

# **East Asian Community Building: View from a Chinese Scholar**

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## **Introduction**

East Asian Community (EAC) has become a recognized concept by people in the East Asian region though it is still vague on its nature, structure and future. This concept was firstly recommended by East Asian Vision Group (EAVG) in its report “Toward East Asian Community-Region of Peace, Prosperity and Progress” to “10+3” leaders in 2001 by calling “East Asia moving from a region of nations to a bona fide regional community with shared challenges, common aspirations, and a parallel destiny”.<sup>2</sup> The recommendation has been accepted by leaders of 10+3 countries in general by confirming “an East Asian community as a long-term objective that would contribute to the maintenance of regional and global peace, security, progress and prosperity”<sup>3</sup>

Since then, EAC has been widely discussed among experts, scholars and officials. There are three major concerns:

The first concern is the nature of the community. Europe has developed a unique model for community building. East Asia is different from Europe and has to define its own model.

The second concern is the approach toward the community. Current East Asian economic integration has been built up mostly by market and cooperation follows a multilayered framework. EAC needs strong political will and consolidated goal.

The third concern is the roadmap to the community. With multi-layered structure of the regional cooperation, it is important how to converge different efforts into an integrated roadmap.

There are also the other relating issues, like the leadership and membership etc.

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<sup>2</sup> East Asian Vision report: “Toward East Asian Community-Region of Peace, Prosperity and Progress”, 2001.

<sup>3</sup> Chairman’s Statement of the Ninth ASEAN Plus Three Summit Kuala Lumpur, December 12, 2005.

With the new development of East Asian Summit (EAS), the views on EAC seem to be more divided.

### **Emerging Regionalism**

The foundation of East Asian regionalism has been built up mainly by the regional economic integration. Currently, the economic integration in East Asia has been deepened by a newly developed production network. The network based on exchange of trade, capital and technology has profound impact to East Asian economic development since it has created a kind of “parallel developments” for the economies in the region.

Economic integration in East Asia has been driven by: (1) Capital flow from more developed economies to less developed economies—firstly from Japan, then from “four dragons.” Now, capital flows are more intersected among the economies, including those from developing economies to developed economies, which have facilitated the capital and technology transfer and developed a vertical economic growth chain in East Asia. (2) Trade and FDI friendly policy and open market strategy, i.e. liberalization of the markets, adopted by East Asian economies that have reduced the transaction cost significantly and made the market based economic integration easily. (3) China’s economic rise, due to its great size and huge market potential, has become a new factor for the regional economic growth and restructured the pattern of the regional economic integration. China becomes a hub, both as a market for the capital inflow and a market for imports of the goods and services. Based on the restructuring, a new regional production and service network have been gradually established.

Economic integration has created more and more shared interests, which has helped to develop a regional spirit and conscious. The spirit of East Asian regionalism has been nurtured under an “ASEAN +3” framework since the Asian financial crisis happened in 1997. “ASEAN + 3” framework is not just an economic cooperation process. It also has the political significance, i.e. helping to improve the relations among the countries in the region. “ASEAN+3” serves as a unique regional platform

for all members to engage and cooperate through dialogue and joint activities. Based on such progress, a new concept, i.e. East Asia Community (EAC) has emerged and seems to be accepted by all sides. EAC is both considered as a long-term goal and a gradual process for cultivating the partnership among all parties in the region.

### **East Asian Way**

The current East Asian regionalism has shown its new characteristic feature that is more economic-centered, equally participated and consensus built.<sup>4</sup> Different from EU model, it develops in an “East Asian way” that has witnessed the following identical characters:

(1) The institutional building will not intend to develop a regional organization with super-regional power. The regional cooperation is more characterized by a kind of “functional institutional building.”<sup>5</sup> Gradualism and pragmatism are two important principles in the process of regional cooperation and integration. EAC building is based on shared interests, rather than defined goal.<sup>6</sup>

(2) ASEAN, based on its pioneer experience for regional cooperation, plays a key role in bringing East Asia as a region together and shaping the direction. ASEAN provides a unique way (the ASEAN way) to bring all countries gradually in Southeast Asian region together and to turn the region from a divided one into a united and integrated one. The valuable spirit of ASEAN is to realize the regional reconciliation through a gradual process based on functional cooperation. ASEAN process is not just the economic cooperation and integration, but also the social and security community buildings. The ASEAN way may be the major approach in the development of EAC.

