

China and East Asian Regional Integration

- Panel:** Session 5 (Orchid Room)
Date/Time: Wednesday, December 12 / 13:45-15:00
Speakers: Hugo Restall, The Wall Street Journal (Moderator)
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Panel Short Summary

East Asia has the potential to be the world's largest market with 2 billion people and is one of the fastest growing economic regions in the world. This makes the region ideal for further regional integration.

Historically, integration in East Asia has been centered on the Association of Southeast Asian Nations (ASEAN), but the process should be seen as having two sub-regions –Northeast Asia and Southeast Asia. ASEAN's role in the integration process can be seen as either taking leadership or as that of a convener. It has served as an important organizer for regional summits and has been the focal point of efforts for economic integration, including the recently launched Regional Comprehensive Economic Partnership (RCEP).

China has supported ASEAN's roles as the core of the integration process, but it also has a substantive role to play. After the 2008 financial crisis, China played the largest role in economic recovery and has served as an engine for increased economic growth and trade in the region.

China's role in East Asian integration should be understood from the perspective of China's efforts to develop a peaceful neighborhood. Unlike the United States, which exists in a relatively benign and isolated region, China lives in a neighborhood with more states bordering it than any other country. This means that China places a greater emphasis on the development of a peaceful region for the continuation of its own economic development.

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For China, the China-ASEAN relationship is the basis of its regional efforts, with the ASEAN+3 as the main vehicle for regional integration, and the East Asian Summit as a supplement to regional cooperative efforts.

Additionally, China is closely integrated into the global economy, which provides additional incentives for it to pursue greater regional economic integration. In pursuing regional economic integration, China is negotiating a series of free trade agreements including the RCEP, which includes ASEAN plus China, South Korea, Japan, India, Australia, and New Zealand, as well as its bilateral FTA with South Korea and a trilateral agreement in Northeast Asia with South Korea and Japan.

However, to be successful there will need to be a paradigm shift in economics; specifically the way free trade agreements are viewed. First, there needs to be a shift away from the use of bilateral agreements towards multilateral agreements such as the RCEP. Second, FTAs need to be seen more for the benefits they provide to consumers than producers. Third, FTAs need to be pursued not primarily for their economic gains, but rather as tools to solve problems and create peace and stability in the region.

For cooperation in the region to deepen, the example of Europe is instructive. In the European Union states have ceded a good deal of sovereignty to central EU authorities. However, it is unclear if the states of Asia are prepared to cede sovereignty to a supranational body at this point in history.

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