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***Asian Regional Integration by Learning from Europe and the Euro:
The Possibilities for the East Asian Community (EAC)***

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THE ROAD TO EAST ASIAN COMMUNITY

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I. Early Origins

East Asia Economic Group (December 1990)

It was Dr Mahathir Mohamed, then Prime Minister of Malaysia, who first proposed the idea of setting up an East Asian Economic Grouping (EAEG) in December 1990. Since then, despite skepticism and objections, especially from the United States, which was keen to advance the Asia-Pacific Economic Cooperation (APEC), Malaysia continued to promote the concept through official and un-official channels.

East Asian Economic Caucus (January 1992)

The EAEG concept changed to EAEC at the ASEAN Economic Ministers Meeting in late 1991 and was endorsed by the ASEAN Summit in Singapore in January 1992 with statement:

Asean recognises the importance of strengthening and/ or establishing cooperation with other countries, regional/multilateral economic organizations, as well as Asia-Pacific Economic Cooperation (APEC) and an East Asian Economic Caucus (EAEC). With regard to APEC, Asean attaches importance to APEC's fundamental objective of sustaining growth and dynamism in the Asia-Pacific region. With respect to the EAEC, Asean recognizes that consultations on issues of common concern among East Asian economies, as and when the need arises, could contribute to the expanding cooperation among the region's economies, and the promotion of an open and free global trading system.

Explaining the name change, Dr Mahathir said: *"We are not particular about the name of the process. When Indonesia proposed a change of name from East Asian Economic Group to East Asian Economic Caucus, Malaysia saw absolutely no problem. We initially chose the word Group because of our acquaintance with the Cairns Group, which you know, is the Group of agricultural exporters who have played a most substantial role in the Uruguay Round. Indeed,*

when I first wrote to the heads of government in Asean, setting out our proposal, I specifically referred to the establishment of the East Asian Economic Group a la the Cairns Group.”

Asia-Europe Meeting (March 1996)

A key milestone on the road to in EAC was the first Asia-Europe Meeting (ASEM) in Bangkok in 1996. The EU recognised EA as a regional entity and wanted to dialogue with its members alone. (ASEM) was a concrete step towards East Asian regional cooperation because Asia’s members comprised ASEAN + Northeast Asia 3 (China, Japan and South Korea), countries which were initial candidates for membership in the EAEG. At the same time, with APEC progressing well, US opposition to EAEC began to decline.

Asian Financial Crisis (1997-98)

The EAEC was temporary interrupted by the “nightmare” of the regional financial crisis in 1997-98, which caused havoc to the economies of several regional states.

ASEAN Plus Three Summit (December 1997)

Ironically, the most unexpected product of the catastrophe was the awakening of Japan and South Korea, which had been reluctant to support the concept of an East Asian forum. In December 1997, the inaugural meeting of the ASEAN Plus Three (APT)) was held in Kuala Lumpur, which included ASEAN6 and the three countries of Northeast Asia – China, Japan and South Korea.

Joint Statement on East Asia Cooperation (November 1999)

In November 1999, the ASEAN Plus Three (APT) issued an unprecedented Joint Statement on East Asia Cooperation calling for concerted efforts in economic and social fields (including monetary and financial, social and human resources development, scientific and technical development, and cultural and information), and political-security area.

East Asian Vision Group (EAVG) (October 2001)

Commissioned by APT, the East Asian Vision Group (EAVG), in its ***East Asia Vision Group Report: Towards an East Asian Community: Region of Peace, Prosperity and Progress*** enunciated a clear need for building of East Asian community (although with a small ‘c’): Elaborating on the vision for an EAC, the Report states:

We, the people of East Asia, aspire to create an East Asian community of peace, prosperity and progress based in the full development of all peoples in the region. Concurrent with this vision is the goal that the future of East Asian community will make a positive contribution to the rest of the world.

For regional peace, we must cooperate to promote a stable and cooperative security environment based on mutual trust and respect. In the interest of common prosperity, we must promote trade, investments and financial cooperation. We should also be mindful of disparities in socio-economic development, educational attainment and technological advancement within the region. For human progress, we must improve governance, strengthen basic rights and advance quality of life.

The Vision Group envisions East Asia moving from a region of nations to a bona fide regional community with shared challenges, common aspirations, and a parallel destiny. The economic field, including trade, investment and finance, is expected to serve as the catalyst in the comprehensive community-building process.

