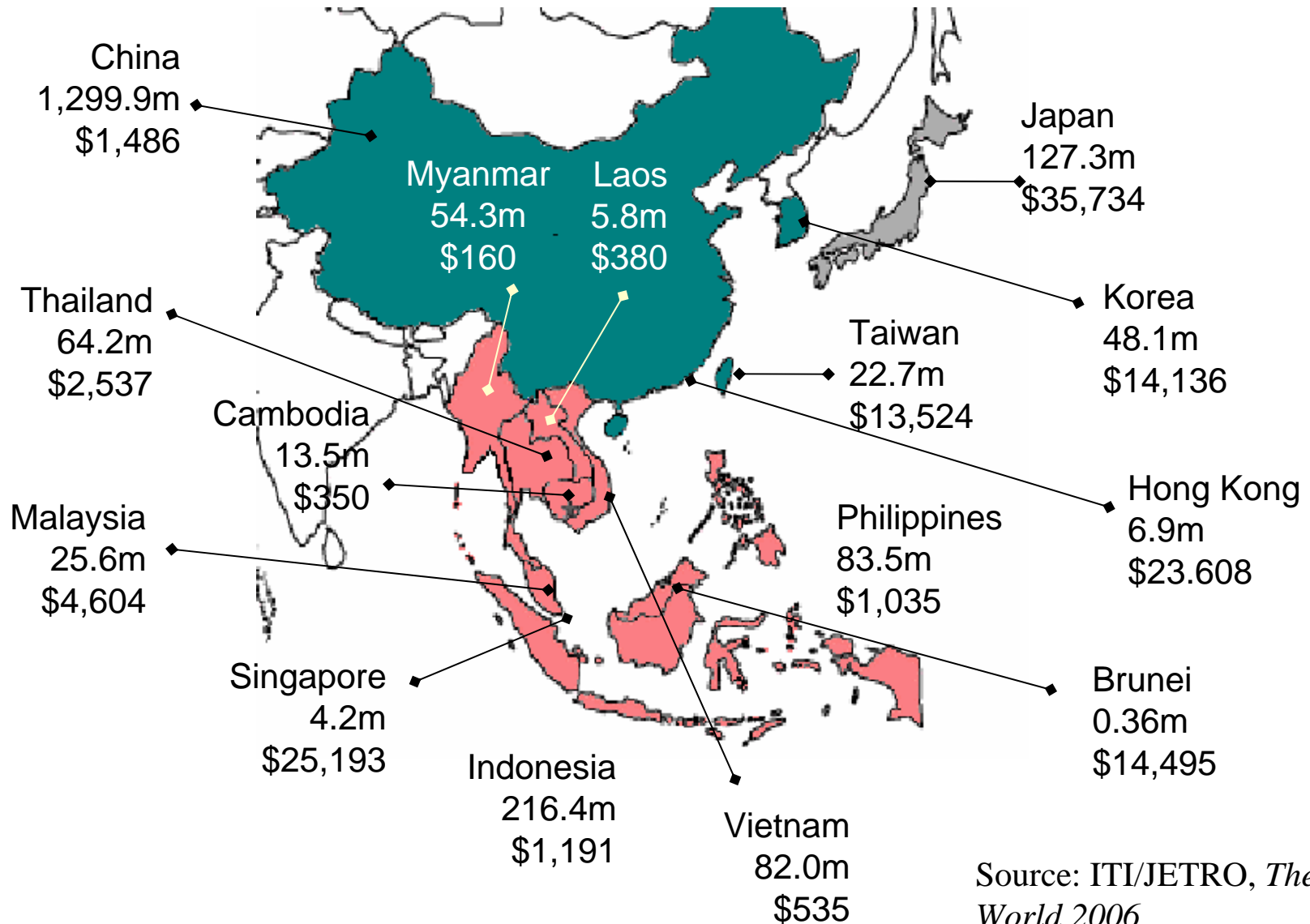


**REP Course on
East Asian Community Studies
2006W ~ 2007W
Summary Report**

**Building East Asian Community:
How Do We Converge Different
Expectations and Overcome
Various Impediments**

1 Map of East Asia

Population and GDP per capita (US\$) in 2005



Source: ITI/JETRO, *The 2 World 2006*

2. Evolution of East Asian Community: Overview

- **Dynamic sequence of industrial development**
 - **Japan's modern economic growth since 1885**
 - **Hong Kong, Taiwan, & Korea since the 1960s**
 - **Original ASEAN members since the 1970s**
 - **China switched to Open Economic policy in 1979**
 - **CLMV since the 1990s**
- **All achieved rapid growth in the 1990s: East Asian Miracle, Successful response to globalization**
- **Enhanced inter-dependence through trade and FDI (market-driven RI, cf. institutional RI)**
- **Met across currency crisis in 1997-98**

