

# ***East Asian New Regionalism And China***

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**OPINIONS EXPRESSED HERE ARE SOLELY THOSE OF THE AUTHOR**

# Outline

- Evolution of new regionalism in East Asia.
- Patterns of regional integration in the East Asia from the historical perspective.
- The geese-flying pattern.
- The China pattern.
- Prospects: sequencing to what?
- Conclusion.

# I. New Regionalism in East Asia

- New Regionalism: definition.
- Economics.
- Political science.
- Here, suffice it to discuss trade

# Current FTA situation

- Eighteen bilateral FTAs/EPAs in the region of East Asia, eight of which have been in effect.
- Eleven regional FTAs/EPAs in effects and negotiations.
- 33 inter-regional RTAs/FTAs/EPAs in stages of negotiations.
- The number changes rapidly.

# Bilateral PTA/FTAs/EPAs in effect (intra-region) : 8

- China: 2
- China-Thailand PTA: Early harvest arrangement implemented in October 2003.
- China-Pakistan PTA: Early harvest arrangement implemented in January 2006.
- Japan: 4
- Japan – Singapore (EPA) Signed in January 2002, implemented in November 2002
- Japan – Philippines EPA, November 29, 2004.
- Japan-Thailand (JTEPA), reached in principle 1 September 2005.
- Malaysia-Japan EPA, (December 2005)
- Singapore: 2
- Korea-Singapore FTA, signed on August 4, 2005 between Korea and Singapore.
- Singapore -India CECA, India - signed on 29 June 2005.

## Bilateral RTAs/FTAs/EPAs in stages of negotiations (intra-region): 9

- China-South Korea FTA negotiations started 2005.
- China-Singapore FTA Official discussions started in 2004.
- China-Pakistan FTA negotiations ongoing.
- China-Malaysia FTA, initiated in 2005.
- China-Thailand (Cepa), negotiations ongoing.
- Japan-Indonesia EPA, negotiation in December 2005.
- S.Korea-Japan FTA, Negotiations initiated in 1997.
- S.Korea-India CEPA (with FTA) started December 2005.
- S.Korea-Malaysia FTA, negotiations started in 2004.

# Regional FTAs/EPAs in effects and negotiations: 11

- ASEAN

- ASEAN FTA (AFTA), signed in 1992, implemented in 1993.
- ASEAN Economic Community (ASEAN-EC by 2020), signed in 2003.
- AFTA-CER, signed in September 2002.
- ASEAN-Japan, signed on 8 October 2003;
- ASEAN+India signed in October 2003; early harvest started in 2004.
- ASEAN+South Korea, signed in Kuala Lumpur, 13 December 2005.
- 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, started in November 2004.

- China

- China – ASEAN: signed in November 2002 (with FTA) Agreement on Trade in Goods of the Framework Agreement in November 2004;
- China-members of Shanghai Cooperation Organization, FTA initiated but official negotiation not started.

## Inter-regional FTAs/EPAs in effect:14

- China-Chile FTA Agreement, signed on Nov.18, 2005.
- Japan-Chile EPA, officially initiated November 18th, 2005
- Japan-Mexico EPA, (October 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, an agreement signed and implemented in 2004.
- Trans-Pacific SEP (Pacific-Three FTA):Brunei, Chile, New Zealand and Singapore, 3 Jun 05.
- Thailand-Australia FTA, 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):34

- China:3
- Malaysia:5
- Phylippines: 1
- Singapore: 11
- South Korea: 5
- Thailand:9

# Main Characteristics

- A larger country plays a role.
- Deep reforms have been undertaken.
- Global powers have leverage.

## II. Institutional Patterns From Historical Perspective

- Chinese tributary system (Cathaysian system) : 1000<sub>BC</sub>—1840?
- Greater East Asia Co-prosperity Sphere (GEACS):1920s—1945
- Regionalism in Cold War period had been very soft: late 1940s—1980s

# III. Geese-flying Pattern

Akamatsu's version: relative to a product-cycle approach, not an exploration to set up an analytical framework for explaining regional integration.

- It is not a sustainable pattern.

# IV. China Pattern

- What is China pattern?
- Put it simply, Gradualism. Gradualism is the way China has taken since 1979. Late Deng Xiaoping said, the best path for China to realize modernization is one “groping for stones to cross the river”.

# A World's fourth-largest economy?

- **China grows with an average annual rate of 9.6% over the past 27 years.**
- **The number of poor rural population has dropped to 26 million from 250 million.**
- **The value of foreign trade has been from USD 20.6 billion in 1978 up to USD1,422.1 billion in 2005.**
- **China's GDP for the year of 2005 is USD 2259.1 billion, up by 9.9 percent in terms of comparable prices.**

# Transitions in Three Dimensions

- **First**, China has been transiting from a backward agricultural society to an industrial society;
- **Second**, from a socialist planning economy to a market economy;
- **Third**, from a non-WTO country to a WTO country.

# External Force

- Foreign investment. China assimilated FDI from USD 0.916 billion in 1983 to USD 60.63 billion in 2004.
- The contracted foreign investment of USD 1096.608 billion and actual use of foreign investment of USD 562.101 billion ( as of end of December 2004).

# Which one is a determinant factor?

- External force or the reform of internal institution? And the function of geese-flying pattern?

# China pattern and Asian regionalism

- The China Pattern to be a “hub”?
  - 1, China does not have a clear strategy;**
  - 2, Government organizations: domestic regulatory system is in transition;
  - 3, Rise of China is regarded as an indefinite factor;**
  - 4, Unstable geopolitical environment is hard for China.

# V. Prospects: sequencing to what?

- East Asian new regionalism is nascent but different from the way of the European Union.
- The external factor-US has some political and economic implications;
- APEC way —ASEAN way?
- FTAAP?

# VI. Conclusion(1)

- **Most of East Asian FTAs and RTAs have been emerged since 1997 and the wave of Asian regionalism is currently guided by a group consisted of small countries but a larger country may have a potential influence.**

## Conclusion(2)

- **It is hard to see East Asian RTAs/PTAs as stumbling but building blocks for multilateral trade liberalization.**

# Conclusion(3)

- **There are geese-flying pattern, China pattern, external force and APEC way as hub candidates of institutional regionalism. The geese-flying pattern has been in wane, China pattern unmaturing and ASEAN way in transition, and APEC way should be reformed with the method “Pathfinder” for the establishment of FTA-Asia Pacific.**

**End**

**Thank you!**

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