(3) EAC building follows the “open regionalism,” i.e. while pushing forward intra-regional cooperation and integration, also encouraging individual members or the sub-group developing bilateral or sub-regional cooperation with outside members. While it allows the multi-layered frameworks in the region, it also recognizes the

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<sup>4</sup> Dr. Prapat Thepchatree called it equality, consensus and comfort level. Towards an East Asian Community, paper presented on NEAT II, 2004, Bangkok, p.5.

<sup>5</sup> Simon Tay from Singapore suggested that the emerging East Asian sense of community be founded on a functional interdependence and institutional identity without exceptionalism. Reader, Singapore Institute of International Affairs, Vol.4, No.1, p.32

<sup>6</sup> EAVG report well identified the aims of peace, prosperity and progress through gradual process..

existing bilateral alliance or other agreements.

Thus, EAC will not intend to create an exclusive or inward looking regional identity.<sup>7</sup>

(4) As the political motivation of East Asian cooperation is to improve regional relations and to create peace for the long-term stability and prosperity of the region, rather than urging for a super regional organization, the fundamental role of EAC is to nurture more and more shared principles and rules for the regional relations in a new international and regional setting.

### **Community Building**

East Asian cooperation started from pragmatic need without a well-designed political goal, to some extent, even no consensus building. Economic cooperation and integration provides a fundamental stake for East Asian regionalism.

To make the EAC from concept to reality, it needs to overcome many difficulties. Great diversity within the region is a key factor that needs to be addressed. EAC has to respect the differences while seeking for harmony, which means that it should not intend to set up some common values or principles that require all members to adopt.<sup>8</sup>

EAC building is a comprehensive process that includes the institutional building in the economic, political and social areas. For the economic area, the most important progress should be achieved in realizing East Asian FTA (EAFTA) and a regional financial architecture (further enhancement of Chiang Mai Initiative). EAFTA should be rule based and WTO consistent, i.e. high level harmonization of the regional market. But in the political (and also security) area, the regional institution should be more flexible whose major role will intend to help the members in the region for consolidation, reconciliation and cooperation, rather than super intervention. In the social area, EAC needs to develop mechanisms for people to people exchanges, which will help to reduce the gaps, grievance and to develop the shared community spirit

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<sup>7</sup> Mark Hong argues that East Asian regionalism was driven by market forces and guided by the principles such as open regionalism, flexibility and liberalization. Mark Hong, ASEAN community building in the context of East Asian regionalism, Paper presented on NEAT II, p.11.

<sup>8</sup> Some argued that EAC should be based on the common values such as human rights and representative democracy. See Hitoshi Tanaka, The "10+3" and East Asian Summit: a two-tiered approach to community building, East Asia Insights, JECIE, No.1, 2006.

and culture. EAC needs public support.

East Asian institutional building has to overcome the difficulty in balancing the regional institutions and sub-regional formalities. For example, ASEAN's identity and role in East Asian institutional building must be respected, but ASEAN itself has to adjust to the new development in East Asia. As for East Asian political cooperation, it needs collective wisdom how to define and establish East Asian political cooperation mechanism and security institution without hurting the existing relations both within the region and with those outside the region.<sup>9</sup>

The political significance of EAC is to realize the regional political reconciliation and peace making. Considering its great diversity, East Asia should find its own model for political unity, with the principle of respecting the differences in political systems, social structures and culture colors.

The process of East Asian cooperation and integration plays a dual role in the community building: reconciliation among the countries, and cultivation of the members. EAC process should play a positive role in mitigating the differences and reducing the tensions in the region, like the division and confrontation on the Korean Peninsula, Taiwan Strait relations, territory and island as well as EEZ line disputes, and in helping to bring all members of the region into an integrated framework under the umbrella of EAC.

EAC building is facing many challenges. One of the factors for the progress of EAC is China-Japan relations. Although it seems neither side will be accepted as the sole leader, their cooperation and joint efforts are crucial.<sup>10</sup> EAC will not be built up if China and Japan fail to share common interest and strategy and to consolidate each other in the areas of EAFTA, the financial cooperation, the security strategy and the regional institutional building.