3 Emerging Momentum for Regional Integration in East Asia

- **Momentum emerged for regional integration in the recovery process**
- **Intra-regional trade and investment increased: market-driven integration.**
- **Proposals for bilateral FTAs, ASEAN+1, ASEAN+3 mushroomed**
- **East Asian regionalism accelerated in the past few years toward the first East Asian Summit in KL in December 2005**
- **Expanded ASEAN conferences in Cebu, Jan 2007**

4. 12th ASEAN Summit 13/1/2007, Cebu

- Deepen ASEAN integration to better foster the regional sustainable development, stability, security and prosperity**
- Cebu Declaration on the blueprint of ASEAN Charter**
- Protection and promotion of the rights of migrant workers**
- Accelerate the establish of ASEAN community by 2015**
- Progress in implementing ASEAN security community**
- Midterm review of ASEAN integration work plan for new members**
- Encouraged Myanmar toward national reconciliation and democracy**

5. 10th ASEAN+3 Summit 14/1/2007, Cebu

- Reaffirmed APT as the main vehicle to EAC, with ASEAN as driving force and +3 assisting**
- Will adopt 2nd Joint Statement on EA Cooperation at the 11th APT Summit in SG**
- Acknowledged APT cooperation in poverty alleviation, disaster management, infectious diseases and pandemic influenza**
- Noted the Chiang Mai Initiative and Asian Bond Market Initiative**
- EastAsiaFTA will be a fruitful avenue of integration**
- Welcome J's proposal for Econ Research Institute for ASEAN and East Asia**

6. ASEAN + Three Leaders, Cebu, Jan.2007



7. Second East Asia Summit, 4 /1/2007, Cebu

- 16 heads of states had a productive exchange of views on regional and international issues**
- Poverty reduction, energy, education, finance, avian influenza, natural disaster mitigation, DDA, Denuclearization of the Korean Peninsula**
- Future direction of the EAS: Initiate concrete projects in five priority areas. EAS is an important component of emerging regional architecture, and complements ASEAN + 3 mechanism.**

