

East Asian New Regionalism And China

Peng-Hong CAI
Shanghai Academy of Social Sciences
(apecsass@sass.org.cn/paulcai@online.sh.cn)

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Introduction

The new regionalism in East Asia as well as other regions has been central to the study of regional integration with an emphasizing on RTAs/FTAs since the early of the 1990s. The implications of the wave for the region like East Asia and the political systems have been profound. The wave emerges just in coincidence with the rise of China. China has, since the late of the 1980s, presented double digit growth rates and has been regarded as Asia's main engine of growth. The empirical studies in China, however, have not yet to fully explore the impacts of those regional and international agreements on its rise and vice versa. Had it remained unchanged there would be very little in progress we can make for theory, which should be significantly indicative of strategic consideration for a national policy. It is, therefore, that research should not be simply confined with the integration in the economic aspect, but in political and other aspects. In this paper I try to review past work on regionalism, old and new, political and economic, trace the evolution of major themes in scholarship over time, and highlight emerging patterns for productive new research. The most prominent question is whether there is some possibility that new regionalism evolve into an institution in East Asia, and while still nascent today, it plays a role in shaping the behavior of important actors in process of regional integration.

This article is organized into three major sections. The first section provides an analytical review of the development of new regionalism studies in East Asia. The rising economic regionalism in East Asia seems to attribute RTAs/FTAs to the reasons as a response to Asian financial crisis, China's rise, other regional groupings in Europe and the Americas, etc. The fast regional grouping has become competitive in new patterns between the geese-flying pattern initiated by Japan and newly emerging China pattern.

The second section addresses a theme from the review of scholarship on new regionalism and China pattern. The political economy approach will be used to analyze why China could rise on its own way to make some possible contributions to regional cooperation and integration.

The third section turns to the issue whether new regionalism could play a role or not for a country like China to lead regional development. EU way will be compared with and ASEAN way and APEC way will be analyzed. EU experience could be a reference but unable for East Asia to adopt. ASEAN way and APEC way should be reformed with the method "Pathfinder" for the purpose to the establishment of FTA-Asia Pacific.

I. An Analytical Review of New Regionalism Studies

Like other new phenomena, regionalism had not attracted Asian economies until the second part of the 1990s. Much of research on regionalism has been centering on trade ever since. Policy-makers have been enthusiastic in seeking for new tactics to participate in the "Banwagon", but they, if not all, have their internal political purposes. It seems plausible that some important theoretical and empirical issues could be addressed with traditional integration model based upon the theory of Balassa, which emphasized on trade integration with phases moving from a free trade agreement to a custom union and on to a

common market.¹ Some Chinese academics have discussed over the theoretical model but not seriously touched upon the new approach made by Ethier (1998) that the new regionalism reflects the success of the multilateral trading system, let alone supported it.² I will start in this section to take the Ethierian approach to define the regionalization and rising economic regionalism in East Asia and then analyze proliferating RTAs/FTAs after the 1997 Asian financial crisis and evaluate the geese-flying pattern.

What is new regionalism? It has been accepted that the "new regionalism" came about in 1982 with the change of the United States' attitude into a two-track approach, multilateralism and "GATT-plus" arrangements.³ This initial new regionalism, particularly based upon "GATT-plus" arrangement approach, has catalyzed regionalism in Asia as well as world. The immediate effects could be seen with the 1989 formation of Asia Pacific Economic Cooperation (APEC) and the ASEAN Free Trade Area (AFTA) launched in 1992. The process of regional cooperation in the early 1990s, however, did not bring about thinking in the way regionalism was conceptualized by the exact American approach. In the late 1980s, an American unofficial proposal of an ASEAN-US FTA was not considered for ASEAN was not ready. Other considerations in the U.S. policy circles to establish bilateral FTAs with Japan, Korea aroused concerns possibly because of American unilateral trade behavior⁴ but in my judgment those were set aside mainly because of different ideas about institutional construction between the US and Asian developing economies. The divergence led to APEC from its momentum flourishing turned downward since 1997-98, coincident with Southeast Asia severely hit by financial crisis in 1997, but a wave of new regionalism rose.

In East Asia, most of FTAs and RTAs have been negotiated and signed since

¹ Viner, Jacob. 1950. *The Customs Union Issue*. New York: Carnegie Endowment for International Peace. Balassa, Bela. 1961. "Towards a Theory of Economic Integration." *Kyklos* 16.

² Li Heng, *New Regionalism and its Collision with Multilateral Free Trade System*, World Economy Study, Vol.8, 2004.

³ Krueger, referred the New Regionalism in Chapter 2, p.23 of APEC outlook 2002.

⁴ Naoko MUNAKATA, "Regionalization and Regionalism: The Process of Mutual Interaction", RIETI Discussion Paper Series 04-E-006, January 2004, P17.

1997. They could be separated into various levels as bilateral FTAs, sub-regional FTA and regional RTAs/PTAs and inter-regional FTAs. There were 29 free trade agreements/economic partnership agreements (FTAs/EPAs) in effect, of which 17 involve countries within East Asian countries. The rest are bilateral or trilateral agreements between an East Asian country and a country outside the region (Table 1). Since then, studies in Asian academic and policy-analysis circles on regional liberalization have never stopped. The theoretical definition on new regionalism has been debated and new policy issues have attracted attention to some high extent. An "East Asia Vision Group"(EAVG, 1998) and the immediately subsequent East Asia Study Group (EASG, 2000) consisted with senior scholars or officials from ASEAN member countries, China, Japan and Korea. The two successive groups were initiated and established by The ASEAN+3 Summit.⁵ The most significant recommendation from EAVG was to establish an East Asia Free Trade Area (EAFTA) and realize the liberalization of trade well ahead of the APEC Bogor Goal (the year of 2020 is the scheduled deadline for trade liberalization across the APEC region), expansion of the ASEAN Investment Area framework to all of East Asia; promotion of developmental and technological cooperation, particularly assistance to less developed countries and realization of a knowledge-based economy and establishment of a future-oriented economic structure.⁶ Another important report, which was submitted by the follow-up committee East Asia Study Group and agreed by 2002 ASEAN plus Three Summit, identified 17 concrete short-term measures and nine medium-to-long-term measures to move East Asian cooperation significantly forward and evolve in the long term into East Asian summits and eventually an East Asian Free Trade Area.⁷ The 2002 Summit also tasked economic ministers to study and formulate options on the gradual formation of an East Asia FTA. The speed of the process is dramatically fast and the middle or long term target East Asian Summit has been shortened to convene in three years but the

⁵ EASG was a group based on governmental level and EASG was claimed as a non-governmental group but basically governmental.

