

EAST ASIAN INTEGRATION AND PROSPECT

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1. What is Regional Integration?

2. Recognition and Activation of East Asian regionalism

3. Main Issues of East Asia Integration and Positions of Countries in the Region

3-1. RCEP: East Asian Economic Integration

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1. WHAT IS REGIONAL INTEGRATION?

■ Regionalism

■ Globalization

- Trends in which social relations increase at a global level more and more

■ Regionalism

- A movement or result to make policies and conclude agreements in order to coordinate their own activities for mutual interests in a group of countries
- Economic regionalism  to devise and implement a set of preferential policies for the purpose of increasing economic exchanges between or among regional member states (FTA, NAFTA, EU etc.)

■ Regional Integration

- Processes and results to establish a community by a group of countries



1. WHAT IS REGIONAL INTEGRATION

- **Development of regionalism**
 - **Economic aspect (an economic community)**



- **Political and security aspect (a security community)**
 - Security Community (e.g.: OSCE, Organization for Security and Cooperation in Europe)
 - Political Union (including common defense and foreign policy)





East Asia



ASEAN member states



2. Recognition and Activation of East Asian regionalism

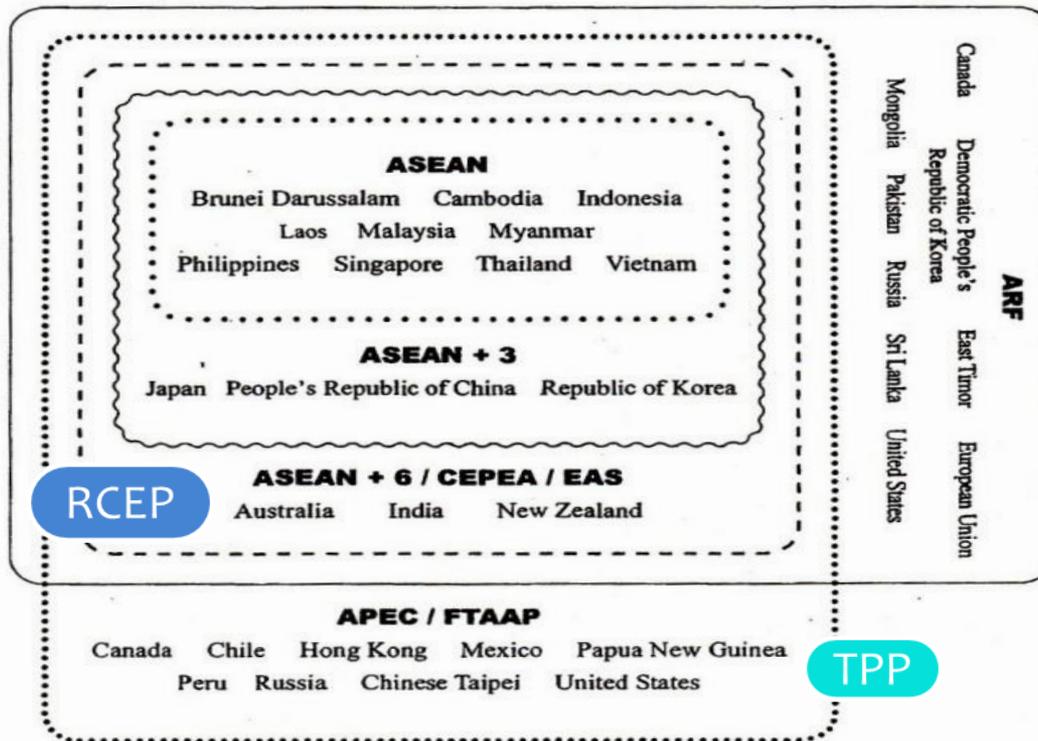
- Recognition of the need to integrate EA region
 - East Asian Financial Crisis in 1997-98
 - Relative indifference to EA region of the US caused by increased interest in Middle East, especially since 9.11 Terrorism
 - Disappointment over APEC (1989 established)
 - The rise of China and its entrance to the world economy
- Activation of EA regionalism
 - ASEAN+3 (1997)
 - Chiang Mai Initiative (CMI): a multilateral currency swap arrangement among the ten members of the Association of Southeast Asian Nations (ASEAN), China (including Hong Kong), Japan, and South Korea (2000)