8. Economic Motives for E A Community

Economic Rationale Widely Shared: Three Major Ones

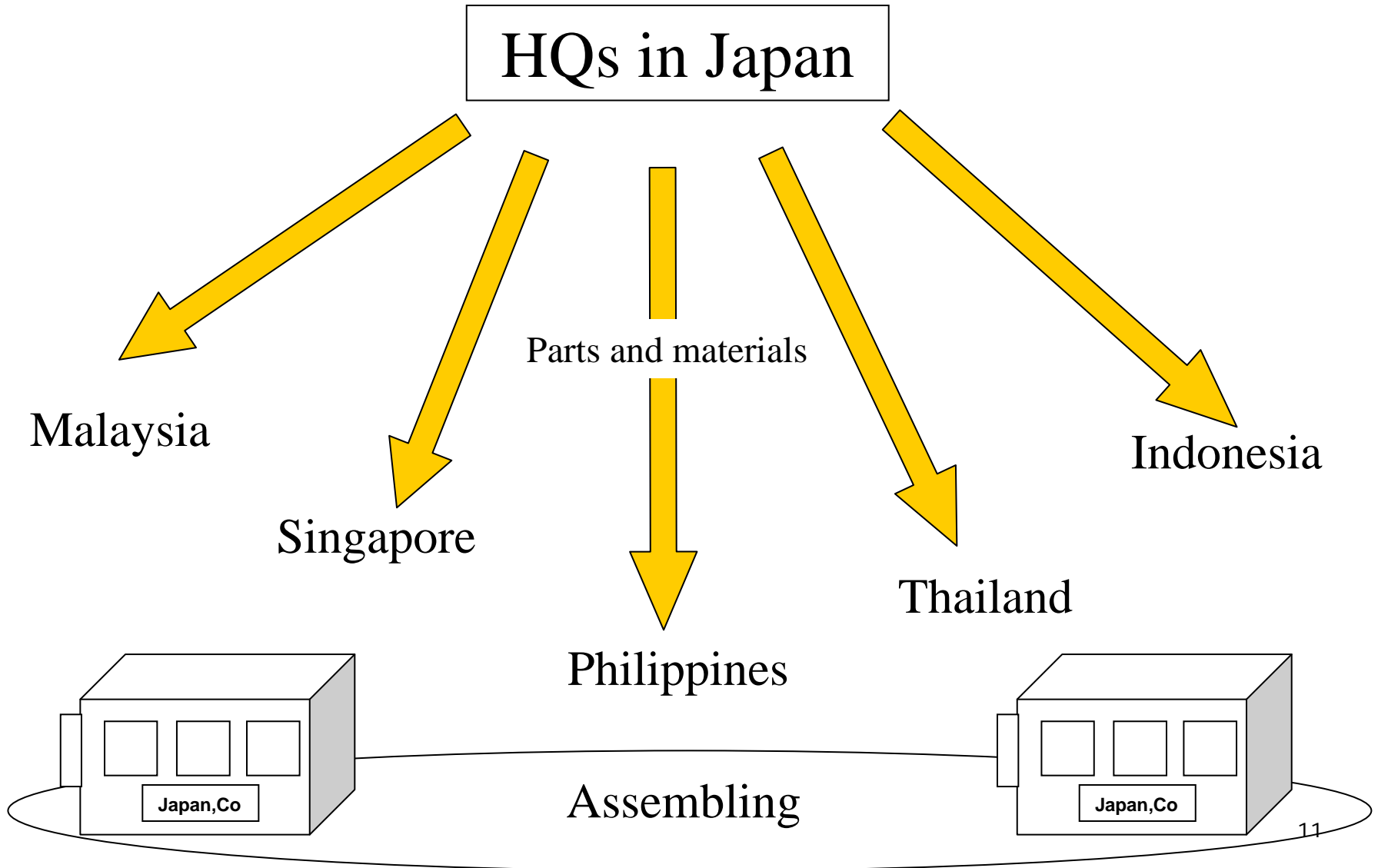
- Economic rationale for East Asian integration is a **dynamic gains from greater market**, intensified competition, and improved efficiency (9-11 below)
- Need to strengthen **currency and financial cooperation** to avoid the recurrence of the Asian crisis → Chiang Mai initiative and ASEAN + 3
→ Asian Bond Market
- **Reduce economic disparity** within ASEAN members by assisting late starters

9 Rationale for ASEAN-Japan Comprehensive Economic Partnership (IDE report)

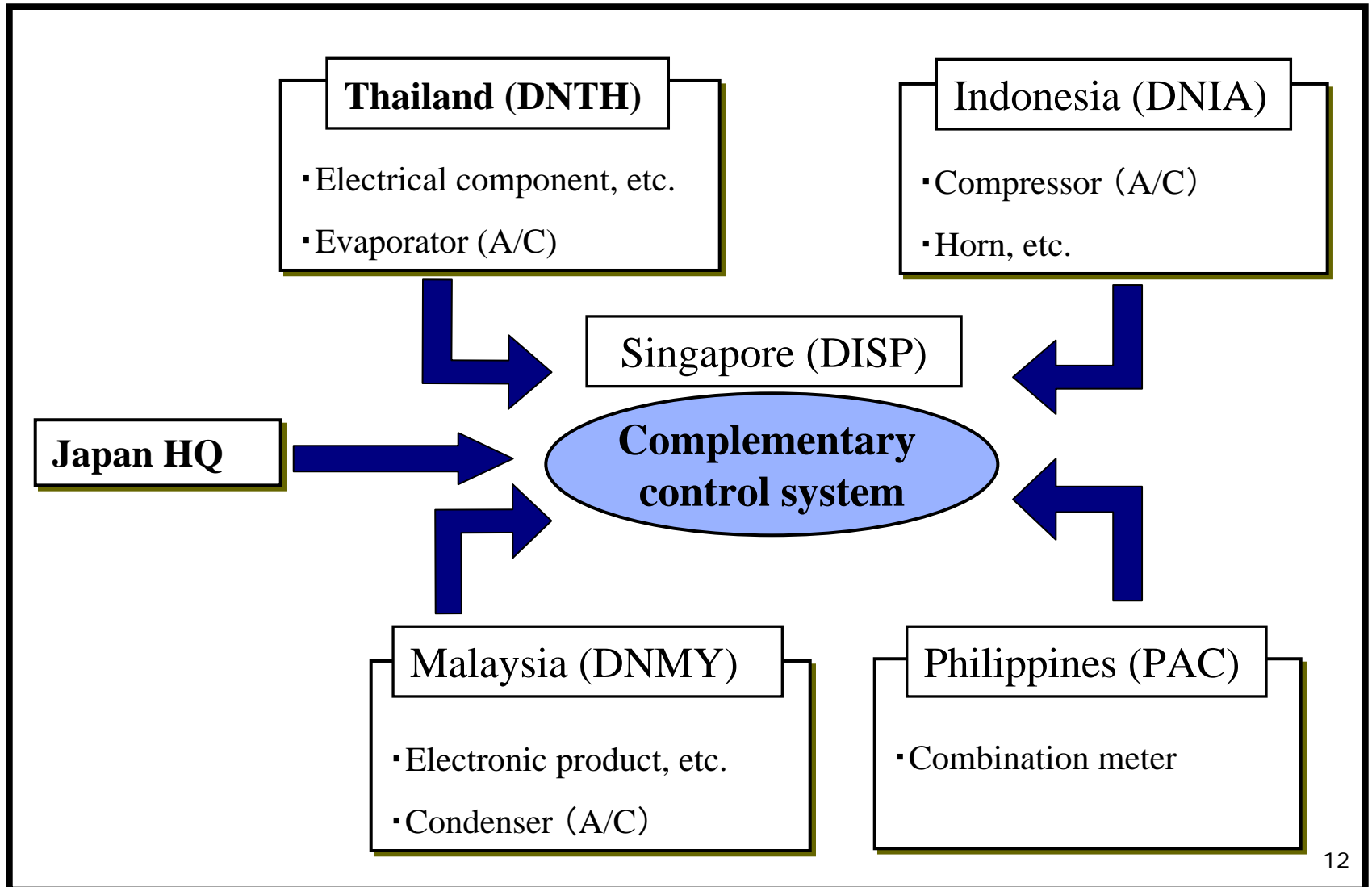
Japan's major firms have built business network in individual ASEAN economies. J's FDI stock amounts to 3.4 times of that in China

