

The Path to the East Asian Community--Transcending Diversity and Heterogeneity

East Asian Community Building: View from a Chinese Scholar

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Introduction

East Asian Community (EAC) has become a recognized concept by people in the East Asian region though it is still vague on its nature, structure and future. This concept was firstly recommended by East Asian Vision Group (EAVG) in its report “Toward East Asian Community-Region of Peace, Prosperity and Progress” to “10+3” leaders in 2001 by calling “East Asia moving from a region of nations to a bona fide regional community with shared challenges, common aspirations, and a parallel destiny”.¹ This recommendation has been accepted by leaders of 10+3 countries in general by confirming “an East Asian community as a long-term objective that would contribute to the maintenance of regional and global peace, security, progress and prosperity”²

Since then, EAC has been widely discussed among experts, scholars and officials. There are three major concerns: The first concern is the nature of the community. Europe has developed a unique model for community building. East Asia is different from Europe and has to define its own model. The second concern is the approach toward the community. Current East Asian regional foundation has been built up by market economic integration. But EAC needs strong political will and cooperation. The third concern is the roadmap to the community. With multi-layered structure of the regional cooperation, it is important how to converge different efforts into an integrated roadmap. There are also the other relating issues, like the leadership and membership etc. With the new development of East Asian Summit (EAS), the views on EAC seem to be more divided.

Emerging Regionalism

The foundation of East Asian regionalism has been built up mainly by the regional economic integration. Currently, the economic integration in East Asia has been deepened by a newly developed production network. This changes the old “flying geese model” which built up a “vertical” chain among the economies in the region. The network based on exchange of trade, capital and technology has profound impact to East Asian economic development since it has created a kind of “parallel developments” for the economies in the region.

¹ East Asian Vision report: “Toward East Asian Community-Region of Peace, Prosperity and Progress”,2001.

² Chairman’s Statement of the Ninth ASEAN Plus Three Summit Kuala Lumpur, 12 December 2005.

Economic integration in East Asia has been driven by three major forces:

◆Capital flow from more developed economies to less developed economies—firstly from Japan, then from “four dragons”. Now, capital flows are more intersected among the economies, including those from developing economies to developed economies, which have facilitated the capital and technology transfer and developed a vertical economic growth chain in East Asia.

◆FDI friendly policy and open market strategy, i.e. liberalization of the markets, adopted by East Asian economies that have reduced the transaction cost significantly and made the market based economic integration easily.

◆China’s economic rise, due to its great size and huge market potential, has become a new factor for the regional economic growth and restructured the pattern of the regional economic integration. China becomes a hub, both as a market for the capital inflow and a market for imports of the goods and services. Based on the restructuring, a new regional production and service network have been gradually established.

Economic integration has created more and more shared interests, which has helped to develop a regional spirit and conscious. As early as in 1990, Dr. Mahathir Mohamad, then Prime Minister of Malaysia called on an “East Asian Economic Group”, which later was changed as “East Asian Economic Caucus” (EAEC). However, the spirit of East Asian regionalism was only realized after the Asian financial crisis happened in 1997 under an “ASEAN +3” framework that has gradually nurtured more and more regional functions for cooperation, including leaders’ annual meeting, ministers’ meetings, SOM meetings, “Chiang Mai Initiative” for monetary and financial cooperation, Great Meikong sub-regional cooperation project (GMS), etc.

However, “ASEAN + 3” (or “10 + 3”) framework is not just an economic cooperation process. It also has the political significance, i.e. helping to improve the relations among the countries in the region. “10+3” serves as a unique regional platform for all members to engage and cooperate through dialogue and joint activities. Based on such progress, a new concept, i.e. East Asia Community (EAC) has emerged and seems to be accepted by all sides. EAC is both considered as a long-term goal and a gradual process for cultivating the partnership among all parties in the region.

East Asian Way

The current East Asian regionalism has shown its new characteristic feature that is more economic-centered, equally participated and consensus built.³ Different from EU model, it may develop a kind of “East Asian way” that has witnessed the following identical characters:

Firstly, the institutional building will not intend to develop a regional organization with super-regional power. The regional cooperation is more characterized by a kind of “functional institutional building.”⁴

³ Dr. Prapat Thepchatree called it equality, consensus and comfort level. Towards an East Asian Community, paper presented on NEAT II, 2004, Bangkok, p.5.

