

Conference Report: “Economic Integration of the Korean peninsula and Northeast Asian Economic Cooperation”

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The discussion panel “Economic Integration of the Korean peninsula and Northeast Asian Economic Cooperation” took place on Wednesday, November the 5th, 2014 in Seoul, Korea. It was organized by the Korea Institute of International Economic Policy with the purpose to feature distinguished leaders from academe to elaborate the topic. The Korea Institute of International Economic Policy (KIEP) was founded in 1990 as a government-funded economic research institute. The debate was moderated by Hyung-Gon Jeong, the Vice-President of the KIEP.

In his opening address Mr. Il Houngh Lee, the President of the KIEP, welcomed the audience and stressed the role of the neighboring countries for the Korean reunification referring to the Northeast Asia strategy of President Park Geunhye.

In the following congratulatory remarks, Chongwook Chung, the Vice Chairman of the Presidential Committee for Unification Preparation, pointed out the measures already taken by the Korean government to prepare the case of unification. He also noted that there is a pressing demand on concrete preparations for reunification in the fields of economics and politics. Myongchul Cho, Member of the National Assembly of the Saenuri Party, emphasized that the Korean Unification involves the international community and that South Korea relies on foreign expertise and support during the process of reunification. Ikpyo Hong, Member of Parliament (NPAD), stressed the problematic issues of unification in the sectors of finance and economic growth. In reference to the first World War in Europe, Mr. Hong pointed out, that diplomatic misunderstandings can spark major conflicts. Therefore, a North East Asian security mechanism is needed to prevent future conflicts and to facilitate the Korean Unification.

The presentation round was started by Hyung-Gon Jeong, Professor of the Seoul University. His speech was labeled as “Review of Studies on the Effects of Economic Integration.” Prof. Jeong explained the estimations methods for the costs and benefits of unification pointing out the strength and weaknesses of each method. The presentation did not only cover the effects of the unification on Korea itself, but also its implications for other countries such as Japan and Russia.

Prof. Hankoung Sung followed with a speech about the Effects of Economic Integration between South and North Korea. According to his words the Korean Unification would have an immense impact on the work force as military tensions are disappearing. Mr. Sung also covered the issue of productivity which is believed to rise in North Korea after reunification. Comparing Germany to Korea, Prof. Sung pointed out that a massive labor migration will occur after a peaceful unification. Besides, unification would have positive effects on the development of interest rates, on the improvement of resource supply and on military expenses.

The next presentation dealt about the “Gradual Economic Integration between South and North Korea and Economic Cooperation in North East Asia” and was held by Moonsung Jang, Vice President of the KU GSIS. Prof. Jang emphasized on the economic gap between the South and the North and the need for a plan to integrate North Korean within a unified economy. He pointed out that a unification scenario is facilitated by an economic transformation of North Korea to a market-oriented system. Referring to the German reunification Pr. Jang warned that a sudden unification would have also negative implications and increase the costs of unification.

The final presentation was held by Prof. Chae-Sung Chun (Seoul National University) and named “Analysis on Diplomatic and Security Benefits of Unification and Strategies for Unification”. Prof. Chun introduced his speech analyzing the balance of power in Northeast Asia and the rise of China. According to his speech, various scenarios suggest a competition between the US and in Northeast Asia. Therefore, the Korean Unification might drastically change the Northeast Asian order. However, the Korean Unification opens also the window of US-China cooperation as both countries are interested in the denuclearization of North Korea. As a result, Prof. Chun underscored the meaning of the establishment of a multilateral security framework in Northeast Asia.

The panel discussion concluded with a debate about the presented topics. The questions tackled the concrete yields of the Northeast Asia Initiative and the role of China for the Korean Unification. The presenters pointed out the improving relations between China and South Korea and the downturn of the DPRK-China relations, what might change the strategic environment in the long time. The final speech was held by Prof. Hyung-Gon Jung, who thanked the presenters and participants.

Summarizing the discussion panel about “Economic Integration of the Korean peninsula and Northeast Asian Economic Cooperation”, the conference clarified the importance of the regional framework in order to achieve the goal of the Korean Unification. The economic and political integration of Northeast Asia remains as centerpiece of the unification efforts.