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How East Asians Can Coexist and Prosper (1)

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With China's entry into the WTO and intra-industry specialization by the likes of multinational companies, the prospect of economic integration in the East Asia region, the world's key growth area, is coming ever closer to fruition ahead of implementation of many free trade agreements. The current rate of intra-East Asia trade is 54%, which is still lower than the rate of 64% in the European Union, but higher than the 46% under the North American Free Trade Area (NAFTA). As the region moves steadily closer to achieving many bilateral and region-wide free trade agreements, this rate is expected to rise even higher.

As part of the process of regional economic integration, Kuala Lumpur, Malaysia, has been set as the venue for the first East Asia Summit, due to be held in December this year. Although ASEAN+3 Summits have been held annually in the past, there has been no such summit for East Asia. What will change by holding the East Asia Summit? ASEAN+3 Summits have always been hosted by ASEAN member countries, with the "3", namely Japan, China, and South Korea, attending in the capacity of guests. At the East Asia Summit on the other hand, ASEAN countries, Japan, China, and South Korea will all attend as equal partners. The fact that Indonesia has clung to the current format is down to concerns that it might lose the initiative it currently has as an ASEAN member country.

At the end of 2003, the Japanese government hosted the Japan-ASEAN Summit in Tokyo, which saw Prime Minister Koizumi Junichiro calling for an East Asia Community. However, Tokyo has feared that the process from an East Asia Summit to the creation of an East Asia Community could become over politicized in areas such as the formulation of a vision. The phrase "East Asia Community" has an almost magic ability to stir up the passions of those living in the region. It is all very well for each individual country to put forward its own ideas, but when countries set forth the likes of major political doctrines in an attempt to get their opinions through, there is a risk of stirring up regional conflict and unnecessarily provoking countries outside the region such as the United States. Once we start to touch upon the problem of what sort of vision an East Asia Community should be based on, a whole host of problems is likely to spring forth, such as different languages, religions, cultures, ideologies, and differing stages of development. If anything, what the region needs right now is a functional approach designed to enhance regional economic integration by free trade agreements and, in the case of Japan, a comprehensive economic partnership agreement (EPA) package including the establishment of investment rules,

the protection of intellectual property, the exchange of human and educational resources, and financial cooperation. In other words, if we push ahead in deepening economic integration, the future direction is likely to become apparent of its own accord, without any need to antagonize countries outside the region.

The country most eager to bring about an East Asia Community is Malaysia, which put forward the EAEC over ten years ago only for it to be terminated at the ideas stage due to US opposition. Malaysia has stressed the fact that a free trade agreement alone will not solve the regional problem, emphasizing the need to address the issues once again in order to strengthen the sense of unity in the region and develop a system based on a suitable vision.

China, which is in the running as a candidate to host the second East Asia Summit and is already in the implementation phase of the free trade agreement with ASEAN, is also keen to see this concept become a reality. China's goals, however, seemingly go beyond the purely economic, such as expanding trade and procuring resources. As its first strategic partner in East Asia, China has chosen ASEAN, which comprises "non-aligned" countries and a large population of Chinese descent. China is also eager to work with Japan as part of the process of regional cooperation and the development of an East Asia Community and has even said that it would like Japan to take the initiative in some areas such as regional financial cooperation. This may appear somewhat contradictory in light of the Chinese government's actions in stating that the root cause of all the recent anti-Japanese demonstrations in China lay with Japan and that Japan is not entitled to a permanent seat on the Security Council of the United Nations. Nevertheless, there is a notion of the Five Principles of Peaceful Coexistence in China. Based on the policies of non-intervention in other countries' internal affairs and non-alignment, the government is presumably thinking that cooperation between China and Japan within an East Asian framework is likely to reduce the influence of the United States. (It is worth noting, however, that apparently China does not wish Japan to abandon its security arrangement with the United States to move to an independent self-defense system.)

For its part, Japan attaches the utmost importance to its relationship with the United States and has distanced itself from calling for the creation of an East Asia Community out of fears over misplaced criticism from neighboring countries envisioning a repeat of the "Greater Asia Co-prosperity Sphere" plan. However, as a result of factors such as a greater sense of regional unity and consensus in East Asia due to the emergence of the European Union and NAFTA and the damage caused by the Asian currency crisis, it has become increasingly apparent that committing to regionalism is in Japan's best interests.

Nonetheless, in an attempt to prevent the United States labeling East Asia as closed off to countries outside the region, the Japanese government has continued to stress the need to invite neutral countries that are geopolitically close and have strong economic ties to East Asia, namely Australia, New Zealand, and India, to the first summit, even though they may not be

regular members of the Community. Indonesia and Singapore both have a similar view. Ultimately, the decision made at a meeting between the ten ASEAN Foreign Ministers on April 11 (to be formalized at ministerial meetings in July) was that India is to be invited to the first summit other than the ASEAN+3 countries, as India has signed the Treaty of Amity and Cooperation in Southeast Asia (TAC). India has adopted the “Look East Policy.”

(This is the text of an article by Mr. KINOSHITA Toshihiko, Professor of Waseda University and Member of the Council on East Asian Community, which originally appeared in the June 2005 issue of “The Japan Journal.”)