

# A CASE FOR EAST ASIAN REGIONALISM

By Ippei Yamazawa. JANCPEC

- 1. East Asian Regionalism: Current State
- 2. Main Characteristics and Impacts on Outsiders
- 3. Financial Cooperation
- 4. Liberalization and Structural Reform
- 5. Conclusion

# 1 Current State of East Asian Regionalism

- Preceded by EAEC proposal in 1990, encouraged by market-driven integration in the region but abortive
- Revived after the Asian crisis in 1997
- ASEAN plus Three, or ASEAN plus each of Three
- Cooperation among Japan, China and Korea
- ☹ Bilateral FTAs: Japan-Singapore, Japan-Korea, Japan-Thailand, etc.
- Momentum continued in spite of China/Taiwan's joining WTO and start of Doha development agenda
- ADB Shanghai Meeting May 2002/ J.C.K FM

# Japan-Singapore Economic Partnership

## Agreement (JSEPA)

- Liberalization and Facilitation:
  - Tariffs eliminated 100% by Singapore and 98% of manufactures by Japan, some agricultural products excluded
  - Services trade liberalized 90% by Singapore and 86% by Japan
  - Investment/ MRA/ Movements of professionals/ Intellectual property rights
- Scope for Economic partnership
  - IT technology/ Human resource development/ trade and investment promotion/ Small and medium enterprises/ Tourism/ Electronic trade documents exchange

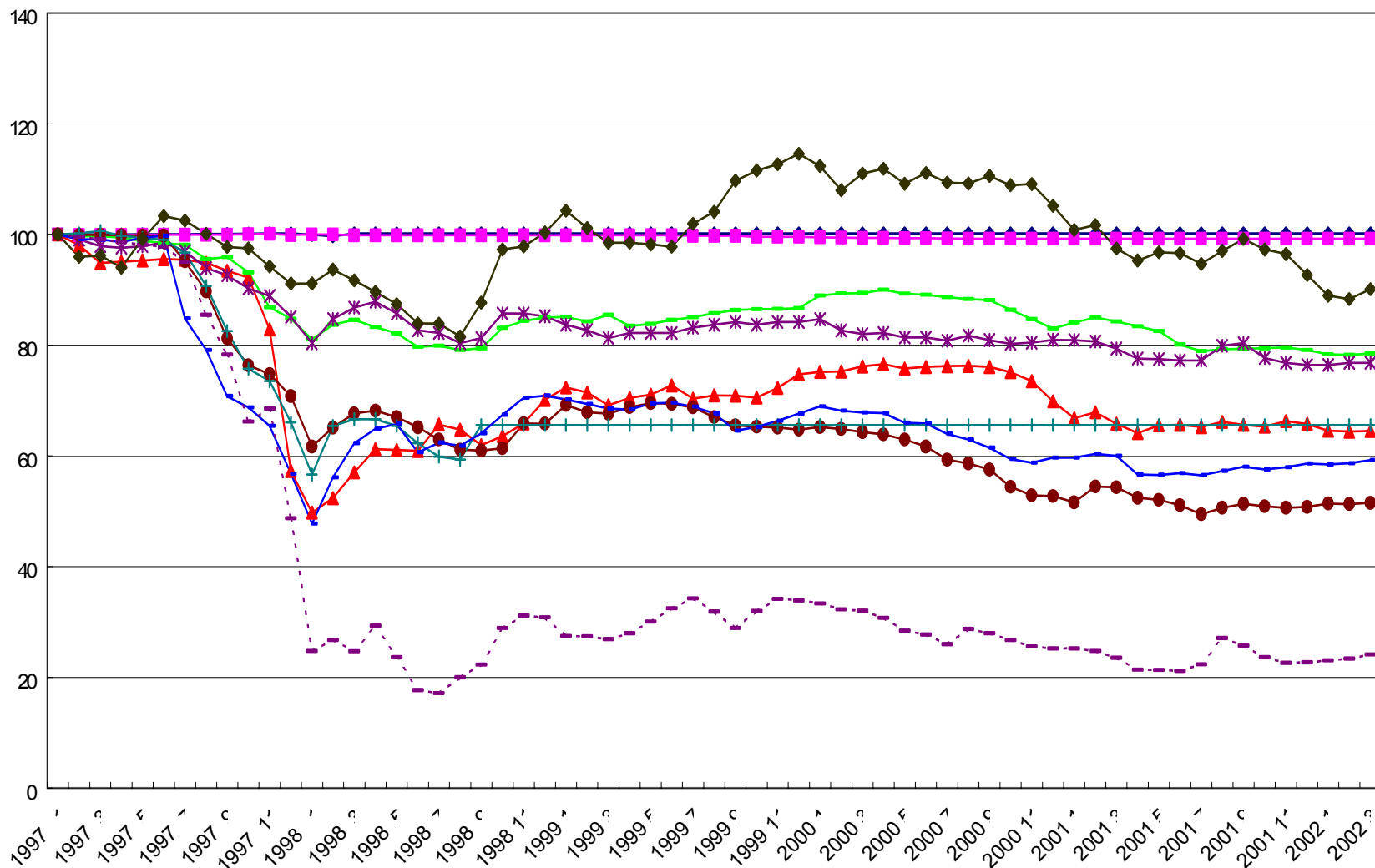
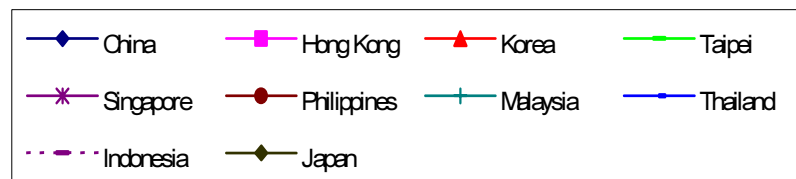
## 2. East Asian Regionalism: Main Features and Impacts on Outsiders

- ● Its possible discrimination against outsiders raised
- ● East Asian economies are late comers on the RTA initiatives and no real effect resulted
- ☹️ RTA has become a pragmatic approach under
- competitive liberalization
- ● RTAs aim at a wider range of cooperation than
- traditional FTAs (like JSEPA)

### 3. Financial Cooperation

- Pioneered by financial cooperation: Abortive Asian Monetary Fund proposal and Delivery of New Miyazawa funds
- Manila Framework in 1997 (APEC FM deputy meeting)
- Chiang Mai Initiative: regional network of bilateral swap agreements
- East Asian currencies, after competitive devaluation, have converged to levels far below pre-crisis rates (Chart)
- Toward a common market basket peg or a common regional currency

Fig.1 Nominal Exchange Rates of Asian Currencies against US dollar  
(1997.1=100, in US dollar per own currency)



## 4. Joint Promotion of Liberalization and Structural Reform

- Momentum for liberalization diminished to some extent after the crisis
- East Asian economies recovered from the crisis but their structural deficiencies yet to be amended
- Need closer regional cooperation for joint promotion of liberalization, facilitation and structural reform (against vested interest groups at home)
- Industrial cooperation in the presence of intensified trade conflicts and over-capacities

## 5. Conclusions

- ● East Asian regionalism aims at revitalizing regional economies: good for the world
- ● Need to combine financial cooperation with liberalization and structural reform
- ● JSEPA as a role model
- ● Utilize APEC and PECC fora of facilitation, Ecotech and financial cooperation
- Need to guide it to be consistent with open regionalism