⁶ "East Asia Vision Group Report 2001".

⁷ See "Final report of the East Asia Study Group"(2002) and **ASEAN Secretariat: PRESS STATEMENT BY THE CHAIRMAN OF THE 8TH ASEAN SUMMIT, THE 6TH ASEAN + 3 SUMMIT AND THE ASEAN-CHINA SUMMIT**, Phnom Penh, Cambodia, 4 November, 2002, <http://www.aseansec.org/13188.htm>.

definition about East Asian new regionalism has not been well accepted in Asia till now over the primary question whether regional trading arrangements and preferential trading arrangements (PTAs) tended to promote regional institution for economic integration and its relations with APEC and its real role to global multilateralism. To analyze from that point, the Ethier's approach with six characteristics of new regionalism can arguably be used to explain the simmering regionalism in East Asia.

In East Asia, the phenomenon that a large country plays a role in the case of EAFTA discussed has been clear in terms of territory, population, economic size, political influence although the process of Asian regionalism is currently led by a group composed by several small sized countries. Actually, Japan is the largest economy and China is the emerging economy but politically larger and economically less than Japan. Most members of ASEAN are small and each has to pursue a tie with a Northeast Asian large country or both. This consideration made them debate whether to shift the dominant role to China or Japan.⁸ Although the shift has not yet done, the hesitation indicates the first stylised fact works, too.⁹

Having rapidly risen in East Asia in the last decade, regionalism in a well accepted form of RTAs/PTAs and recently FTAs is regarded as somewhat a kind momentum driven by deep reforms undertaken not only in those "Asian dragons" in the 1980s but further as well in new comers of ASEAN like Vietnam, Laos and others since the middle of the 1990s. The reforms have been structurally conducted and updated particularly since the 1997 financial crisis. In terms of Ethier's approach, China is attributed to a sort of communist countries and the third world with efforts for fundamental reform. All these reforms, presumably with some special exception, have been carried out at the backdrop of new regionalism worldwide, which demonstrates either as a

⁸ Mario B. Lamberte: An Overview of Economic Cooperation and Integration in Asia, Asian Bank, *Asian Economic Cooperation and Integration: Progress, Prospects, and Challenges*, 2005.P8.

⁹ Wilfred Ethier's first stylised fact and other five characteristics can be seen at his article "The New Regionalism", in *The Economic Journal*, 108 (July), 1150-51. Royal Economic Society 1998. Ethier points out the first characteristic "The new typically involves one or more small countries linking up with a large country".

market force spurring the domestic reforms or an internal dynamics encouraging the external groupings. The reforms do have concrete influences not only on trade in commodities but also on investments and technology transfers.

RTAs/PTAs have been viewed by Ethier as building blocks for multilateral trade liberalization because he regarded them as outputs from the success of global trade liberalization. We can thus consider that the emergence of RTAs/PTAs and further proliferation in Asia after the year 1997 as new regionalism, which are basically consistent with the building blocks for multilateralism, though there are some Asian characteristics mainly because of not exactly consistent with the American approach. The significant feature of Asian regionalism has been evolving from the regionalization, mainly characterized as a market-driven regionalism, to a new stage of institutional regionalism.¹⁰ The development is very slow and the concept may not be so firm that it seems that new regionalism as an institution is very nascent. But we see somewhat positive in Asia from the recent event East Asian Summit (EAS) and its expansion to other regions. The EAS' expansion reveals that members would not confine themselves to the East Asian region and China explicitly rejects an Asian group "closed, exclusive and directed against any particular party" but open and transparent.¹¹ The trend of new regionalism in East Asia with the above mentioned structural reforms will be indeed open, inclusive, transparent and outward-looking.¹²

New regionalism in East Asia highlights new dimensions of the regionalism's concept while still acknowledging that the Vinerian perspective is not irrelevant but an analysis of the new regionalism should stress that the Vinerian model be secondary in theoretical models.¹³ Terms such as RTAs/PTAs and lately FTAs

¹⁰ Chia Siow Yue. East Asian Regionalism. Paper presented at the *Conference of East Asian Cooperation: Progress and Future Agenda*, held by the Policy Research Center for APEC and East Asian Cooperation, Institute of Asia-Pacific Studies, Chinese Academy of Social Sciences, Beijing, February 2002. Also see the paper presented by Shujiro URATA, Toward the Establishment of FTA in East Asia: The Japanese View, for the Conference held in Beijing by PACIFIC ECONOMIC COOPERATION COUNCIL, April 16, 2004.

¹¹ Wen Jiabao: "Speech to the First East Asia Summit", *People's Daily*, December 15, 2005.

¹² As mentioned in the document "Kuala Lumpur Declaration on the East Asia Summit", Kuala Lumpur, 14 December 2005. <http://www.aseansec.org/18098.htm>

¹³ Wilfred Ethier, The New Regionalism, *The Economic Journal*, 108 (July). Royal Economic Society 1998.

and other alternatives for old regionalism are applied to regional integration in East Asia in ways that challenge the concepts in the traditional perspective of intra-regional cooperation with an emphasis on Japan-led geese-flying pattern. The term geese-flying was not taken up until the second half of the 1980s although it was brought out again by Kaname Akamatsu in 1962. The term does not have good reputation mainly because of its historic legacy the original term created in the 1930s as a propaganda for Japan's militarism to *The Great East Asia Co-Prosperity Sphere*. It was known that Akamatsu's version derived from the research relative to a product-cycle approach but not been an exploration to set up an analytical framework for explaining regional integration.¹⁴ Obviously, the geese-flying pattern was promoted by Japanese government at the time when it felt necessary to transfer its sunset industries and further to establish a regional order for Japan to be a dominant actor.¹⁵ It was after a former Japanese Foreign Minister's speech in 1985 that the geese-flying pattern rapidly gained popularity in the East Asian region, and has been thought to symbolize the Asian way of development and integration.¹⁶ The minister had a farsighted policy view and deliberately pushed the pattern to create an East Asian bloc to counter the rising North American bloc and European Union. It is presumable that Japan could serve as a leader with other Asian developing economies following Japan. Although it was seemingly admitted that with Japanese official aids like ODA and transnational companies Japan played some role in advancing the process of industrialization in East Asia,¹⁷ it is not a sustainable pattern for two factors. One is its feature, which encourages and enhances foreign firms, particularly the Japanese firms to be export-oriented, rather than local market-oriented. The vertical characteristic of

¹⁴ Shigehisa Kasahara, *The Flying Geese Paradigm: A Critical Study Of Its Application To East Asian Regional Development*, Discussion Papers, No. 169, April 2004, United Nations Conference On Trade and Development. (UNCTAD/OSG/DP/2004/3)

¹⁵ a former Japanese Foreign Minister Saburo Okita with his speech presented to the fourth conference of the Pacific economic Cooperation Council held in Seoul in 1985.