The EAVG Report provides eight guiding principles for the creation of an EAC: (i) shared identity; (ii) economic cooperation as the catalyst; (iii) people focus; (iv) inclusiveness; (v) international norms; (vi) regional thinking; (viii) progressive institutionalization; and (viii) harmony with the global system Its agenda calls for cooperation in specified economic, financial, political and security, environmental and energy, and social, cultural and educational areas.

The **EAVG Report** concludes with the statement EAC:

The time for building an East Asian community is opportune. With strong geographical, historical and cultural bonds, the nations in East Asia have been actively, seeking common ground for regional cooperation. New global trends such as globalization and regional interdependence also facilitate East Asian cooperative efforts.

The time and effort will be required to bring this vision of full-fledged East Asian community to reality. While the pace of building an East Asian community is uncertain, the direction is clear and the trend currently underway is irreversible. We shall develop our regional identity, apply our talents and resources to common goals, and build new institutions for peace, prosperity and progress.

The East Asian community, we submit, is our best hope for the future as a region. As our mission and contribution to the rest of humanity, we must begin to take concrete steps to realize this vision. We must spare no effort to co-create this common future for the benefit of this generation of East Asians and the ones to follow.

II. Realizing East Asian Community (EAC)

East Asian Study Group (October 2002)

The EAVG Report was endorsed by APT's East Asian Study Group (EASG) in 2002. Evaluating the 57 recommendations of the **EAVG Report**, the Track I EASG selected 17 short-term and 9 long-term measures for implementation towards community building.

There is ample evidence to show that the region is making good headway towards its declared goal. Intra-regional trade and investment, financial cooperation and people exchanges have grown markedly in the last decade. For example, intra-regional trade has increased from 33% to current 52%. According to the ASEAN Secretariat in Jakarta, as of April 2005, APT had undertaken cooperation in more than 17 sectors involving 47 areas.

2nd East Asian Forum, (December 2004)

At the 2nd East Asia Forum (EAF) in Kuala Lumpur on 3-4 December 2004, a product of the ***EAVG Report*** and endorsed by the EASG, the new Malaysian Prime Minister Abdullah Badawi outlined a seven-point road map for charting the course and measuring progress towards EAC: (i) East Asia Summit; (ii) Charter of East Asia Community; (iii) East Asia Free Trade Area; (iv) Agreement on East Asia Monetary and Financial Cooperation; (v) East Asia Zone of Amity and Cooperation; (vi) East Asia Transportation and Communication Network; and (vii) East Asia Declaration of Human Rights and Obligations.

Network of East Asian Think-Tanks' 2nd Annual Conference (August 2005)

The Network of East Asian Think-Tanks (NEAT) held its Third Country Coordinators Meeting and 2nd Annual Conference in Tokyo, Japan on 21-23 August, 2005. Its recommendations for East Asian community building for the consideration of the Ninth ASEAN+3 Summit in December, 2005 included:

Guiding Principles of Community Building in East Asia

The goal of community building in East Asia should be the promotion of the welfare and well-being of the people, and the realization of the East Asian vision of cooperative 'Peace, Prosperity and Progress.'

Community building should be based on the foundation of universally recognized values. These include among others, good governance, the rule of law, democracy, human rights, and international law and norms.

East Asia should promote openness, transparency, inclusiveness and comprehensiveness.

Architecture for Community Building in East Asia

An East Asian Community must be based on the equal partnership, and must be managed democratically based on consensual and non-hegemonic practices.

As the functional cooperation is conducted in the areas of a wide-range of issues such as Free Trade Agreements (FTAs)/Economic Partnership Arrangements (EPAs), finance, environment, health, food security, transnational issues, etc., regional cooperation should be for the moment centered on the promotion of functional cooperation.

APT and EAS

The ASEAN+3 Summit and all the other ASEAN+3 mechanisms should continue to play major roles in East Asian Community building. The East Asian Summit (EAS) should be a forum for discussing strategic broad issues of interests of East Asia.

Northeast Asian Cooperation

Closer Northeast Asian cooperation among Japan, China and ROK is an essential foundation of an East Asian Community.

Institutionalization

As institution building is essential for promotion of community building, the ASEAN+3 Unit in the ASEAN secretariat should be strengthened.

Regional Identity in East Asia

A regional community cannot exist without a shared regional identity. Fostering feelings of empathy and identity should be encouraged by the members of the community to share problems, prospects and destinies of each other. Identity building belongs to the actors who can care for each other and prosper each other. It is an evolutionary project of all East Asians to develop 'we' feelings out of increasing mutual exchanges and understanding. East Asian people should learn from ASEAN's historical undertaking for its community building.