### **China's Policy and Role**

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<sup>9</sup> Hitoshi Tanaka proposed to set up an East Asian security forum, which would not function as an alternative to existing bilateral alliances, but should be to complement it. ARF should also maintain to play the role. Tanaka: East Asia Community building: Toward an East Asia security forum, East Asia Insights, Vol.2, No.21, April, 2007, JCIE, Tokyo.

<sup>10</sup> Simon Tay proposed that East Asian regionalism led by issues since he argued that the regional lacks a single leader who is acceptable and able. Reader, P.39

As a big regional power, China has strong regional strategy. The following factors make China take positive policy to EAC building:

(1) China has a vital economic stake in East Asia, with more than 60% of its foreign trade and capital inflow from the region. Based on a regional production network in East Asia, Chinese economy becomes an integrated part of the regional economy. A liberalized, secured and stable regional market is for China's interest, which encourages China to adopt an active policy in participating and promoting FTAs, for example, a China-ASEAN FTA, a proposed Northeast Asian trilateral FTA and an EAFTA. China is also interested to participate and promote the regional monetary and financial cooperation, like Chiang Mai Initiative, regional capital market development though with caution for a high level institutional arrangement in this area at the early stage.

(2) East Asia is a region that has vital geographical significance for China. "Good neighbor policy" has become a principle diplomacy for China in order that the relations with neighboring countries could be improved and strengthened, which helps to create a long term peaceful environment for China's development and modernization. East Asian cooperation that brings countries in the region together and move to a community will best serve China's interest both in the economic and political terms.

(3) Although regionalism in East Asia does not intend to create an exclusive bloc against any power, for example, the United States, it may help to create a more balanced structure of the regional and global relations. East Asian voice may be better addressed if the East Asian identity, for example, EAC, will be realized.

(4) China has broad concept for the regionalism since it is surrounded by different large areas belonging to different geographical identifications. Although China takes "10+3" (TPT) as the core course for EAC, it has a flexible attitude to accept and participate the multi-layered frameworks, for example, EAS.<sup>11</sup> At the same time, China has made efforts in developing non-East Asian institutions, for example, SOC,

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<sup>11</sup> For EAS, leaders identified it as a strategic forum supporting EAC, but now it seems it goes to the direction with real designs, like Japan proposed CEPEA, energy project etc. It is important to make TPT and EAS complementary.

the possible Northeast Asian security regime based on the success of Six party Talk.

(5) China's economic success has been benefited from its globally opening policy, thus China supports the multilateral system-WTO. And also, China has a vital stake in the Asia-Pacific region, thus is very much interested to engage APEC and other Asia-Pacific initiatives, for example, energy initiative, financial cooperation mechanism etc. From this perspective, China's regionalism is flexible and open minded.

(6) Concerning the US engagement, China insists that East Asia should find its own way and area to cooperate. EAS does not intend to create exclusive bloc getting the US out. The US and East Asia have many channels to be engaged and cooperated, for example, except the bilateral alliance and FTAs, APEC, ARF, as well as Six Party Talk etc. For EAS, if it keeps only as a forum, the US membership should also be considerable.

Suspicious are prevailing on China's intention to promote East Asian cooperation. However, China does not attempt to create a power influence by promoting the regional cooperation in East Asia, no intension creating a regional bloc against any power. China does not want to compete with Japan on the leadership of East Asian cooperation either.<sup>12</sup> For example, in initiating China-ASEAN FTA, China simply to take an "easy first strategy" and geo-political and economic perspective, rather than intending to exclude Japan from ASEAN. Later development shows that China-ASEAN FTA initiative plays an important role in facilitating both Japan and Korea taking a more active policy on FTA with ASEAN. China respects ASEAN's continuous leading role in all East Asian cooperation processes, EAC, EAS and others.

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<sup>12</sup> As stated by Wang Yi, then Vice Foreign Minister that China has no intension to compete for the leadership with Japan on East Asian cooperation, Speech on East Asian Community to the conference on East Asian Community, School of Foreign Affairs, 2004. 4. 21.