¹⁶ Ibid, Shigehisa Kasahara.

¹⁷ In terms of Katzenstein's view that Japanese government was directly involved in the flow of trade, investment and aid. See Peter J. Katzenstein: "Regionalism and Asia", *New Political Economy*, Vol. 5, No. 3, 2000, P.357.

industrial divisions in the region constructed an unequal dependence and those less developed economies in the chain would not have a chance to change their status from raw materials supplying or low developing level.¹⁸ The other is to create a bloc for Japan as a leader playing a central role to antagonize the NAFTA and EU. This is actually to encourage protectionism, not an effective way oriented to new regionalism as a building block. New regionalism in East Asia was thus not triggered with the geese-flying pattern but the proximate cause was of the 1997 East Asian financial crisis. As indicated from Table 1, most of agreements have been signed and negotiated in the last five and six year only with the ASEAN Free Trade Area (AFTA) as the exception created in 1992. The main factors caused the RTAs/PTAs and lately FTAs are as follows. First, Asian regionalism serves as a hedge against external regionalism. The stimulus actually comes down from globalization.¹⁹ Theoretically, economic interdependence has been generated by globalization and created opportunities for both developed and developing economies. But globalization arouses concerns for East Asia because of external unilateralism and increasing trade protectionism with NAFTA and EU creating some visible and potential pressures. The atmosphere has been stimulating some economies to get together to take defensive measures against possibly negative effects in East Asia.²⁰ There are some possibilities for Asia to incline to follow the similar trend exposing in external region but the possible results may not be protectionist because of the US with its strong ties politically as well as economically with the region and rapidly growing China with its huge market and unintentional protectionist policies and pursuing multilateral liberalization consistent with WTO.

Second, Asian regionalism was obviously catalyzed with the 1997 Asian financial crisis, which forced the crisis-afflicted economies particularly Malaysia,

¹⁸ Hu Junwen, An Analysis on the nature of “geese-flying theory” and its limitation, in *Contemporary Economy in Japan*, No 2, Vol.10, 2000, P. 4.

¹⁹ Yeo Lay Hwee, Realism and Reactive Regionalism: Where is East Asian Regionalism Heading? In UNISCI DISCUSSION PAPERS, Mayo de 2005.

²⁰ Naoko MUNAKATA, Regionalization and Regionalism: The Process of Mutual Interaction, RIETI Discussion Paper Series 04-E-006, January 2004

Thailand, Indonesia, and others to scrutinize international institutions like International Monetary Fund, World Bank and even APEC because they were dissatisfied with the level of assistance from those international institutions. Some resentment catalyzed them to seek for some temporary solutions and possible institutes to prepare for all contingencies in the future. The first year after the crisis saw ASEAN+3 emerged and then Chiang Mai Initiative (CMI), typically a regionwide defense against possible future disasters. As of December 2003, 16 BSAs (bilateral swap arrangements) among ASEAN+3 members had already been concluded, amounting to \$36.5 billion.²¹

Third, the legacy of financial crisis required continuous structural reforms within those heavily afflicted countries. ASEAN member countries actively adjusted themselves to a new and challenging environment through ASEAN-extra strategy to look for new opportunities beyond the region. Currently, there are totally 47 FTAs/EPAs between an East Asian country and a country outside the region. It seems this is a trivial feature in the Ethierian characteristics as a geographical effect because the participants are external members instead of their neighbors. But the FTAs/EPAs as steps to some extent for liberalization are primarily by the small countries, not by the large. This feature is almost consistent with one of those characteristics but Japan or China has tried to make some concessions mainly because of competitive motivation for special role in the process of liberalization. It should point out that China is not only a developing country necessary to conduct continuous reform but a true reformer.

Fourth, new regionalism in East Asia has been pushed forward by the economic rise of China. It is widely noticed that China has replaced Japan as Asia's main engine of growth in the last decade due to the declining influence of Japan. China's initiatives for regional cooperation and integration contributed a lot to the regional and countries' development and therefore China attracted regional as well as global attention. China's positive and open attitudes and new image

²¹ Mario B. Lamberte, *An Overview of Economic Cooperation and Integration in Asia*, Asian Bank, *Asian Economic Cooperation and Integration: Progress, Prospects, and Challenges*, 2005. P25.
<http://www.adb.org/Documents/Books/Asian-Economic-Cooperation-Integration/default.asp>

are welcome but also raise some doubts.

Fifth, some issues are primarily connected with whether there is about newly emerged China pattern seemingly competitive with Japan's geese-flying pattern. There is not an explicit Chinese FTA strategy to reach its own goal through new regionalist approach but its rapid growth and success have attracted some Asian neighbors.²² Therefore, the next section is to address a theme from the review of scholarship on new regionalism and China pattern and analyze why China could rise on its own way possibly to attract the regional countries.

II, China's Way

The rise of China with an average annual rate of 9.6% over the past 27 years has become a major contemporary event in the world. In 2004, China's GDP reached US\$2 trillion, the revised figure derived from the result of a one-year-long national economic survey and announced on December 20, 2005, making China the sixth-largest economy in the world in 2004.²³ Since the time China launched reform and open-up programs, the number of poor rural population has dropped to 26 million from 250 million, an extraordinary achievement in poverty reduction. The value of foreign trade has been from USD 20.6 billion in 1978 up to USD1.1547 trillion in 2004. The dependent rate of China GDP on export has been from 2% in 1978 up to 40.2% in 2004 (**Table 2**).²⁴ Today China's economy accounted for 4% of the world economy, which was only 1% in 1978.²⁵ China's new figures arouse some guess that China

²² Joseph S. Nye, Jr., The Rise of China's Soft Power, in *Wall Street Journal*, December 29, 2005.

²³ China's top statistician Li Deshui: China's revised 2004 GDP figure, in *People's Daily*, Tuesday, December 20, 2005. That announcement shows that China's gross domestic product for the year of 2004 is estimated at RMB15.9878 trillion (nearly \$2 trillion), up RMB2.3 trillion (\$1.65 trillion). That translates into an adjusted increase of 16.8%, making China the sixth-largest economy in the world in 2004.

