

How to Guide the East Asian Regionalism

Ippei Yamazawa

Institute of Developing Economies
and Waseda University, Tokyo

1. Regionalism Mushrooms in East Asia

- **AFTA strengthened and extended**
- **ASEAN plus Three: East Asian Free Trade Bloc**
- **ASEAN-China FTA**
- **Cooperation among China, Japan, and Korea**
- **Bilateral FTAs: Singapore-New Zealand, Singapore-Japan, Japan-Korea, Japan-Mexico, Korea-Chile, etc.**
- **Depression and uncertainty spread over the world economy after the terrorist shock**
- **China and Taiwan joined the WTO and will be further integrated with the regional economy**

2. Main Features of East Asian Regionalism

- **East Asian economies are late comers on the RTA initiatives**
- **RTA has become a pragmatic approach under competitive liberalization**
- **RTAs today aim at a wider range of cooperation than FTA of GATT Article 24**
- **East Asian economies recovered from the financial crisis but their structural deficiencies yet to be amended**
- **Momentum for liberalization diminished in some ASEAN economies**
- **Need closer regional cooperation for joint promotion of liberalization, facilitation, and structural reform (against vested interest groups at home)**

3. APEC Acts as a Major Catalyst

- **APEC is not a negotiating body: slow IAP process and failure in EVSL**
- **It can promote facilitation (WTO-plus)**
- **Help capacity building for liberalization: APEC Strategic Plan (telecom, customs, financial service, S&C, TRIM)**
- **Guide its RTAs to be consistent with the multi rule: open regional cooperation**
- **APEC and PECC can help the WTO's New Millenium round by forming consensus among members of diverse interests**

4. EPG's Recommendation for Open Sub-Regionalism

SRTA within APEC should be fully consistent with WTO and extend their liberalization to other APEC members on the four-part formula;

- Implement via unilateral liberalization to the max extent**
- Declare their intention to continue reducing barriers**
- Offer to extend new liberalization to other APEC members on a reciprocal basis**
- Extend its SRTA liberalization conditionally to other APEC members or unconditionally to all WTO members**

5. The Way Ahead

- **Need for a clear vision of East Asian regionalism for liberalization and structural reform**
- **Competitive liberalization can go either way: help or impede the WTO liberalization**
- **APEC promotes and help the WTO's New Millenium Round negotiation**
- **APEC should also guide its members to aim at high-level RTAs in parallel**
- **APEC should intensify and extend its Ecotech activities to wider range of capacity building**
- **PECC should assist APEC in these activities taking advantage of its tripartite participation**