



## THE TREND OF EAST ASIAN COOPERATION

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### OUTLINE

#### I. Progress of East Asian cooperation

1. The institutional start of East Asian cooperation was 1997 when “9 plus 3” (ASEAN 9 and China, Japan Korea) leaders met formally for the first time in Malaysia.
2. The third East Asian Leaders’ meeting in November of 1999 marked a big break through because a joint statement on East Asian cooperation was made by leaders for the first time.
3. The major areas for cooperation were elaborated:
  - To facilitate trade, investment and technological transfer; to strengthen cooperation in the areas like e-commerce, agriculture, small and medium enterprises and economic growth region; to establish “East Asia Industrial Forum”, and to consider “East Asia Economic Committee”.
  - To strengthen monetary and financial cooperation through policy dialogue and coordination, including macro-economic risk management, corporate governance, regional capital flow monitoring; to strengthen regional mechanism for financial help and rescue.
  - To enlarge “ASEAN human resource initiative” and to establish “Human resource development fund”.
  - To strengthen regional security dialogue, coordination and cooperation and to cooperate in cross border issues.
4. The fourth leaders’ meeting in 2000 in Singapore was considered an important step in promoting the regional cooperation. Aside from leaders confirmation of Chiangmai agreement on regional monetary cooperation, human resource action plan and Great Meikong River development project, they also agreed to consider an East Asian free trade and investment area. East Asian cooperation seemed to move to practical direction.

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5. According to leaders' instruction, East Asian Vision Group (EAVG) was established. The group is working on a vision report to leaders on East Asian long term cooperation. The considered points of the vision are included:
  - An East Asian free trade and investment area
  - A regional monetary fund and exchange regime
  - Regional institutional building on economic and financial cooperation, as well as political, security, social and cultural exchanges and cooperation to strengthen regional identity.

## **II. Driving force of East Asian cooperation**

1. The dynamism of East Asian cooperation comes from increasing economic integration and resulted common interests. About half of East Asian foreign trade and 2/3 of investment are within the region.
2. The real driving force of East Asian cooperation comes from the financial crisis in 1997. Slow action in helping the crisis effected countries by the US and inappropriate rescue measures taken by IMF, as well as standby of APEC, all those made East Asian leaders realized the importance of regional cooperation.
3. The difficult situation in ASEAN after the financial crisis forced ASEAN leaders to look to the North---North East Asia, i.e. China, Japan and Korea. At the same time, North East Asian countries are searching ways to join in ASEAN integrated market (AFTA).
4. Progress of regional integration in other regions, like EU, NAFTA, either encourage, or press countries in East Asia to take more active attitude toward integration and cooperation. The future Free Trade Area of Americas may become a strong factor for East Asian leaders to move forward quickly.

## **III. The goal of East Asian cooperation**

1. A long-term goal is East Asian Community. However, East Asia is a very diversified region with different economic development level, religion and political system. So that, community building can only be gradual. The community building should not just be confined to economic area though economic cooperation is the core.
2. Clearly defined goal for economic cooperation should be a free trade and investment area. But it can go beyond that by promoting comprehensive cooperation. There are several areas are considered now:
  - Financial cooperation in regional institutional building on capital market development, surveillance, and monitor.
  - Monetary cooperation through regional exchange regime aiming at coordinating exchange rates.
  - Regional development projects and regional development fund



- Regional economic committee on macro-economic policy coordination, human resource development, infrastructure, environment.  
However, even for a long-term goal, it is doubtful that it would move to a regional single currency and a EU like identity.
- 3. Political and security cooperation is one of the important areas since stability and peace is the key for region. In the near term, political and security cooperation should focus on:
  - Leaders annual meeting
  - Institutional building for governmental coordination through ministers' meeting and functional organizations
  - A concerted voice in international affairs
  - Regional parliament committee
  - Defense ministers' meeting and East Asian security cooperation council
  - Joint action on cross border issues
- 4. Cooperation in culture and education is necessary for community building.
  - Regional education exchange network and fund
  - Regional cultural exchange programs

#### **IV. Difficulties toward a community**

1. Great diversity—making it difficult to agree on the form and the identity
  - Economic disparity: the developing and the developed
  - Different political systems: socialism and capitalism
  - Different strategic and security concerns
2. Separate sub-regional or bilateral efforts
  - ASEAN does not want to be weakened
  - Developed members (Singapore and Japan) new efforts in making bilateral free trade agreement
  - North East Asian slow track: Japan, China and Korea
3. Current difficulties
  - Japanese economy is still in the mud.
  - ASEAN's internal instability turns away its prior concern
  - Regional economies are not stable