²⁴ See <http://devdata.worldbank.org/external/CPProfile.asp?PTYPE=CP&CCODE=CHN>. Also refer to <http://gcs.mofcom.gov.cn/aarticle/Nocategory/200501/20050100331192.html>, and http://www.stats.gov.cn/tjgb/ndtjgb/qgndtjgb/t20020331_15372.htm.

²⁵ Premier Wen Jiabao, China's Peaceful Development: An Opportunity for East Asia, presented to *The East Asia Summit Leaders Dialogue*, Kuala Lumpur Malaysia, 12 December 2005.

probably has passed France, Italy and Britain to become the world's fourth-largest economy.²⁶

The rapid growth has been achieved through an uneven path transiting from the rigid economic structures under a centralized system to a market economy with Chinese socialist characteristics. The undergoing transition has been first from a backward agricultural society to an industrial society, second from a socialist planning economy to a market economy and third from a non-WTO country to a WTO country. What is the impressive is that the transition did not cause some grave consequences like the former Soviet Union, which was desintegrated. The transition and developmental path is of China pattern but the external force has been acting on China particularly through foreign investment. China assimilated FDI from USD 0.916 billion in 1983 to USD 60.63 billion in 2004 (Table 4). By the end of December 2004, the accumulation of the established foreign-invested enterprises of the country reached the number of 508941 with contracted foreign investment of USD 1096.608 billion and actual use of foreign investment of USD 562.101 billion.²⁷ Those figures and resources demonstrated that China benefits from its opening programs to the world and the rapid growth is closely connected with globalization.

The unique pattern is that a continuous reform has been conducted in a way regulating and revising various policies and gradually decentralizing planning to create an appropriate environment required by foreign investments to operate in China. The process gave free rein to some aspects of that system that has limited their abilities to achieve more of their goals. Some released constraints becoming so important impetus to China's economy are FDI, commercial network weaving through the channels run by overseas Chinese (or some referred it as "Greater China") and international product cycle transformation.

²⁶ DAVID BARBOZA and DANIEL ALTMAN: "That Blur? It's China, Moving Up in the Pack", in *New York Times*, December 21, 2005.

²⁷ In 2004, China assimilated the contracted foreign investment reached USD153.479b, a growth of 33.38% as compared with that of the same period last year; and the actual use of foreign investment reached USD60.630b. Origin:the Foreign Investment Department of the Ministry of Commerce,PRC.

For that reform to attain any significant improvement and smooth processing, those constraints identified should be managed within the whole gradual transforming system. The external force played an important role but not a determinant factor and the determinant is the reform of internal institution. To save the space to focus on new regionalism and China, I would go directly to the international product cycle transformation.

The international product cycle as one of external forces emphasized here does not mean that the function of geese-flying pattern has performed in the process of China's development. The international product chains with each cycle do play important roles because China's reform and open-up happened to be carried out with globalization. China's assimilation of international capitals and consequently China had some opportunities to enter international market and take part in production activities with international product cycle but not exactly the East Asian product cycle in the line of geese-flying pattern. This is mainly because of the fact that the period was completely different from that of rise of Japan and transferring of its sunset industries into Southeast Asian countries. The constraints of political relations between Japan and China and the recession and adjustment of Japan's economy in the 1990s could not allow China to be a new one into that Japan's product cycle although it seemed that China should have followed those four Asian dragons in the early 1990s. It was obvious that China prepared to borrow some external force as some impetus to its internal economic reform after making structural reform almost a whole decade in the 1980s as a preparation for a new leap in the process of reform from internal system to seeking external force to impel a reform furthermore in its structural system. It is well understood that Chinese village and township enterprises had been regarded as the engine of growth in the 1980s. It was overseas Chinese with their capitals, networks that spurred the development of village and township enterprises. Although those overseas Chinese did not have very deep expertise, they did have unique Chinese language skill, international marketing channels and more important their understanding of Chinese political culture. Remember please in the 1980s when the world was still under

bipolar system, China could not easily enter a network weaved and controlled by the US and comprised of Japan and ASEAN group. With that backdrop of cold war, I prefer to regard geese-flying form as a part of product cycle and production chain led by the US because the Japanese geese-flying pattern was not able to work without the American role immediately after the WWII. In the 1990s, the contemporary geese-flying pattern version or theory with the efforts by Japanese scholars gave the position that economic interdependence in East Asia would lead to an economic bloc to counter the West European and North American but Japan will be as a leader.²⁸ But bubble economy made Japan uneasy to go on bearing some economic burden it had in the previous decade, particularly in the 1990s, China further to undertake economic reform and comprehensively opening to the world. With double digit growth in the 1990s and its large size, China will never be a new team-mate in the geese-flying pattern.

But what is the implication of China pattern for Asian regionalism? Does it indicate that China is to construct a new hub with its own way to attract others in the wave of new regionalism?

III. Prospects of Asian Regionalism

Gradualism is the way China has taken since 1979. Put it simply by Deng Xiaoping, the best path for China to realize modernization is one "groping for stones to cross the river", which has not only been used in the 1980s the first stage China drove the momentum of economic reform. It seemed that China is still using the method to expand the reform from internal to outside including participating in bilateral FTA with neighboring countries and even those across the Pacific Ocean. As a matter of fact, China pattern is not designed to push on

²⁸ Shigehisa Kasahara, *The Flying Geese Paradigm: A Critical Study Of Its Application To East Asian Regional Development*, Discussion Papers, No.169, April 2004, UN Conference On Trade and Development.

a new regionalist strategy in East Asia but only a way of economic reform, which "is flexible enough that it is barely classifiable as a doctrine and does not believe in uniform solutions for every situation".²⁹ The remark "groping for stones to cross the river" is so pragmatic that it did play a role for China's reform in the 1980s. That was a good path for an extensive economy like China in the earlier stage's transition. I wonder whether it still works without a strategic consideration for its future reform because the transiting process has touched upon sensitive and core issues. It seems it will be a major feature in the transition that China should have a new visional angle worldwide, not a narrow or national angle, to scheme its future reform. The way "groping for stones to cross the river" can be used for some Chinese enterprises to go abroad, taking part in the wave of new regionalism. It is indeed that China has been active in APEC and initiated ASEAN-China FTA but there has been no very clear-cut view on its strategy. China should have a new idea on the new regionalism. Therefore, China pattern is not a well satisfied model and needs time to test before wide acceptance, let alone to use it to explain regionalism in East Asia. Growing China can possibly make some contributions to regional economic development but it is hard to guess if China could be or not be a hub in the new wave of regionalism. Therefore I cannot agree with the view in Ramo's sensational pamphlet *The Beijing Consensus* that the China's pattern has a gigantic effect outside of China and even to be a power center of gravity.³⁰ It is correct that he viewed China's path as gradualism but not realistic that China has designed a new path to confront Washington Consensus.