Gradualism and pragmatism are two important principles in the process of regional cooperation and integration. In this sense, EAC is for aims, rather than for a well defined goal.⁵

Secondly, ASEAN, based on its pioneer experience for regional cooperation, plays an key role in bringing East Asia as a region together and shaping the direction. ASEAN provides a unique way (the ASEAN way) to bring all countries gradually in Southeast Asian region together and to turn the region from a divided one into a united and integrated one. The valuable spirit of ASEAN is to realize the regional reconciliation through a gradual process based on functional cooperation. ASEAN becomes a pioneer in developing regionalism in East Asian region. ASEAN process is not just the economic cooperation and integration, but also the social and security community buildings. The ASEAN way may be the major approach in the development of EAC.

Thirdly, EAC will follow a kind of “new open regionalism”, i.e. while pushing forward intra-regional cooperation and integration, also encouraging individual members or the sub-group developing bilateral or sub-regional cooperation with outside members. It allows a multi-layered FTA process, while in the political and security, recognizing the existing bilateral alliance or other agreements.

EAC are based on muliti-mechanisms, for example, ASEAN 10, “10+1”, “10+3” and East Asian Summit together formulating the foundation. EAC will not intend to create an exclusive or inward looking regional identity.⁶

Fourthly, as the political motivation of East Asian cooperation is to improve regional relations and to create peace for the long-term stability and prosperity of the region, rather than urging for a super regional organization, the fundamental role of EAC is to nurture more and more shared principles and rules for the regional relations in a new international and regional setting.

Community Building

East Asian cooperation started from pragmatic need without a well-designed political goal, to some extent, even no consensus building. Economic cooperation and integration provides a fundamental stake for East Asian regionalism. But this does not mean it will naturally go to the community.

To make the EAC from concept to reality, it needs to overcome many difficulties. Great diversity within the region is a key factor that needs to be addressed. EAC has to respect the differences while seeking for

⁴ Simon Tay from Singapore suggested that the emerging East Asian sense of community be founded on a functional interdependence and institutional identity without exceptionalism. Reader, Singapore Institute of International Affairs, Vol.4, No.1, p.32

⁵ EAVG report well identified the aims of peace, prosperity and progress through gradual process..

⁶ Mark Hong argues that East Asian regionalism was driven by market forces and guided by the principles such as open regionalism, flexibility and liberalization. Mark Hong, ASEAN community building in the context of East Asian regionalism, Paper presented on NEAT II, p.11.

harmony, which means that it should not intend to set up some common values or principles that require all members to adopt.⁷

EAC building is a comprehensive process that includes the institutional building in the economic, political and social areas. For the economic area, the most important progress should be achieved in realizing East Asian FTA (EAFTA) and a regional financial architecture (further enhancement of Chiang Mai Initiative). EAFTA should be rule based and WTO consistent, i.e. high level harmonization of the regional market. But in the political (and also security) area, the regional institution should be more flexible whose major role will intend to help the members in the region for consolidation, reconciliation and cooperation, rather than super intervention. In the social area, EAC needs to develop mechanisms for people to people exchanges, which will help to reduce the gaps, grievance and to develop the shared community spirit and culture.

Although EAC will not seek a super regional authority, it needs regional supporting institutions. It is desirable to establish an integrated regional organization in the future, for example, the East Asian Organization (EAO), or East Asian Economic Organization (EAEO), moving from current “plus” dialogue structure to a high level regional institution. As a first step, it needs a well functional secretariat.

East Asian institutional building has to overcome the difficulty in balancing the regional institutions and sub-regional formalities. For example, ASEAN’s identity and role in East Asian institutional building must be respected, but ASEAN itself has to adjust to the new development in East Asia. As for East Asian political cooperation, it needs collective wisdom how to define and establish East Asian political cooperation mechanism and security institution without hurting the existing relations both within the region and with those outside the region.

The political significance of EAC is to realize the regional political reconciliation and peace making. Considering its great diversity, East Asia should find its own model for political unity, with the principle of respecting the differences in political systems, social structures and culture colors.