Convention on East Asia Cooperation (October 2005)

The Joint Study Convention on East Asia Cooperation, Beijing (attended by Track II ASEAN + 3 representatives) Summary Report themed "Roadmap of East Asian Community Building" states:

Diversity in East Asia is more of an asset rather than a liability for East Asian community building. The European integration experience has proved valuable, but the EU experience will not apply automatically to East Asia, which has its own histories, cultures, and social conditions. An East Asian Way needs to be explored and developed while bearing in mind universal values.

East Asia cooperation needs to be continued on the basis of openness and inclusiveness. As East Asia has become closely interdependent with other regions, it is necessary to further promote dialogue with the U.S. and other countries outside the region to ensure the understanding of and support for the cooperation process.

Ambassador Wu Jianmin chaired the Wrap-up Session and put forward the idea of developing an East Asian identity based on the 4Cs and One O, that is, consultation, consensus, cooperation, comfort level and openness. These are typically Asian, practised by ASEAN for years. Because of these values and practices, the ASEAN Plus Three cooperation has been able to gain increasing vigour and cohesion. They can be the norm in constructing a regional community of prosperity, peace, and progress.

ASEAN Plus Three Summit (December 2005)

The Kuala Lumpur Declaration on the ASEAN Three Summit reiterated “*our common resolve to realize an East Asian community as a long-term goal that would contribute to the maintenance of regional and global peace and security, prosperity and progress.*”

The Declaration also acknowledged “*with satisfaction the steady progress achieved to date in the ASEAN Plus Three cooperation in all areas has brought mutual benefits and closer linkages, thus contributing to the community building in East Asia.*”

The measures announced in the APT Summit Declaration clearly underscore the role APT in East Asian community building:

We will continue to hold the ASEAN Plus Three Summit annually in conjunction with the ASEAN Summit to guide and provide political momentum to East Asian community building under the ASEAN Plus Three cooperation.

We will commence collaborative efforts to prepare a second Joint Statement on East Asia Cooperation on the tenth anniversary of the ASEAN Plus Three process in 2007 in order to consolidate existing cooperation and to set forth the future direction for the cooperation and East Asia community building, and task our Ministers to coordinate and undertake the necessary follow-up.

We will speed up the implementation of the short-term, and medium and long-term measures of the EASG Final Report.

We will enhance people-to-people exchange aimed at developing a “we” feeling. We will encourage the sharing of ideas through greater interaction between students, academicians, researchers, artists, media, and youths among countries in East Asia.

We will conduct regular exchange of intellectuals, members of think tanks, religious personalities and scholars, which will benefit East Asia and the world through deeper knowledge and understanding so as to fight intolerance and improve understanding among cultures and civilizations.

We will enhance and strengthen the various mechanisms crucial for the development of ASEAN Plus Three cooperation, including the ASEAN Plus Three Unit in the ASEAN Secretariat.

East Asia Summit (December 2005)

The Kuala Lumpur Declaration on the East Asia Summit (14 December 2005) underscores the key *raison d’être* for its establishment, ie, “*the importance of strengthening bilateral and multilateral interactions and cooperation among the participating countries of the East Asia Summit and the world at large on issues of common interest and concern in order to enhance peace and economic prosperity.*”

While the Declaration East Asia Summit states “*that the East Asia Summit could play a significant role in community building in this region,*” it also mentions “*the need to support efforts to build as strong ASEAN Community which will serve as a solid foundation to our common peace and prosperity.*” It re-iterates “*that the efforts of the East Asia Summit to promote community building in this region will be consistent with and reinforce the realization of the ASEAN Community, and will form an integral part of the evolving regional architecture.*”

III. Malaysia’s Position on ASEAN, APT and EAS (May 2006)

Addressing “*concerns that coming into being of the East Asia community will be at the expense of the ASEAN Community that is envisaged in the Bali Concord II (Two)*”, Malaysian Prime Minister Abdullah Badawi speaking at the 12th Annual Nikkei Conference on “The Future of Asia” in Tokyo on 25 May 2006 noted:

Such apprehensions are unfortunate indeed. They will only serve to contribute to our mutual detriment, not to our mutual good. All the different processes – ASEAN, ASEAN Plus Three, East Asia Summit – are meant to complement and support each other, not to balance and check each other. Each process has its own logic and purpose, and each deserves its own measure of conviction. Each needs to be promoted in earnest, not against each other, but in tandem with one another.