It is probably better to analyze the possible prospect of Asian regionalism prior to map out China's role. The first way can begin with issues for integration-oriented scheme. As mentioned from the trade integration, the East Asian new regionalism is a simmering or a nascent one but different from the

²⁹ Joshua Cooper Ramo, *The Beijing Consensus, Notes on the New Physics of Chinese Power*, published May 2004 by The Foreign Policy Centre, a leading European think-tank launched under the patronage of the British Prime Minister Tony Blair, P.4.

³⁰ Joshua Cooper Ramo, *The Beijing Consensus, Notes on the New Physics of Chinese Power*, published May 2004 by The Foreign Policy Centre, a leading European think-tank launched under the patronage of the British Prime Minister Tony Blair,

way the European Union has practiced. I cannot make a judgment at the moment that Asia is completely departing from the EU path but the conceptualization from the empirical case of EU is hard for Asia to copy. One example is Chiang Mai Initiative (CMI), which differed from the process of European integration—first from a free trade agreement, then to a custom union and further to a common market, from which a financial scheme was proposed in a later stage. This is the case through issue to design a possible regionalism.

The second one is the external factor, particularly the US and the possibility of a hub dominated by the US. The FTA policy is part of the U.S. strategy of "competitive liberalization", in which global, regional and bilateral trade negotiations complementing and reinforcing each other.³¹ The US has its interests in the East Asia as well as in other regions and thus it has been watching special objects as partners for FTA candidates to realize its global strategy. Thus with the FTA or other bilateral method the US can put pressure on non-members of individual trade agreements either to join the group itself or to conclude broader agreements. The US issued a principle document the ***Enterprise for ASEAN Initiative (EAI)*** to enhance close U.S. ties with ASEAN, particularly to spur bilateral free trade agreements (FTAs) between the United States and ASEAN countries.³² The roadmap is ASEAN member countries should be committed to economic reforms and openness and then there is some possibility to establish bilateral free trade agreements (FTAs) with the United States. It is not an old-fashioned regionalism but the United States wanted "to create a network of bilateral FTAs" and use such a network to become a hub in Asia. The US uses the FTA as an instrument of its foreign policy to promote global free trade and this "can have political implications".³³ The US influence has had some effects on recent East Asian Summit held in Malaysia on December 14, 2005 and the EAS became an extensive forum geographically expanding beyond East Asia. It was said that to prevent China

³¹ Hadi Soesastro, Region sees waning economic interdependence, *The Jakarta Post*, December 31, 2003.

³² Office of International Information Programs, U.S. Department of State: Fact Sheet: Enterprise for ASEAN Initiative (EAI)(October 26, 2002 fact sheet, (Web site: <http://usinfo.state.gov>).

³³ Hadi Soesastro, Region sees waning economic interdependence, *The Jakarta Post*, December 31, 2003.

from being a leader the US from behind the scenes gave a strong support to include India, Australia and New Zealand. According to a Singaporean scholar, it is however some ASEAN members like Malaysia, Vietnam that did not agree to let the US to join in EAS.³⁴ In fact, China did not make any exposition that the US should be fended off.³⁵ Therefore, big power like the US outside the region may have the opportunity to be a leader.

The third one is the APEC way. APEC, established in 1989, has a vision to build a community and is a bridge connecting two coasts of the Pacific Ocean and providing a platform for its member economies to exchange for the vision through cooperation and integration. The process has been slowed down and even sidelined with a new trend by a new wave and rise of bilateral FTAs and East Asia's 10+3 and 10+1 since the failure of EVSL initiative (Early Voluntary Sectoral Liberalization). Some of APEC characteristics include consensus-building and non-binding principles. Actually APEC approach had been practiced in ASEAN, which had carried out the policies such as concerted consensus, flexibility for sub-regional integration. Historically, ASEAN had a Kuching Consensus as a united position to respond to the rise of APEC, rejecting any possible proposal that APEC would be an economic group. Meanwhile, ASEAN made its efforts to build its own free trade area, and the AFTA was officially implemented in 2002, from which ASEAN itself has abandoned its non-binding principle but tried to form itself a regional group going towards a legalist integration within a given region of APEC. The APEC approach non-binding principle has been debated within the academic circle for years. We understand that APEC approach had played some active role but its disadvantage is clear. First, conflict resolution depends on WTO. Whether there is a perfect or imperfect conflict resolution regime is a basic standard to weigh

³⁴ Eric Leo made the remark at "Dialogue Program" with an interview by a reporter of Chinese Central Television Station in Beijing on November 30, 2005.

³⁵ Chinese Premier Wen Jiabao presented at the First EAS: "Participation of India, Australia and New Zealand in the East Asia cooperation process will give great scope to further cooperation. We look forward to working with these three countries to advance East Asia development and cooperation. The United States, the European Union and other countries and organizations outside this region are welcome to enter into relations with the East Asia cooperation mechanism and to play a positive and constructive role in promoting stability and development in East Asia". See Wen Jiabao, **Be Open and Inclusive And Achieve Mutual Benefit and Common Progress**, at The First East Asia Summit, Kuala Lumpur, Malaysia, 14 December 2005.

up some efficiency of an organization. APEC, however, lacks such a sufficient regime. For instance, APEC had to seek WTO for review after internal conflict over the issue EVSL. Second, APEC's open regionalism is somewhat ambiguous but what is clear is its liberalized level transcended WTO and is called WTO plus because some of its measures are more liberal and beyond a basic principle of reciprocity. APEC is unable to open its door and supply free public goods to the world without reciprocity because APEC bears almost no resources to do so. The above dys-functioning made APEC to be soft. It is clear that there is some ride free phenomena inside APEC. Member economies could be easy to take any opportunist method to cope with any cooperative agenda or measure for the purpose of their own national interests. A question was made that if ASEAN itself has been allowed legally and institutionally, why should APEC keep on the old ASEAN track? APEC should go towards a direction of legalist cooperation. A new proposal was submitted in 2004 to set up an FTAAP (Free Trade Area of Asia Pacific),³⁶ which is surely a breakthrough not only in reforming a non-binding institution of APEC but a new and bold suggestion as well. The most initiative and creative is that FTAAP not only possibly addresses the issue of insufficient capability the geese-flying pattern and ASEAN way could perform but also serves as a new way out for weakening APEC so that the grouping can go beyond unilateral liberalization. East Asia cannot live alone but should live with APEC members in the other side of the Pacific and will have to continue its trade, investment and financial transactions with outside. APEC helps East Asia to keep its "open regionalism".³⁷

FTAAP is a nice design but how to realize the FTAAP without pulling down the APEC framework? An already solution is "Pathfinder" initiated in 2001.³⁸ We have some supporters including C. Fred Bergsten, who wrote an article *Toward a Free Trade Area of the Asia Pacific(2004)*, and lately a new one *A New Strategy For APEC*³⁹ and other opponents. It is normal to have different ideas

³⁶ Robert Scollay, Preliminary Assessment of the Proposal for a Free Trade Area of the Asia-Pacific (FTAAP), An Issues Paper for the APEC Business Advisory Council (ABAC), 2004.

