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REGIONALISM IN EASTERN ASIA

Summary: The development of regionalism in Eastern Asia has been observed since the beginning of the 1990s. The integration processes progressing in this region of the world have currently acquired a specific form – absent on other continents. Strong institutionalisation, such as the one in Europe, is not present there, nor has there emerged a leader imposing the direction and shape of the integration processes, similar to North America.

Asian regionalism is characterised by the reluctance to form regional political institutions, the dominant role of international production chains in the region, the creation of networks of bilateral FTA and EPA agreements as well as the strive for the development of cooperation between local financial markets following 1997.

Key words: regionalism, economic globalisation, Eastern Asia.

1. Introduction

Regionalism and regionalisation constitute a significant point of reference in discussion on many phenomena and processes characteristic of the contemporary world, above all on globalisation and integration. These issues are related to, for instance, the security, development policy for backward countries, migrations or environmental protection. However, the economic aspect prevails in the discussion on the concepts of regionalism and the regionalisation processes. It is the economic relations that underlie the majority of regional structures, and the integrity thereof provokes questions about the global dimension of cooperation.

This paper constitutes an attempt to find an answer to questions concerning the essence and nature of regionalism which is currently observed in Eastern Asia.

2. The essence of regionalism in the global economy

From the etymological point of view, the term “region” originates from the Latin word *regio* denoting “direction”, “location”, “area”; but also from the word: *regere* – to rule, to order. Therefore, many fields of science refer to such determinants of the region as an area distinct from its surroundings (by various criteria, e.g. geographical, social, political or cultural) but also governed or governing as a separate entity¹.

¹ M. Pietraś, *Międzynarodowe stosunki polityczne*, Wyd. UMCS, Lublin 2006, p. 238.

In order to understand the essence of the dynamic changes which take place in the Eastern Asia region, it is absolutely necessary to distinguish between the two terms: *regionalism* and *regionalisation*. The former term refers to the regional integration stimulated by political factors (*politically driven integration*), and the latter – to the *economically driven integration* or – in broader sense – *societally driven integration*². Regionalism, thus, denotes governmental initiatives and the creation of institutions encompassing the particular region and serving the development of cooperation of the countries in question. Regionalisation, on the other hand, bases on social forces, which in case of economic integration stands for market mechanisms³.

The 1990s brought significant changes in the international environment, and, thus, revision of research on regionalism and regionalisation. In connection with the foregoing, the distinction appeared in scientific discussions and publications between the so-called “old” and “new” regionalism and regionalisation; theories of regionalism and research on relations between regionalisation and different planes of the global developed economy. The “old regionalism” referred solely to countries as the major subjects of international relations which decided on the shape of a region, the structure thereof and the processes occurring therein. The “new regionalism”, on the other hand, is being created in the era of globalisation, hence it forms an answer thereto as well as the result thereof⁴.

It is emphasised in the discussion on the new regionalism that the active entities participating in the creation thereof are non-governmental organisations, local governments and corporations, which, by pursuing political, social or economic activity, often naturally create networks of regional cooperation at different levels and in different dimensions. It is an open regionalism, which on the plane of economic cooperation causes a variety of positive effects for the countries representing an entirely differing – often extreme – level of economic development, as well as it facilitates their creating and incorporating into regional economic structures.

At this juncture emerges another term closely related with the terms of globalisation and regionalism: *integration*⁵. On the one hand, that process may be regarded as a manifestation of the idea of the economic globalisation. Then the global integration is in question, encompassing the entire world and occurring above all at

² J. Misala, *Wymiana międzynarodowa i gospodarka światowa. Teoria i mechanizmy funkcjonowania*, SGH, Warszawa 2005, p. 435; *Remapping East Asia. The Construction of a Region*, ed. T.J. Pempel, Cornell University Press, Ithaca 2005, p. 19.

³ F. Lu, *Free Trade Area: Awakening Regionalism in East Asia*, China Center for Economic Research Working Paper Series No. E2003010, Beijing 2003.

⁴ E. Stadtmüller, *Regionalizm i regionalizacja jako przedmiot badań naukowych w stosunkach międzynarodowych*, [in:] K. Jędrzejczyk-Kuliniak, L. Kwieciński, B. Michalski, E. Stadtmüller, *Regionalizm w stosunkach międzynarodowych. Aspekty polityczno-gospodarcze*, Wyd. Adam Marszałek, Toruń 2008, p. 22-23.

