



Lessons and Reflections on Regionalisation *An Asian Perspective*

*Presentation by Rodolfo C. Severino,
Visiting Senior Research Fellow Institute of Southeast Asian Studies
Singapore*

Asia-Europe Foundation Lecture Tour

Brussels | Berlin | London | Dublin | Paris | Warsaw | The Hague

Singapore | Jakarta | Manila | Beijing | Tokyo

East Asia: Growing Regionalisation

- Phenomenon of our times
- Defining development of late 20th century
- Discerning shape and tracing evolution
- Reference to Europe
- East Asia = Northeast + Southeast Asia
- East Asia and Europe:
 - Similar imperatives
 - Different processes

2 forces driving regionalisation

- Market:
 - Appreciation of yen (Plaza Accord)
 - Opening of China

East Asia intra-regional trade

- 1995-2004 – 52-55 percent
- More recently, 57-58 percent
- Well above NAFTA
- Close to EU

Japan's leading trade partners, Jan.-Oct. 2006, % share

<u>Country/Region</u>	<u>Exports</u>	<u>Imports</u>	<u>Totals</u>
USA	22.6	11.9	17.3
China	14.2	20.2	17.2
ASEAN	11.9	13.8	12.9
EU-25	14.4	10.3	12.4

East Asia	45.7	41.1	43.4

Source: Japan External Trade Organization



China's leading trade partners, 2005 in US\$ million

<u>Partner</u>	<u>Exports</u>	<u>Imports</u>	<u>Totals</u>
USA	163,348	48,995	212,343
Japan	84,097	100,468	184,565
Hong Kong	124,505	12,232	136,737
S. Korea	35,117	76,874	111,991
Germany	32,537	30,668	63,205
Malaysia	-----	20,108	-----
Netherlands	25,876	-----	-----

Source: Asian Development Bank

ROK's leading trade partners, 2005 in US\$ million

<u>Partner</u>	<u>Exports</u>	<u>Imports</u>	<u>Totals</u>
China	69,885	38,629	108,514
Japan	22,181	51,346	73,527
USA	41,384	30,437	71,821
Saudi Arabia	-----	14,819	-----
Hong Kong	12,066	-----	-----
Germany	9,781	9,615	19,396

Source: Asian Development Bank

ASEAN's top 10 trade partners, 2005

<u>Partner</u>	<u>Value in US\$ million</u>	<u>Percent share</u>
ASEAN	304,893.2	24.9
USA	153,918.2	12.6
Japan	153,834.3	12.6
EU-25	140,533.6	11.5
China	113,393.6	9.3
S. Korea	47,971.9	3.9
Australia	31,238.7	2.6
India	23,000.6	1.9
Taiwan	19,800.6	1.6
Hong Kong	19,458.9	1.6

Source: ASEAN Trade Database, ASEAN Secretariat



Other forces for regionalism

- Antagonisms, mutual suspicions, rivalries:
China-Japan, Japan-Korea
- Korean nuclear issue
- Taiwan
- China-US
- China-Japan, Japan-Korea territorial
disputes
- Need to contain and manage

Primal forces for regionalism

- Same for East Asia and Europe:
 - Avoid war
 - Economic benefits

Processes different

- East Asia:
 - Market compulsions
 - Implicit concern over potential for conflict
 - Almost unconscious
- Europe:
 - Formal treaties
 - Regional institutions
 - Region-wide law

History of European integration

- Coal and steel community with view to common foundations for economic development to federation of Europe
- European Atomic Energy Community
- Treaty of Rome
- Single European Act
- Maastricht Treaty
- Treaty of Amsterdam
- Treaty of Nice
- Treaty on European Constitution

Mahathir's vision

- Counterforce to EU, NAFTA
- ASEAN not responsive

ASEAN+3

- First summit meeting, 1997
- 1999 joint statement:
 - “lasting peace and stability in East Asia” through increased “mutual understanding and trust”
 - Improvement in people’s “quality of life” through cooperation

Networks and processes

- 16 areas of cooperation
- 48 mechanisms
- No formal, binding arrangements
- Nevertheless, momentum gathering

Benefits

- Framework for ASEAN+1
- East Asia emerging as regional entity
- Northeast Asia as source of support for ASEAN integration and community building
- ASEAN norms for inter-state relations adopted in all of East Asia
- Common positions on international issues
- Added forum for China, Japan, ROK talks

ASEAN's role

- ASEAN leads and manages process by diplomacy and default
- Needs to be more politically cohesive, economically integrated, intellectually active

ASEAN's role

- Achieved certain political solidarity:
 - Vietnam-Cambodia
 - Asylum-seekers
 - Norms for inter-state relations
 - Nuclear weapons-free zone
 - Mechanisms for engaging major powers

ASEAN's role

- Needed:
 - More forthright positions on international, regional developments;
 - Greater capacity to cooperate on transnational problems

ASEAN's role

- Foundations for economic integration laid:
 - AFTA
 - AICO
 - NTBs
 - Standards
 - Customs
 - Transport and communications
 - Services
- But slow implementation

ASEAN's role

- Needed: strengthened institutions:
 - Enforcement and compliance
 - Charter?

ASEAN+3

- Needed:
 - Sharper focus on concrete, practical measures
 - Strengthened mechanisms
 - Benchmarking and monitoring
 - Continued progress
 - EU lessons on economic integration, regional identity

East Asia not like EU

- Too diverse
- Strategic rivalries
- No common values of governance
- Divergent political systems
- Different economic or social structures
- Differences in relations between states and citizens

The road ahead

- Nevertheless, ASEAN+3 must move forward on political understanding and economic integration
- Must expand common political ground
- Must consolidate, solidify, clarify terms of economic integration
- To be constructive and benign force in world affairs