

November 18, 2004

On CEAC and Community Building in East Asia

By ITO Kenichi

It is my honor to be here as one of the co-sponsors of the International Conference on “Asian Economic Integration: Vision of a New Asia,” which is organized as a part of the RIS Work Programme on Asian economic integration. Let me first briefly introduce how “The Council on East Asian Community (CEAC),” one of the co-sponsors of the today’s conference, was founded in Japan six months ago. And then let me touch upon my observation on the geographical coverage of the East Asian Community in question.

To tell the truth, until recently we, Japanese, were passive, if not indifferent, to the concept of an East Asian community. Of course, it didn’t mean that we, Japanese, failed to understand the importance of the regional cooperation in East Asia. On the contrary, Japan has always been one of the major promoters of the regional cooperation in East Asia. Suffice it to say that Japan was one of the countries that played a leading role in tackling with the 1997 financial crisis in East Asia, as demonstrated by her role in organizing the Chian Mai Initiative which decisively contributed to the resolution of this financial crisis. But still, we, Japanese, had been behind the move advocating community building in the region until at least yesterday.

But today, I can say that the tide has turned. In December 2003 at the Japan-ASEAN Special Summit meeting held in Tokyo Prime Minister Koizumi made it clear that Japan would support the idea of community building in East Asia. Prior to that event, in September 2003 the 1st “Network of East Asian Think Tanks (NEAT)” Conference was held in Beijing. It was this Conference that made us, those who attended the Conference from Japan, feel that we need to organize an all-Japan intellectual platform where we can deepen our understanding of the concept of an East Asian community by way of conducting research and promoting policy debates among ourselves.

Thus, “The Council on East Asian Community (CEAC)” was founded in Tokyo on May 18 this year. As of today, the membership of CEAC consists of representatives of 12 public policy think tanks such as Japan Forum on International Relations, Japan Institute of International Affairs, Japan Center for International Finance, etc. and 15 business corporations such as Nippon Steel, Toyota Motor, Tokyo Electric etc. in addition to 52 individuals who are mostly scholars but also include some journalists and politicians. In response to our call, 9 government ministries such as Foreign Ministry, Finance Ministry, Trade and Industry Ministry, Education and Science

Ministry etc. also joined the activities of CEAC in their advisory capacity of Counselors. Former Prime Minister, Nakasone Yasuhiro, was elected Chairman and myself President. In a series of CEAC plenary meetings where all the Members and Counselors met, we discussed such issues as whether an East Asian community was really necessary and feasible. What should be the geographical coverage of the East Asian Community was also one of the topics that invited heated discussions among us.

Based on the result of such arguments within CEAC, but not in the name of CEAC as CEAC is not ready yet to announce its official position, I would like to present to you today rather my own personal view on the topic of what should be the geographical coverage of the East Asian Community. At this stage, the arguments on the concept of the East Asian Community floated among the ASEAN Plus Three (APT) countries are ramifications of the reports of "East Asian Vision Group (EAVG)" and "East Asian Study Group (EASG)," both of which were drafted at the request of the APT Summit meetings. Further refinements and modifications were added at the 1st and 2nd NEAT Conferences in Beijing and Bangkok held respectively in 2003 and 2004.

As for the geographical coverage of the future East Asian Community, the current understanding as adopted, for example, in the final resolutions of the 2nd NEAT Conference in Bangkok suggests that the 13 APT countries are, of course, included but that the final conclusion should be postponed until an appropriate moment is reached in the future. While there was a consensus that Mongolia, North Korea, Taiwan and Hong Kong be included in the future, there were no voices raised in favor of the inclusion of Russia. Pros and cons of including Australia and New Zealand were seriously discussed.

As for the United States, the question was not so much whether or not we should include it but how to convince it of the merits of the East Asian Community for the United States. As we look at the triangle trade structure between the US, China and the rest of East Asia, we discover the fact that the trade imbalance between the US and China is, in fact, nothing but the trade imbalance between the US and East Asia as a whole because China's trade deficit with the rest of East Asia implies that the rest of East Asia is exporting their half-finished products to the US via assembly factories in China. Thus, we find that the East Asian Community will continue to be economically dependent upon the US market. Of course, in the 21st century no region can be economically autarkic, but it will be undeniable that East Asian Community is not economically sustainable if US becomes hostile to it. This fact is reinforced by another fact that the peace and stability of the region depends decisively on the US military and security strategy. Anyhow, it will be crucially important for the East Asian Community to agree with the US on how to define its relationship with the United States.

Finally, as for India, frankly speaking, not much argument was made either in Bangkok or in Beijing. Welcoming the initiative of RIS to enlighten us on the importance of India for the East Asian Community, I am looking forward to the exchanges of views and opinions today and

tomorrow here in Tokyo. Thank you.

(This is the text of a speech delivered by Prof. ITO Kenichi, President of the Council on East Asian Community, at the International Conference on “Asian Economic Integration: Vision of a New Asia”, in Tokyo on November 18, 2004.)