⁵ More information on the mutual relation between those terms in: *Azja-Pacyfik. Obraz gospodarczy regionu*, ed. B. Drelich-Skulska, Wyd. Akademii Ekonomicznej, Wrocław 2007, p. 30-33.

the market level, which comes down to the removal of barriers against the flow of goods, services and other production factors. On the other hand, what is dealt with is economic regional integration (regionalism) basing on proximity (geographical, cultural, economic) of a specified group of countries and usually having strong institutional superstructure. Misala names both those integration aspects components: real and institutional-instrumental⁶.

3. Features of contemporary regionalism

The regionalisation process has undergone changes over the years, its course was different in various world regions. Since the 1990s the increased intensification of such processes has been experienced on different continents. The relevant literature enumerates those features of the contemporary regionalism which are listed below⁷.

Firstly, it has been increasingly difficult to distinguish political and economic factors shaping the contemporary regionalism. It is a truism to say that the economic policy is in broader sense a part of a particular state's policy. The process of reaching security aims (as well as more general political ones) by means of economic integration has been a novelty. Regionalism has been assuming a multidimensional nature and the relevant scope of cooperation has been expanded.

Secondly, the number and diversity of regional groups have significantly grown in comparison to the so-called wave of regionalism of the 1960s. The geographical range of regionalistic projects has been also increasing: on the one hand, due to the expansion of the already existing groups, while on the other – due to the appearance of new ones. It is more often the case that the regionalisation process is continuous and manifests itself as the sequentiality of the liberalisation of external relations between individual countries⁸.

Thirdly, a growing number of regional groups have been embracing states at varying stages of system and economic development. A similar stage of development is no longer treated as an indispensable premise for integration (although the participation in benefits arising from integration is still an important issue), and the participation of developing countries in regional projects has been constantly increasing.

⁶ J. Misala, op. cit., p. 434-435.

⁷ See also on the subject: E. Cziomer, L.W. Zyblikiewicz, *Zarys współczesnych stosunków międzynarodowych*, PWN, Warszawa-Kraków 2005, p. 315-316; E. Haliżak, R. Kuźniar, *Stosunki międzynarodowe. Geneza, struktura, dynamika*, Wyd. Uniwersytetu Warszawskiego, Warszawa 2006, p. 291-295; R. Boyer, *European and Asian Integration Processes Compared*, Centre pour la recherche économique et ses applications, Paris 2003; R.N. Munakata, *Regionalization and Regionalism: The Process of Mutual Interaction*, RIETI Discussion Paper Series 2004, No. 04-E-006, Tokyo 2004.

⁸ K. Żukrowska, *Sekwencyjność w liberalizacji zewnętrznych stosunków państw a globalizacja*, [in:] *Integracja a globalizacja*, t. 2, ed. J. Rymarczyk, W. Michalczyk, Katedra Międzynarodowych Stosunków Gospodarczych Akademii Ekonomicznej we Wrocławiu, Wrocław 2006.

Fourthly, non-state entities, such as: international organisations, non-governmental organisations and enterprises more and more frequently contribute to creating regional groups. Regionalism no longer serves as a policy instrument of a country, and becomes a forum for realising interests of various professional and social groups.

Fifthly, the significance of market mechanisms has grown in integration processes with a simultaneous restriction of the institutionalisation⁹. Cooperation and joint actions are preferred to full political integrity; the more so that the progressing globalisation imposes more and more often the capability of quick and flexible adaptation to changing conditions. Moreover, a number of developing countries have a short history of independence and self-determination, which results in social resistance to the assignment of powers to the regional institution level (restriction of sovereignty).

Sixthly, the contemporary regionalism has become multilevel. Apart from traditional regions, there are also *subregions* (cross-border regions) which are of international nature while comprising only a part of the geographical area of given countries. Cooperation within subregions results from individual agreements between neighbouring countries or constitutes a particular strategy developed within a greater regional group.