The process of East Asian cooperation and integration plays a dual role in the community building: reconciliation among the countries, and cultivation of the members. However, EAC building is facing many challenges. A key factor for the progress of EAC is China-Japan relations. Although it seems neither side will be accepted as the sole leader, their cooperation and joint efforts are crucial.⁸ EAC will not be built up if China and Japan fail to share common interest and to consolidate each other in the areas of EAFTA, the financial cooperation, the security strategy and the regional institutional building. The current “cooling atmosphere” in the political relations between China and Japan will contain the progress

⁷ Some argued that EAC should be based on the common values such as human rights and representative democracy. See Hitoshi Tanaka, The “10+3” and East Asian Summit: a two-tiered approach to community building, East Asia Insights, JECIE, No.1, 2006.

⁸ Simon Tay proposed that East Asian regionalism led by issues since he argued that the regional lacks a single leader who is acceptable and able. Reader, P.39

of EAC. At the same time, EAC process should play a positive role in mitigating the differences and reducing the tensions in the region, like the division and confrontation on the Korean Peninsula, Taiwan Strait relations, territory and sea line disputes, and in helping to bring all members of the region into an integrated framework under the umbrella of EAC.

Role of EAFTA

Economic integration provides a solid foundation for EAC building. Thus, the region needs a high level economic integration. Among all economic integration mechanisms, EAFTA should be established in an early time. Currently, East Asia is witnessing the multi-layered efforts in building FTAs. It is necessary to make them consolidated and lead finally to EAFTA. One approach is to move further after current three “10+1” FTAs (ASEAN + China, ASEAN + Japan and ASEAN + Korea FTAs), since it is easier to negotiate a pan-regional FTA with the experiences of three “10+1” FTA agreements though an EAFTA will not just simply to put the three together. If it follows this approach, EAFTA negotiation may start from 2008 and finish by 2010.

EAFTA should start from “10+3” framework and then gradually expand to other members, including East Asian Summit member, rather than from “10+6” East Asian Summit framework. This requires political determination of the leaders of East Asian countries.

The success of developing EAFTA is essential. As mentioned above, it is desirable to design and initiate EAFTA in an early time.⁹ The significant role of EAFTA is to harmonize the East Asian market system through legal agreements according to the recognized international standards. China and Japan should work together in forging an EAFTA, rather than competing “for a leadership in East Asia”.¹⁰

EAC and East Asian Summit

EAVG in its report in 2001 *Towards East Asian Community* recommended to enhance the institutional cooperation of East Asia by “evolution of the annual summit meetings of ASEAN+3 into the East Asian Summit”.¹¹ But now the situation has been changed. East Asian Summit (EAS) that was held in 2005 was identified by leaders as a forum for strategic dialogue and cooperation parallel with ASEAN+3 framework. The development of EAS shows East Asian cooperation follows a principle of open regionalism. As commented by a European scholar, “the holding of the summit itself demonstrates not only the strengthening economic and political relations in East Asia now extended to include India, it also builds on a process of confidence building.”¹² However, EAS will not replace ASEAN+3 cooperation framework. As stated by the leaders in 2005, “ASEAN Plus Three process will continue to be the main vehicle in achieving that goal” (EAC).¹³ Actually, the two could find their complementary

⁹ Some Japanese experts recommended to launch EAFTA in 2005 and sign a treat for East Asian Economic Community. See Japan’s initiative for Economic Community in East Asia, JFIR report, June, 2003, p.9.

¹⁰ Sanae Suzuki, East Asian cooperation through conference diplomacy: institutional aspects of the ASEAN plus Three framework, IDE Working paper, 03/04-No.7,p.13.

¹¹ EAVG report: Towards an East Asian Community: Region of Peace, Prosperity and Progress, 2001, P.2.

¹² David Camreux, Towards an Asian Community: the East Asian Summit. P.3, www.ceri-sciences.po.org.

¹³ Kuala Lumpur Declaration on the ASEAN Plus Three Summit , 12 December 2005.

roles and functions. “The EAS inauguration has led to the development of a new framework for co-operation in the region by taking an open, inclusive approach. The EAS and ASEAN plus three are expected to complement each other”.¹⁴ Australia and New Zealand have close linkages with East Asia both in geographical and strategic terms. India is an emerging giant developing power with newly defined “look East strategy”, i.e. close linkage with East Asia. Thus, EAS provides a good platform for East Asian countries and other countries that have interest on East Asian cooperation process to conduct dialogue and cooperation.