APEC Papua New Guinea 2018



Current situation of multilateral economic cooperation in EA



APEC, Asia-Pacific Economic Cooperation; ARF, ASEAN Regional Forum; ASEAN, Association of Southeast Asian Nations; CEPEA, Comprehensive Economic Partnership in East Asia; EAS, East Asian Summit; FTAAP, Free Trade Area of the Asia-Pacific

- TPP, Trans-Pacific Strategic Economic Partnership , [Japan, Chile, Peru, Australia, New Zealand, Singapore, Malaysia, Brunei, Vietnam]



2. Recognition and Activation of East Asian regionalism

- Regionalism in East Asia: to promote Asianization and East Asian community since the 1997-98 financial crisis
- Various regional institutions including Asian states
 - ASEAN (1967), APEC (1989),
 - ASEAN+3 (1997), EAS (2005), **RCEP**
 - TPP (2018)
 - ARF (1994), SCO (2001)



3. Main Issues of East Asia Integration and Positions of Countries in the Region

- Who is in Asia?
- What Norms?
- What strategies of member states for economic integration?



3. Main Issues of East Asia Integration and Positions of Countries in the Region (1)

Who is in Asia?

- Positions of major countries (exclusive or inclusive?)
 - ASEAN+3 +3 + 2
 - +3 Korea, China, and Japan
 - +3 India, New Zealand, and Australia
 - +2 US, and Russia (2010)
 - Exclusive
 - China, and Malaysia
 - Inclusive
 - Japan, Indonesia, and Singapore (India, New Zealand, Australia, and the US)
- Now, all members of EAS have regard ASEAN+6 as the membership for the Regional Economic Integration(RCEP) and ASEAN+2+2 as for the East Asian Summit (EAS) to deal with East Asian affairs
 - In terms of East Asian Integration, Geo-economically the East Asian region has become to mean ASEAN+6 after conclusion of the negotiations for establishing the RECP.



14th East Asia Summit Nov.4, 2019



13th East Asia Summit Nov.14-15, 2018



3. Main Issues of East Asia Integration and Positions of Countries in the Region (2)

What is the RECP?

- The Regional Comprehensive Economic Partnership
 - A proposed free trade agreement in the Asia-Pacific region between the ten member states of the Association of Southeast Asian Nations (ASEAN), namely Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam, and ASEAN's six dialogue partners, Australia, China, Japan, New Zealand, South Korea, and India.
 - Negotiations on the RCEP started in late 2012 at the 21st ASEAN Summit in Phnom Penh, and the abovementioned 16 nations participated in the negotiations.
 - With dozens of rounds of talks held since, 15 participants except India, eventually the 15 participating countries have concluded text-based negotiations of RECP for all 20 chapters and market access issues in November, 2019.



3. Main Issues of East Asia Integration and Positions of Countries in the Region (3)

What is the RECP?

- The Regional Comprehensive Economic Partnership
 - With or without India, the RCEP agreement would have been scheduled for official signing next year, in February, 2020.
 - During the final negotiations, Indian prime minister Modi announced that India would pull out of the agreement because India had major concerns over trade imbalances as it had trade deficits with 11 of the 15 nations, particularly including China, involved in RCEP.
 - India would have had to significantly decrease its tariff and non-tariff barriers, which currently cover up 90 percent of imports depending on country of origin, if it were to proceed with joining RCEP.
 - According to *Bangkok Post*, India had agreed to around 99% of the trade bloc's 20 chapters, leaving only investment protection up for negotiation and India still wants to be a part of the RCEP because it engaged in dozens of rounds of talks and has only a handful of free-trade deals with other countries.
 - It means that other 15 countries will continue to persuade India to join the RCEP and the possibility for India to join might be high later.



3. Main Issues of East Asia Integration and Positions of Countries in the Region (4)

What is the RECP?

- The Regional Comprehensive Economic Partnership
 - A target date for the RCEP's entry into force could be 2021 or January 2022, in accordance with ASEAN tradition, “ASEAN Way.”
 - “ASEAN has sought to manage the diverse needs of its members by a process known as ‘the ASEAN way’.
 - ASEAN countries have had the tradition that they have sought to establish a consensus on issues and follows a principle of non-interference in the internal affairs of members from outside or within the region even though a change takes a long time. In ASEAN way, when some ASEAN members agree on something to do and others don't, the former countries cooperate to do it first and wait for others' participation in it even if it takes a long time.



