

14th PECC General Meeting in Hong Kong
Plenary Session IV: Regional/Sub-regional Economic partnership
HOW TO GUIDE THE EAST ASIAN REGIONALISM
By Ippei Yamazawa
Institute of Developing Economies and Waseda University

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 Millennium round by forming consensus among members of diverse interests

4. EPG's Recommendation for Open Sub-Regionalism (EPG Report III, 1995)

Sub-Regional Trading Arrangements (SRTA) within APEC should accelerate their liberalization and forge linkages among themselves only on the following principles:

- Full consistency of their plans with the WTO
- Prompt submission of these plans to the WTO for approval
- Extension to other APEC members on non-mutually exclusive, four-part formula;
 - implementation via unilateral liberalization to the maximum possible extent
 - declaration of the SRTA members' intention to continue reducing barriers to other APEC members as well as to their SRTA partners
 - an offer to extend their new liberalization to other APEC members on a reciprocal basis
 - recognition that any individual SRTA member could extend its SRTA liberalization, on a unilateral basis, conditionally to other APEC members or unconditionally to all members of the WTO

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 Millennium 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