The question is EAS members would like to see an integration of the two institutions. The participation of India in the EAS process “was simply reaffirming its historic birthright to be part of an Asian community”.¹⁵ But it seems that India wants to be a normal member of EAC and same as other members of EAS and is unhappy to be in a “ASEAN+3+3 framework”. India seems to be more interested on an Asian Economic Community, rather than EAC.¹⁶ The boundary of a community in large Asia seems more ambiguous. Considering that as a forum, EAS may be more flexible to receive the new members, like Russia, EAC may lose its momentum and direction if extending to all EAS members right now.

China’s Policy and Role

China accepted regionalism very late. Even with the East Asia Vision Group, the official policy still hesitates to use the community. But gradually, China accepts the concept of EAS. The following factors make China take positive policy to EAC building:

First, China has a vital economic stake in East Asia, with more than 60% of its foreign trade and capital inflow from the region. Based on a regional production network in East Asia, Chinese economy becomes an integrated part of the regional economy. A liberalized, secured and stable regional market is for China’s interest, which encourages China to adopt an active policy in participating and promoting RTAs, for example, a China-ASEAN FTA, a proposed Northeast Asian trilateral FTA and an EAFTA. China is also interested to participate and promote the regional monetary and financial cooperation, like Chiang Mai Initiative, regional capital market development though with caution for a high level institutional arrangement in this area at the early stage.

Second, East Asia is a region that has vital geographical significance for China. “Good neighbor policy has become a principle diplomacy for China in order that the relations with neighboring countries could

¹⁴ East Asian progress gains momentum, People’s Daily.

¹⁵ David Camreux, Towards an Asian Community: the East Asian Summit. P.4. But some sees it as “ the participation of India, Australia, and New Zealand was seen as ensuring that ASEAN remained at the center of any emerging East Asian community. India was also perceived as a balance to China. Indonesia, for example, sought to avoid aligning with China while retaining friendly ties to other powers such as the U.S., a classic “hedging” strategy”. This observation takes East Asian cooperation process as a power struggle, rather than the consolidation of the interests of all partners. Barry Deske, Why the East Asian Summit matters, Pacific Forum, CSIS, 2005.12,19.

¹⁶ The East Asia Summit: More Discord than Accord, Yale Global Online, P.1.

be improved and strengthened, which helps to create a long term peaceful environment for China's development and modernization. East Asian cooperation that brings countries in the region together and move to a community will best serve China's interest both in the economic and political terms.

Third, although regionalism in East Asia does not intend to create an exclusive bloc against any power, for example, the United States, it may help to create a more balanced structure of the regional and global relations. East Asian voice may be better addressed if the East Asian identity, for example, EAC, will be realized.

Suspensions are prevailing on China's intention to promote East Asian cooperation. However, China does not attempt to create a power influence by promoting the regional cooperation in East Asia, no intension creating a regional bloc against any power. China does not want to compete with Japan on the leadership of East Asian cooperation.¹⁷ For example, in initiating China-ASEAN FTA, China simply to take an "easy first strategy" and geo-political and economic perspective, rather than excluding Japan from ASEAN. Later development shows that China-ASEAN FTA initiative plays an important role in facilitating both Japan and Korea taking a more active policy on FTA with ASEAN. China respects ASEAN's continuous leading role in all East Asian cooperation processes, EAC, EAS and others.

China well understands that there are great difficulties ahead for EAC building. The first difficulty is the gap of the regional members. It is crucial that EAC process will help to reduce this gap and let every partner beneficial. The second difficulty is the relations of the regional members, especially China-Japan and Korea-Japan political relations, as well as the relations with the US. The third difficulty is the consensus building on the modality, approach and steps of EAC. Thus, in realizing EAC, China favors a gradual and "easy first" approach.

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¹⁷ As stated by Wang Yi, then Vice Foreign Minister that China has no intension to compete for the leadership with Japan on East Asian cooperation, Speech on East Asian Community to the conference on East Asian Community, School of Foreign Affairs, 2004.4.21.