Let me be crystal clear on Malaysia’s position. Malaysia believes that the core of East Asia community must be ASEAN....Only ASEAN has the requisite credentials and characteristics upon which to anchor an East Asian community. Its organizational norms, behaviour and practices are well established. It is committed to promoting regional cooperation for peace and prosperity. It is a force for moderation and a threat to none. It believes in open regionalism and working with all for mutual good. ASEAN’s agenda is regional first, all others second.” At the same time Malaysia is fully and totally committed to the ASEAN Plus Three and the East Asian Summit processes as well. Our commitment to these two processes will be in complete conformity with their respective intended purposes. The Kuala Lumpur Declaration of the ASEAN Plus Three Summit in December last year stated unambiguously that the ASEAN Plus Three process -- and I quote – ‘will continue to be the main vehicle to realise the East Asian community.’

We are likewise committed to the East Asia Summit process in accordance with the Kuala Lumpur Declaration on the East Asia Summit last December. The Declaration says that the summit will be ... and I quote ... ‘a forum for dialogue on broad strategic, political and economic issues of common interest and concern in East Asia.’ The Declaration further states that the Summit’s role in promoting community building in the region will reinforce the realization of the ASEAN Community and that it ‘will form an integral part of the evolving regional architecture.’

Prime Minister Abdullah Badawi gave three reasons why countries in East Asia “*must renew their conviction in ASEAN Plus Three process:*”

First, because we achieved full consensus on the East Asian community building process from the very inception of our initiative to build an East Asian community. This consensus was no ordinary consensus. It was a consensus forged in the embers of the Asian financial crisis, when none outside the East Asian circle felt moved enough to come to our help in our hour of great need.

Second, because we have already invested nine years in building this community through the ASEAN Plus Three process. We worked hard at this, each doing our bit to lay the foundations of the East Asia community that was based on a clear vision of what this community should look like and the purposes that it should serve. We are now looking to the next ten years to build on the progress we have made so far. There is little to be gained by diverting from the path we have set for ourselves.

Third, and most importantly, because it makes eminent sense. What we are engaged in is not mere cooperation. It is community building, something that is more exacting and which requires greater commonalities among the parties involved. A community must be built by the people of that community, in their own mould. The people of a community must share more than a common economic or security space. They must also share a broadly common social and cultural space. Only then can that community bond together and endure. In other words, the East Asian community must be comprised of East Asians, and it must be built by East Asians.

On concerns that the EAC would be an exclusive and inward looking grouping, the Malaysian Prime Minister explained: *“I believe that the East Asian community must engage fully with the outside world. Only then can it prosper. We must engage fully with all the nations that are important to us, through all the forums and vehicles most important to us. It is for this purpose that we embarked upon the East Asia Summit initiative, and it is for this reason that we should welcome and further develop this process. The Summit process enables the ASEAN Plus Three countries to engage and cooperate fully with the other participants of the process for mutual benefit.”*

Reconciling APT and EAS (June 2006)

At the 20th Asia Pacific Roundtable, Kuala Lumpur, 29 May – 1 June 2006, the Malaysian position of APT and EAS in the East Asia Community was elaborated upon by Malaysian Foreign Ministry official, Ambassador Ahmad Fuzi Abdul Razak.

Reconciling APT and the EAS, the Malaysian official explained:

There is a need for the ASEAN + 3 process and the EAS to co-exist as separate entities. ...The Asean+3 process should be the main vehicle for the realisation of an East Asian community as an essential component of the overall evolving regional architecture. One must also remember that the ASEAN+3 process is a well-established process that began in Kuala Lumpur. Next year we will celebrate its 10th anniversary. At last count there are 49 different meetings involving practically all areas of cooperation under the ASEAN+3 process. They include annual ASEAN+3 Summits, ASEAN+3 Ministerial meetings on foreign affairs, finance, economics,

health, agriculture, tourism, to mention a few. The extent of cooperation that is being undertaken under each of these areas is simply tremendous.”.

Explaining the setting up of the EAS, Ahmad Fuzi commented:

The EAS was quite different from the vision originally perceived. When we first pursued the EAS we believed that it would hasten the community building in East Asia which we see as vital to ASEAN’s own future.... However, with rapid changes taking place in Asia as a whole it was clear that a way had to be devised to engage East Asia’s main and potential partners in the undertaking. What was needed was a totally new forum or structure to accommodate Australia, India and New Zealand and other Dialogue partners. The EAS was thought to be the most appropriate forum for this purpose.