3. Main Issues of East Asia Integration and Positions of Countries in the Region (5)

What is the RECP?

- Also according to the ASEAN tradition, ASEAN +5 also takes a flexible position.
 - "It will probably not need a certain number to clear a threshold to trigger entry, and it is also unlikely that all 15 or 16 [member countries] will actually be ready on the same date,"
 - "The most important thing is for members to complete any domestic-level procedures [such as submission to legislatures for approval] or changing rules, laws and regulations to ensure compliance by the start date."



3. Main Issues of East Asia Integration and Positions of Countries in the Region (6)

What is the RECP?

- RCEP will be the world's largest trade bloc, covering an estimated 45 percent of the world's population and encompassing roughly a third of global GDP.
- The economic benefits of the agreement are significant with or without India.
 - With India in the agreement, RCEP is expected to generate a real GDP increase of approximately \$171 billion for the bloc,
 - And without India, an increase of roughly \$137 billion.
- In the context of the U.S.-China trade dispute and turmoil within the European Union (EU), RCEP stands up to the prevailing tides by sending a strong signal to the world that Asia is not only committed to a cooperative, multilateral, and rules-based order, but that it is also open to business.



3. Main Issues of East Asia Integration and Positions of Countries in the Region (7)

What is the RECP?

- Currently, the schedule for the official signing of the negotiations last February was delayed due to the spread of the coronavirus, which has put off most face-to-face meetings of ASEAN and the RCEP in the first half of the year.
- However, ASEAN has adjusted the trade negotiation schedule during the outbreak of the virus by using video conferencing or virtual meetings to talk with dialogue partners.
- The 29th RCEP Trade Negotiation Committee meeting scheduled for March 23-27 in Jakarta will instead be a video conference.



3. Main Issues of East Asia Integration and Positions of Countries in the Region (8)

What Norms?

- Issues

Democracy,
Human Rights,
Rule of Law



Sovereignty
Non-intervention

- Positions of major countries

- Emphasis on democracy, human rights, and rule of law
 - Japan, Australia, India, New Zealand, and the US
- Emphasis on sovereignty and non-intervention
 - China and most ASEAN countries



3. Main Issues of East Asia Integration and Positions of Countries in the Region (9)

What strategies for economic integration?

● Issues

- Given with conclusion of “text-based negotiations of RCEP” on November 4 in 2019, what positions major powers have?
 - What positions US, China, ASEAN, Japan, Korea and India have?
 - What is the prospect for the RECP?



3. Main Issues of East Asia Integration and Positions of Countries in the Region (10)

What strategies for economic integration?

- Positions of major countries
 - US
 - Maintaining an emphasis on global liberalization of trade and services, centered on the Doha Round in the past
 - But, to promote FTAAP (2006) with TPP (2006) in trying to make a new framework for East Asian economic integration
 - US drew an agreement of APEC members on the promotion of FTAAP in APEC Summit in 2010
 - Now, shift away from multilateralism to bilateralism with withdrawal from TPP
 - Indo-Pacific strategy to check China
 - QUAD: Quadrilateral Security Dialogue



3. Main Issues of East Asia Integration and Positions of Countries in the Region (11)

What strategies for economic integration?

- Japan
 - Interest in an effort of ASEAN+3 centered on EAS, first
 - Later, to propose CEPEA centered on ASEAN+6 (RCEP)
 - Now making a hedge between RCEP and TPP through participation in TPP with taking the initiative
 - Promoting India-Pacific strategy in cooperation with the US, India, and Australia
 - Taking concrete shape to check China through QUAD with three other countries who share the democratic values with Japan
 - Consideration of active support plan to build infrastructures connecting India and Pacific countries with the US
 - In terms of India's participation in RCEP, Japan oppose strongly the conclusion of the final agreement of the RCEP without India



3. Main Issues of East Asia Integration and Positions of Countries in the Region (12)

- China

- Step-by-step strategy

- Preferentially ASEAN+1 FTA

- Prefer promoting APT FTA next

- Lastly, promoting APT+3 (RCEP), and then FTAAP

- Now, promoting strongly the conclusion of the RCEP without India

- To take the initiative in East Asian Integration with “One Belt and One Road”

- Founding AIIB (Asian Infrastructure Investment Bank) in January 2016

- 55 member states and 22 states to be expected to join it

- Pushing actively forward constructing infrastructures in the region of the “One Belt and One Road” such as roads, ports, and railroads



China's One Belt and One road



China's belt and road infrastructure plan



3. Main Issues of East Asia Integration and Positions of Countries in the Region (13)

What strategies for economic integration?

