northeast Asian infrastructure in China, act as a financial mechanism in Japan, and promote stability on the Korean peninsula through economic and social development. Without going against market economics and globalization, a control tower can be established to guide the creation of an economic sphere based on Asian values and cooperation among Japan, China, and South Korea—under the “Organization for Asian

Economic and Social Development.” Now is the best time to draw a blueprint for cooperative security, focusing on multilateral and economic cooperation in East Asia. Most important, is the creation of a “symbiotic community” that is able to deal with the challenges of the twenty-first century.