On building the EAC, the Malaysian official noted:

I would emphasise that the community that we are talking about is being fostered everyday. It is an inexorable process. It must be borne in mind that not all aspects of community building can be channeled or controlled. I have explained how market forces as well as social interactions are leading to a sense of community in the region. This was in fact acknowledged by the EAS Leaders at the historic EAS last year. The East Asian community is certainly not a pipe dream. But what is certain is one would miss the point by solely looking at the ASEAN+3 or the EAS to understand this process of community building in East Asia.

Commenting further on the roles of APT and EAS regarding East Asian Community, the Malaysian official further noted:

Community building built around existing cooperation framework is more appropriate for this region. Hence the ASEAN+3 process which has already resulted in a web of interactions among the East Asian countries is more suited to be the main vehicle for this purpose.

The EAS has an important role to play in ensuring that the overall architecture leads to peace, stability and progress and that it would be one that is in consonance with the norms and values of the global community.

III. APT as Preferred Path towards East Asian Community

While goals and objectives of EAC have been generally agreed upon by countries which are keen to be involved in East Asian Community building, membership in the EAC still remains unresolved. Is it only for geographical East Asia or does it include outside countries such as Australia, New Zealand and India?

At present geographical East Asia community refers only to ASEAN + China, Japan and South Korea. While Mongolia and North Korea belong to this region, they have yet to join EAC as represented by the ASEAN + 3 framework. As EAC is a Track One enterprise (comprising sovereign nations) Taiwan does not qualify for membership.

There is a general feeling that Australia, New Zealand and India believe that they are members of EAC by virtue of membership in the EAS. Together with their ASEAN supporters, the four countries will endeavour to revise the EAC concept by expanding the geographical definition of East Asia and/or by promoting other premises such as substantial economic and security involvement in the region so that they could also participate in East Asia community building programmes of ASEAN+3.

With Russia and Pakistan keen on joining the EAS (and the EU has indicated its willingness to sign the Treaty of Amity and Cooperation), although there is presently a moratorium on membership of 16 members, it is probable that the EAS membership would be expanded in the years ahead. If so, the EAS agenda will most likely focus on broad strategic issues of common interest and concern, while East Asian community building will continue to be centred on ASEAN + 3.

As ASEAN+3 continues to make headway in community building by implementing more of the EASG shortlisted EAVG recommendations it will strengthen itself as the main vehicle for East Asian community. The Second Joint Statement on East Asia Cooperation to be announced at the 10th Anniversary of the by ASEAN Plus Three Summit in 2007 provides a welcome opportunity for this purpose as well as for upgrading cooperation in East Asian community to a higher level.

In this regard, improving relations among the Plus Three countries (China, Japan and Korea) is crucial for the East Asian Community building, especially the China-Japan relationship. Japan, under new leadership, needs to be convinced that as a strategic long-term goal, it would be more beneficial for itself, the region and the world if it were to build community with China (together with Korea and the ASEAN countries) rather than to create a framework with extra-regional powers to balance China, which it perceives as threat.

As anchor of the East Asian Community, the success of ASEAN Community building is vital because it will serve as catalyst for the Plus Three countries to emulate the 'ASEAN Way' for cooperation with each other and with ASEAN members to build EAC. Overtime, an 'East Asian Way' or 'Asian Way' (including India down the road) could emerge. The chances of this happening would understandably be far better within the ASEAN+3 framework rather than with a more diverse EAS structure.

The inclusion of Australia and New Zealand (and later Russia and Pakistan) in East Asian Community building would not be practical, for, if other countries like the US and Canada were to join later, what would become of APEC? In this regard, the renewed interest in revitalising the trans-Pacific body should be encouraged because it also includes other countries such as Chile, Mexico and Peru. Therefore, if the EAS were to become the vehicle for East Asian community building, then in all likelihood, only **cooperation** will be achieved, not **community**.

The enterprise of building East Asian community has already begun. For it to succeed in the long-term, the EAC must necessarily be based on the pragmatism of a workable number of regional countries, ie, ASEAN Plus Three. After all, community building calls for identity creation which has underlying sources in geography, common historical experiences and

common cultural values and practices (as the EU experience in community building has amply demonstrated). Clearly at this stage, for East Asia, there is greater need for deepening rather than widening in EAC.