³⁷ Ippei Yamazawa, Asia-Pacific Region Strengthens Cooperation, *Korea Times*, 11-21-2005.

³⁸ The Shanghai Declaration by the 2001 APEC Leaders Meeting in Shanghai.

³⁹ A presentation to The 16th General Meeting of the Pacific Economic Cooperation Council at Seoul, September 6, 2005.

but one or two years will need for review. Although there are divergent points, non-binding approach is a basic reason for APEC unable to catch up with European region in the process of integration. Since 1998 failure because of EVSL, bilateral FTAs and sub-regional integration activities have been increasingly an obstacle to realize Bogor goal. APEC is now on the way critical to its goal. Whether APEC could accept FTAAP or not is greatly a test for APEC future. There are four scenarios:

First one is the integration of the whole Ocean, which will use the APEC as a bridge to connect the both coasts to discuss FTAAP. A broader region of free trade agreement will be definitely supported by integration theory. An FTA that could attract more countries will be better than a smaller one, overcoming some disadvantages of trade transfer. This is the best scenario. Second one is to organize an FTAAP with some APEC member economies. This could be formed through the way Pathfinder. Initial members should include six economies including China as suggested in Scollay's report. But the group should be kept open for others who may choose to join in later and if the time is mature to accept them. Third, APEC is divided into two regional FTAs, East Asian FTA and Americas' (FTAA). America's factor might be controversial for East Asia, but if the US is excluded from East Asia it will not be beneficial for Chinese economy and other East Asian economies. Fourth, APEC maintains its status quo. This scenario will possibly lead to ending of the organization.

Notwithstanding the potential gains from a larger FTA, there are still some concerns. First, East Asian geopolitical environment is unstable. Although the regional relations have been improved with the end of the Cold War, we have seen there are ideological divisions, historical legacy among most East Asian economies, particularly recently between China and Japan. The US and Japan tried to use realism approach as in international politics to address the issues of Chins rise. Although liberalism approach has been proposed many times, it is still hard to be utilized to persuade decision makers. Second, government organizations in East Asia that lack domestic regulatory capacity have been

poorly equipped to participate in some regional initiatives such as bilateral FTAs and multilateral cooperation. A wide phenomenon is that divergent level in economic development and other non-political factors have been explored and on and on, but politically, different government organizational forms and their capacities have not been touched so much. Actually, government capacity and policy type influence cooperation. A problem is whether new regionalism as a type of regional mechanism can be spurred prior to adjusting and harmonize those government organizations.⁴⁰ Third, China is rising and how can China be smoothly accepted in the process and even play some role for integration?

IV. Conclusion

This paper tries to explore the East Asian new regionalism and China's role. The definition on new regionalism is based on Ethier's approach, from which I try to seek for some possibility that emerging FTAs after 1997 evolve into an institution in East Asia.

Most of East Asian FTAs and RTAs have emerged since 1997 and there are over 80 FTAs including those in effect or in negotiation. Asian regionalism is currently led by a group composed by several small sized countries. But these small countries want to pursue a tie with a Northeast Asian large country or both. This consideration gives a signal that in the future the situation will change. East Asian RTAs/PTAs could be regarded building blocks for multilateral trade liberalization because the situation is almost consistent with Ethier's model.

In East Asia, there are geese-flying pattern, newly emerging China pattern and APEC way as basic model for hub candidates of regionalism. Besides, we have

⁴⁰ Natasha Hamilton-Hart, Asia's new regionalism: government capacity and cooperation in the Western Pacific, *Review of International Political Economy*, 10:2, may 2003.

the case projected method and external force like big power and its possible role to play in the process of new regionalism in East Asia. The geese-flying pattern has been in wane, China pattern has not so much significant. After analyzing ASEAN way and APEC way, we consider APEC way should be reformed with the method "Pathfinder" for the purpose to the establishment of FTA-Asia Pacific.

ANNEX I. TABLES

**Table 1: Table 1: RTAs/PTAs/FTAs in East Asia and their Status
(at the end of 2005)**

Bilateral FTAs/EPAs in effect (intra-region) :

China:

China-Thailand PTA

Early harvest arrangement implemented in October 2003.

Japan

Japan – Singapore, Economic Partnership Agreement (EPA) Signed in January 2002, implemented in November 2002

Japan-Chile

Japan-Chile Economic Partnership Agreement Negotiations officially initiated November 18th, 2005

Japan-Mexico EPA, Agreement between Japan and the United Mexican States for the Strengthening of the Economic Partnership (Investment and Services): States Reservations for Existing Measures (October 2005)

Japan – Philippines

A Japan - Philippines Economic Partnership Agreement reached in principle on major elements of the Agreement on November 29, 2004.

Japan-Thailand (JTEPA), A Japan-Thailand Economic Partnership Agreement reached in principle 1 September 2005.

Malaysia-Japan Comprehensive Economic Partnership Agreement (EPA)

Agreement between the Government of Japan and the Government of Malaysia for an Economic Partnership (December 2005)

Singapore -India CECA

Negotiations for the India - Singapore Comprehensive Economic Cooperation Agreement (CECA) were launched on 27 May 2003 in New Delhi. The launch of negotiations followed the signing of the Declaration of Intent on 8 April 2003. The India-Singapore CECA was signed on 29 June 2005. Singapore-South Korea FTA, FTA agreement officially signed in 2005

Bilateral RTAs/FTAs/EPAs in stages of negotiations (intra-region)

China-South Korea FTA negotiations started with early 2005 and schedule to be completed in 2006.

China-Singapore Free Trade Area Official discussions ongoing, started in 2004.

China-Pakistan FTA negotiations ongoing.

China-Malaysia FTA, initiated in 2005 and negotiations ongoing.

Japan-Indonesia EPA, Japan-Indonesia Economic Partnership Agreement (JIEPA) negotiation officially initiated in December 2005.

South Korea-Japan FTA, Negotiations under way, initiated in 1997.

South Korea-India CEPA (with FTA) , started in December 2005.