- Shift from conventional bilateral relations to ASEAN-wide division of labor (Chart 2 &3)**
- CEP with integrated ASEAN creates new business opportunity and attract more FDIs**
- It requires to facilitate customs procedure and distribution channels and common standard through MRA**

10 Traditional Procurement System



11 Complementary System – DENSO Co., Ltd.



12 Political and Security Motives

- ❑ **RI cannot be built without political motives (EU)**
- ❑ **Outsiders criticize the absence of political motivation and strong will to build a community**
 - **No common perception of regional security shared by members**
 - **Diverse in culture and religion. Is Confucius ethic widely shared?**
- ❑ **Nevertheless, East Asians wish to keep peace and prosperity by preventing political conflicts**

13. Emerging Need for New International Cooperation

- ❑ **Prevention of terrorist attack, recovery from natural disaster, epidemic prevention, all require broader regional cooperation**
- ❑ **Increased concern about global warming → require concerted efforts for sustainable development**
- ❑ **International conferences and Inter-governmental consultations are held occasionally**
- ❑ **Transfer of technology and know-how from developed members are indispensable**

14 Different Expectations among members

- ❑ **Although sharing a broader perspective, individual members differ in their expectations for East Asian Community**
- ❑ **CLMV fear infant industries cannot survive increased competition with advanced ASEAN members**
- ❑ **Rivalry between China, Japan, and Korea**
- ❑ **Different expectations tend to impede negotiation and consultation**
- ❑ **Need to identify them correctly and find a solution package satisfying as many members as possible (academics' role)**

15. Roadmap to East Asian Community

- ❑ **ASEAN + 3 will be a core promoter of East Asia Community building and ASEAN will take initiative.**
- ❑ **China, Japan & Korea committed to support ASEAN's initiative (Cebu, Jan 2007)**
- ❑ **East Asia Summit will help EA Community to keep an open stance and may better fit to political and security discussions.**
- ❑ **In the absence of pre-agreed program, individual area cooperation will be implemented depending on emerging need and capable leadership**

16. ASEAN Integration in Progress

- ASEAN continues efforts for integration and strengthening competitiveness**
- Accelerate the establishment of ASEAN Community by 2015**
- Blue print of ASEAN Charters was adopted
→toward a rule- based organization**
- Protection and promotion of the rights of migrant workers**

17. Need to Keep East Asia Open

- ❑ **With traditional reliance on trade and investment with outside, East Asia has to keep its open regionalism**
- ❑ **Although neither US nor EU is EA member, their firms are welcome to participate in East Asian market.**
- ❑ **Current multi-layered cooperation networks (APEC, ASEM, Non-Alliance, etc.) should be continued**
- ❑ **Benefits from East Asian Community should be open to access by developing non-members in the neighborhood**