

# ASEAN's Role and Interests in the Formation of East Asian Economic Regionalism

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## 1 Introduction

The emergence of economic regionalism in East Asia is certainly a recent attempt by these countries to find its own path by creating a preferential opening up of their economies in face of increasing economic globalization and uncertain multi-lateral arrangements. Until recently, the interests of the region have long been the practice of welfare gains from trade and exchange through unilateral liberalization and non-discriminatory treatment within the multilateral process, now known as

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the World Trade Organization (WTO). Even ASEAN, the most obvious regional trading arrangement, is cautious in its approach toward regional trade liberalization while maintaining its outward orientation to foster more trade and investment inside and outside the grouping. The core issue is then why this shift towards East Asian regionalism has occurred and in what way this new regionalism will progress and also have some impact upon member countries and the outside world.

Compared with the two other major regional entities of the world like the EU and NAFTA, East Asian economic regionalism is only a recent phenomena, and it is a real challenge to look at its future direction. Recent developments in new bilateral and sub-regional preferential trade arrangements (PTAs) of East Asia as a whole merit increased attention as for how this will impact the whole new East Asian economic regionalism. Following the financial crisis of 1997-1998, most countries of the region have awakened to increasing vulnerabilities in a globalized world and are of common opinions as to how to sort out these difficulties for the sake of their own resilience. The response has been demonstrated first in the swap arrangements through the Asian central banks, then in different initiatives and implementations of bilateral, sub-regional and even East Asian-wide PTAs following the uncertainties of the Doha Development Round.

The example of ASEAN regionalism could offer insights and thoughts on which way this new East Asian economic regionalism could evolve. ASEAN success and difficulties in moving forward, notably the ASEAN Free Trade Area (AFTA), show the region is indeed moving – albeit slowly and cautiously – toward a more exclusive regionalism. The grouping has also displayed great efforts in institutionalizing from its beginning ASEAN+3, in which the process has now gained increasing momentum among countries involved. The key date for the first East Asia Summit is now fixed in 2005 and will certainly announce, following the Leaders' Meeting, its intention on the East Asian economic regionalism.

This paper sets out to discuss the overall ASEAN's role and interests in the formation of East Asian economic regionalism. It will start with a discussion on the rationale and progress of ASEAN regionalism in Section 2. Then, it will move to explain ASEAN's role in the formation of this new East Asian regionalism in Section 3. There is a need for looking at ASEAN's interests in such a formation in Section 4, while section 5 offers a focus on challenges of economic regionalism with some evidence from an East Asian Free Trade Area (EAFTA). Then, some further implications on member countries will be assessed in Section 6 before the conclusion is drawn in the final section.

## **2 ASEAN Regionalism at its Present**

Contrary to most other groupings among developing nations, ASEAN has chosen since its beginning for "open self-reliant regionalism."<sup>2</sup> The initial phase of eco-

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<sup>2</sup> Chong Li Chong (1981), "Opent Self-Reliant Regionalism: Power for ASEAN's Development", ISEAS, Singapore, cited in Regnier (2003): 66.