South Korea-Malaysia FTA, negotiations ongoing, started in 2004.

South Korea-EFTA FTA, negotiations ongoing, started in 2004.

Regional FTAs/EPAs

ASEAN

ASEAN FTA (AFTA), officially signed in 1992, implemented in January 1993.

ASEAN Economic Community (ASEAN-EC by 2020), a declaration signed in 2003.

AFTA-CER, ASEAN Free Trade Area (AFTA)-Closer Economic Relations of Australia and New Zealand (CER), Ministerial Declaration signed in September 2002.

ASEAN-Japan, Framework Agreement (Framework For Comprehensive Economic Partnership Between The Association of Southeast Asian Nations and Japan) signed on 8 October 2003;

ASEAN+India Comprehensive Economic Cooperation Framework Agreement (with FTA), signed in October 2003; negotiations on FTA and early harvest program started in January 2004.

ASEAN+South Korea, Framework Agreement on Comprehensive Economic Cooperation Among the Governments of the Member Countries of the Association of Southeast Asian Nations and the Republic of Korea, signed in Kuala Lumpur, 13 December 2005 (Official negotiation is under way for Agreement on Trade in Goods, possibly to be completed in 2006).

ASEAN+3/ East Asia Free Trade Area: East Asia Vision Group Report and East Asia Study Group report completed and identified term frame; official discussions ongoing

ASEAN+3(East Asia) +3(India, Australia and New Zealand, a new forum starting with December 14, 2005.

ASEAN+Singapore+Australia FTA, negotiations officially started in November 2004.

China

China – ASEAN: Framework Agreement signed in November 2002 (with FTA) and early harvest implemented in 2003, an Agreement on Trade in Goods of the Framework Agreement in November 2004; official negotiations on agreement on trade in services under way.

China-members of Shanghai Cooperation Organization, FTA initiated but official negotiation not started.

Inter-regional FTAs/EPAs in effect:

China-Chile FTA Agreement, signed on Nov. 18, 2005.

Singapore-Australia FTA , Signed February 2003, implemented July 2003

Singapore-EFTA FTA, Signed June 2002, implemented January 2003

Singapore-Jordan FTA signed in May 2004.

Singapore-New Zealand Closer Economic Partnership, Signed in November 2000, implemented in January 2001

Singapore-USA FTA, Signed in May 2003, to implement in January 2004.

South Korea-Chile FTA, agreement signed and implemented in 2004.

Trans-Pacific SEP (Pacific-Three FTA): Brunei, Chile, New Zealand and Singapore announced the substantive conclusion of the Trans-Pacific Strategic Economic Partnership Agreement ('Trans-Pacific SEP') On 3 Jun 05. The Agreement was first launched in October 2002 at the APEC Leaders' Economic Meeting in Los Cabos (Mexico). Prior to Brunei's participation as a party to the Agreement, the

Trans-Pacific SEP was known as the Pacific-Three FTA..

Thailand-Australia FTA, agreement signed and implemented on Jan.1, 2005.

Thailand-Bahrain Closer Economic Partnership (by 2010) signed in 2003.

Thailand-New Zealand FTA, negotiations concluded in December 2005.

Thailand-Peru FTA, officially signed on 20 November, 2005

RTAs/FTAs/EPAs in stages of negotiations (inter-region)

China

China-Australia, FTA official negotiation started in 2005.

China-New Zealand Free Trade Area, FTA official discussions under way and possibly implemented early 2007.

China-Iceland, FTA negotiations ongoing.

China-Thailand Closer Economic Partnership Arrangement (Cepa), negotiations ongoing,

Malaysia

Malaysia- Australia
FTA negotiations officially started.

Malaysia-India
FTA negotiations ongoing

Malaysia- Pakistan FTA negotiations started.

Malaysia-New Zealand, The second round of towards the Malaysia-New Zealand FTA completed
Malaysia-USA TIFA, with eventual FTA.

Malaysia-USA Trade and Investment Framework Agreement (TIFA signed 10 May 2004), a Joint Council on Trade and Investment, has been formed to discuss bilateral issues and cooperation programmes as of end 2004. The Joint Council which has already met twice, is also exploring the possibility of an FTA in the near future. Official discussions ongoing. The target time is early 2007.

Phylippines

Philippines-USA FTA, with pre-existing TIFA, Official discussions ongoing

Singapore

Singapore-Bahrain FTA,Free Trade Agreement (FTA) , official negotiation initialed October 2003,

Singapore-Canada FTA, Official discussions ongoing since October 2001.

Singapore-Egypt FTA,Free Trade Agreement, negotiation started in February 2004.

Singapore-Mexico FTA, Official discussions ongoing since July 2000.

Singapore-Pakistan FTA, Formal FTA negotiations commenced in August 2005.

Singapore- Panama FTA, Launched on 17 February 2004, concluded negotiations on the Panama-Singapore Free Trade Agreement (PSFTA) in April 2005.

Singapore-Peru FTA, officially announced the launch of negotiations for a bilateral free trade agreement (FTA) on 19 Nov 2004. Negotiations for the FTA are targeted to commence in 2006 and are expected to be completed within a year.

Singapore-Sri Lanka CEPA, Comprehensive Economic Partnership Agreement, started in 2003.

Singapore-Kuwait FTA, Official discussions ongoing since October 2004.

Singapore- Qatar FTA, Official discussions ongoing since December 2004.

Singapore- The United Arab Emirates (UAE) FTA, Official discussions ongoing.

South Korea-Australia FTA, Official discussions ongoing

South Korea-Mexico FTA , Official discussions ongoing

South Korea-New Zealand FTA, Official discussions ongoing

South Korea-USA FTA, Official discussions ongoing.

Thailand

Thailand-Chile FTA , Proposal in 2003

Thailand-Croatia FTA, Proposal in 2001

Thailand-Czech Republic FTA, Proposal in 2001

Thailand-India FTA by 2010, Official discussions ongoing

Thailand-Japan Comprehensive Economic Partnership Agreement (EPA), Official discussions ongoing

Thailand-Mexico FTA, Proposal in 2003

Thailand-South Africa FTA, Proposal in 2003

Thailand-South Korea FTA study is under way started in 2003

Thailand-USA FTA, negotiations officially started in June 2004.

Sources: collecting from Japan, Singapore government web-databases; international news papers.