- India: efforts to make a deeper connection with Southeast Asia (From “Look East” to “Act East”)
- India declared the departure from the final RCEP negotiations in November 2019 because RCEP agreement did not sufficiently reflect its concerns including trade deficits and a legal protection for investment at the local and central government.
- However, it seems that India has a will to participate in the RCEP depending on further negotiations to draw more concession from other RCEP members.
- India also seeks to collaborate with the US , Japan, and Australia for checking increasingly powerful China through the QUAD



3. Main Issues of East Asia Integration and Positions of Countries in the Region (14)

- ASEAN
 - Generally, prefer ASEAN+1
 - ASEAN has brought FTAs into force with major neighboring states including Korea, China, Japan, India, Australia, New Zealand etc. before January of 2010.
 - Starting with Singapore, Malaysia, Indonesia, Thailand, Vietnam etc. it has promoted FTAs actively at the individual state level.
 - A strategy not to be buried under big economies of advanced countries
 - ASEAN Economic Community toward a common market was achieved considerably at the end of 2015.
 - Now promoting the conclusion and start of RCEP with the initiative for the East Asian Economic Community
 - It is trying to attract India to RCEP for check and balance within the RCEP with keeping the initiative of ASEAN



3. Main Issues of East Asia Integration and Positions of Countries in the Region (15)

- Korea
 - Active participation in RCEP regardless of India's participation but with a desire for India's participation
 - The Korean government pursues the New Southern Policy which aims to elevate Korea's strategic ties with the Association of Southeast Asian Nations (ASEAN), including its member countries, and with India on a par with Korea's four major diplomatic partners: the United States, China, Japan and Russia.
 - The Korean Government emphasizes that the New Southern Policy would offer new growth strategies for Korea, as well as for Asia.
 - If countries discover and develop each other's strengths to build a mutually prosperous community, which is the goal of the New Southern Policy, this in itself could serve as a new growth engine in the world as well as Asia.



3. Main Issues of East Asia Integration and Positions of Countries in the Region (16)

- Characteristics of regional cooperation in East Asia
 - Generally, the slower development and the lower level of institutionalization in regional security cooperation than in regional economic cooperation
 - Notoriously labelled a ceremonial "talk shop" without any tangible outcomes, the latest Asean Summit in Bangkok finally proved critics wrong as regional leaders made progress in settling a mammoth trade pact despite India's departure.



4. Conclusion

- Evaluation of East Asian Integration situation
 - The conclusion of the RCEP despite India's departure and a fairly bright prospect
 - Continuing realistic confrontation and mistrust each other
 - The leaders of the APEC in 2018 failed to agree on a communique for the first time in their history as deep divisions between the United States and China over trade and investment thwarted cooperation.
 - Power politics among major states continues to hinder regional cooperation and integration.



4. Conclusion

- Sino-Japanese leadership competition for East Asian regionalism and continuous initiatives of the ASEAN
 - The US supports Japan and its allies to check China
 - ASEAN takes a strategy for achieving check and balance in the RCEP and maintaining the initiative of the regional cooperation among major powers.
- Korea hopes to take a role of facilitator and try to escape a excessive reliance economically and politically on the US and China, and to extend economic and political cooperation with ASEAN+6 countries.



4. Conclusion

- Prospect of East Asian Integration
 - RECP would take effect in 2021 or January 2022
 - But confrontation and competition in security between major powers, which was symbolized by “One Belt and One Road” and “QUAD,” will continue and it will influence the speed and the scale of integration in East Asia.
- Obstacles to cooperate with trust
 - Distrust which is related to regional hegemony
 - Continual and unsolved historical and territorial conflicts
- How to overcome the obstacles?
 - Self-restraint each other
 - Sharing a vision of cooperation
 - Learning and exercising a way of cooperation in many areas





Thank You!

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Questions to answer

1. What are the five stages of the development of regionalism?
2. Who are the members of ASEAN + 6?
3. What is the RCEP?
4. When is the RCEP scheduled to enter into force?
5. What is the Indo-Pacific strategy and who are the members?
6. What is the position of ASEAN in terms of the departure of India?
7. What are obstacles to hinder cooperation in the East Asian region and How could the countries in the region overcome them?