Table 2. China Data Profile

China Data Profile			
Click on the indicator to view a	2000	2003	2004

Population growth (annual %)	0.7	0.6	0.6
Literacy rate, adult male (% of males ages 15 and above)	95.1	..	..
Environment			
Surface area (sq. km)	9.6 million	9.6 million	..
Forests (1,000 sq. km)	1.6 million	..	..
Deforestation (average annual % 1990-2000)	-1.2	..	..
Internal freshwater resources per capita (cubic meters)	..	2,182.6	..
Energy use per capita (kg of oil equivalent)	903.2	..	..
Electricity use per capita (kWh)	827.0	..	..
Economy			
GNI, Atlas method (current US\$)	1.1 trillion	1.4 trillion	1.7 trillion
GNI per capita, Atlas method (current US\$)	840.0	1,100.0	1,290.0
GDP (current \$)	1.1 trillion	1.4 trillion	1.6 trillion
GDP growth (annual %)	8.0	9.3	9.5
GDP implicit price deflator (annual % growth)	0.9	2.0	6.3
Value added in agriculture (% of GDP)	16.4	14.6	14.6
Value added in industry (% of GDP)	50.2	52.3	50.8
Value added in services (% of GDP)	33.4	33.1	34.5
Exports of goods and services (% of GDP)	25.9	34.3	40.2
Imports of goods and services (% of GDP)	23.2	31.8	39.2
Gross capital formation (% of GDP)	36.3	44.3	45.0
Revenue, excluding grants (% of GDP)	7.9	..	-0.4
Technology and infrastructure			
Fixed lines and mobile telephones (per 1,000 people)	177.6	423.8	..
Telephone average cost of local call (US\$ per three minutes)	..	0.0	..
Personal computers (per 1,000 people)	15.9	..	..
Internet users (per 1,000 people)	17.4	63.2	..
Aircraft departures	572.9	946.4	

	thousand	thousand	
Trade and finance			
Trade in goods as a share of GDP (%)	43.9	60.1	..
High-technology exports (% of manufactured exports)	18.6	27.1	..
Net barter terms of trade (1995=100)	100.0	..	..
Foreign direct investment, net inflows in reporting country (current US\$)	38.4 billion	53.5 billion	**
Present value of debt (current US\$)	133.2 billion	188.5 billion	**
Total debt service (% of exports of goods and services)	9.3	7.3	..
Short-term debt outstanding (current US\$)	13.1 billion	73.0 billion	**
Aid per capita (current US\$)	1.4	1.0	..
Source: World Development Indicators database, August 2005			

Note: Please also refer to updated figures announced by China's National Bureau of Statistics (NBS) announced on January 9, 2006, that the average GDP growth rate for the 1979-2004 period was revised to 9.6 percent. http://english.gov.cn/2006-01/09/content_152189.htm.

Table 2.

China's International Trade Since 1978

Unit: US\$100 million

years	Export+Import	Export	Import
1978	206.4	97.5	108.9
1979	293.3	136.6	156.8
1980	378.2	182.7	195.5
1981	440.2	220.1	220.2
1982	416.1	223.2	192.9
1983	436.2	222.3	213.9
1984	535.5	261.4	274.1
1985	696.0	273.5	422.5
1986	738.5	309.4	429.0
1987	826.5	394.4	432.2
1988	1027.8	475.2	552.7
1989	1116.8	525.4	591.4

1990	1154.4	620.9	533.5
1991	1357.0	719.1	637.9
1992	1655.3	849.4	805.9
1993	1957.0	917.4	1039.6
1994	2366.2	1210.1	1156.2
1995	2808.6	1487.8	1320.8
1996	2898.8	1510.5	1388.3
1997	3251.6	1827.9	1423.7
1998	3239.5	1837.1	1402.4
1999	3606.3	1949.3	1657.0
2000	4743.0	2492.0	2250.9
2001	5096.5	2661.0	2435.5
2002	6207.7	3255.7	2952.0
2003	8512.1	4383.7	4128.4
2004	11547.4	5933.6	5613.8

Source: Source: China Commerce Department *database*.
<http://gcs.mofcom.gov.cn/aarticle/Nocategory/200405/20040500218164.html>
and updated data released separately on Jan.27, 2004 and Jan.11, 2005.

Table 3.

China Trade Growth Rate (%) Since 1978

Years	Export+Import	Export	Import
1978	39.4	28.4	51.0
1979	42.0	40.2	43.9
1980	28.9	33.8	24.7
1981	16.4	20.4	12.6
1982	-5.5	1.4	-12.4
1983	4.8	-0.4	10.9
1984	22.8	17.6	28.1
1985	30.0	4.6	54.1
1986	6.0	13.1	1.5
1987	11.9	27.5	0.7
1988	24.4	20.5	27.9
1989	8.7	10.6	7.0

1990	3.4	18.2	-9.8
1991	17.6	15.8	19.6
1992	22.0	18.1	26.3
1993	18.2	8.0	29.0
1994	20.9	31.9	11.2
1995	18.7	23.0	14.2
1996	3.2	1.5	5.1
1997	12.2	21.0	2.5
1998	-0.4	0.5	-1.5
1999	11.3	6.1	18.2
2000	31.5	27.8	35.8
2001	7.5	6.8	8.2
2002	21.8	22.3	21.2
2003	37.1	34.6	39.9
2004	35.7	35.4	36.0

Source: China Commerce Department *database*.

<http://gcs.mofcom.gov.cn/aarticle/Nocategory/200405/20040500218164.html>

, and updated data released separately on Jan.27, 2004 and Jan.11, 2005.

Table 4. **China FDI Stock as of 1979-end 2004**

(Unit: US\$ 100 million)

Year	No. of Projects	Contractual Value	Realized Value
Total	508,941	10,966.09	5,621.01
1979-1982	920	49.58	17.69
1983	638	19.17	9.16
1984	2,166	28.75	14.19
1985	3,073	63.33	19.56
1986	1,498	33.30	22.44
1987	2,233	37.09	23.14
1988	5,945	52.97	31.94
1989	5,779	56.00	33.93
1990	7,273	65.96	34.87
1991	12,978	119.77	43.66
1992	48,764	581.24	110.08
1993	83,437	1,114.36	275.15
1994	47,549	826.80	337.67
1995	37,011	912.82	375.21
1996	24,556	732.76	417.26
1997	21,001	510.03	452.57
1998	19,799	521.02	454.63

1999	16,918	412.23	403.19
2000	22,347	623.80	407.15
2001	26,140	691.95	468.78
2002	34,171	827.68	527.43
2003	41,081	1,150.70	535.05
2004	43,664.00	1,534.79	606.30

Source: Information by the Foreign Investment Department of the Ministry of Commerce, PRC, 2005-11-27 <http://www.fdi.gov.cn/common/info.jsp?id=ABC00000000000025720>

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