Seventhly, it has become a necessity to perceive regionalism in a broader global perspective. Regionalism is not currently focusing on creating regional communities closed to the world. On the contrary, it is becoming more open. That concerns both the relations between individual regional groups and multilateral relationships of individual members with the rest of the world.

Regionalism may be also characterised by determining conditions which must be fulfilled so that integration processes proceed successfully. Boyer¹⁰ enumerates seven elements considered by himself as key factors in regional integration (political and economic):

- a common political objective,
- equilibrium of political and/or economic force,
- determination of stages of integration progress,
- a transnational institution supervising the performance of regional arrangements,
- a compensation mechanism equalising benefits arising from integration and gained by individual countries,
- expansion of the scope of integration resulting from the correlation of individual relevant areas (e.g. free movement of capital eventually imposes common tax regulations),
- common legislation allowing to eliminate integration barriers.

⁹ A. Zorska, *Ku globalizacji? Przemiany w korporacjach transnarodowych i w gospodarce światowej*, Wyd. Nauk. PWN, Warszawa 2000, p. 38.

¹⁰ R. Boyer, op. cit.

The presented factors do not correspond to the previously specified characteristics of the contemporary regionalism. They are a result of the analysis of the development of regionalism in Europe and North America, and these processes have a long history. The comparison of the two summaries suggests an interesting conclusion concerning the characteristics of the current regionalisation processes. The change in the nature of that phenomenon causes the deterioration of the requirements traditionally imposed on integrating countries. Apparently, a number of the so-called necessary conditions of integration are in fact not indispensable. The regional cooperation of countries of a significantly varied stage of development and different systems proves not critical homogeneity. It may certainly affect the nature of joint actions and impede the institutionalisation process, but it turns out that the creation of common institutions frequently loses with the concept of the flexible political autonomy of individual countries in the region. All the indicated dilemmas contribute to the main problem faced by the contemporary regionalism: determining the desired relation between the globalisation and integration processes, as described above.

4. The nature of the Asian regionalism¹¹

Integration processes in the region of Eastern Asia have currently assumed a specific form – unheard of in other parts of the globe. They do not display characteristics of strong institutionalisation observed in Europe. They do not copy the model of economic integration with the dominant economy, which is found in North America. The countries of the Asia and Pacific regions are actually seeking their own way of integration which takes place in specific conditionalities and under high pressure of globalisation.

Relationships among the countries of the Asia and Pacific regions are difficult to classify unambiguously to either regionalism or regionalisation. Multiple initiatives with respect to financial, monetary, trade, and military cooperation require creating at least minimal institutional superstructure necessary for the implementation, performance and supervision thereof. The countries of the region do not express, however, a definite willingness to create strong transnational institutions. The political coordination of the regionalism in the region in question is described as “intergovernmental decision-making style”¹², which practically means the necessity to seek consensus while making decisions.

The reasons for the reluctance to create regional political institutions may be found in historical conditionalities, a great diversity of the countries in the region, a specific political culture, and even in the insufficient stage of the civil society development. In case of the institutionalisation of economic integration, certain more

¹¹ More information on Asian regionalism in: *Azja-Pacyfik...*, p. 45-57.

¹² *Theories of New Regionalism*, ed. T.M. Shaw, F. Soderbaum, Palgrave Macmillan 2003, p. 92-93.

detailed obstacles may be mentioned: the lack of motivation and political will, differing stage of economic development of individual countries, varying concepts of cooperation (multilateralism vs. regionalism) and incoherent objectives¹³. The two greatest organisations operating in the region – APEC and ASEAN – are deemed ineffective forums of exchanging ideas and, additionally, they present competing visions of the development of regionalism.

The lack of strong leadership and agreement between the greatest forces (economic and political) is explicit in the region¹⁴. The greatest expectations with this respect are directed especially at Japan and China as potential leaders in the process aiming at full political and economic integration. That is the case the more so that not only the issue of economic cooperation is at stake but is also military security. There are a number of matters which require system – based solutions at the regional level (North Korean nuclear programme is the clearest example here). Unfortunately, “mutual relationships between the main Asian countries show numerous features of the nineteenth-century European system of equilibrium of power” – as Kissinger writes¹⁵. That means that there is a conflict of influence in the Asia and Pacific region between several superpowers (USA, Japan, China) and groups of smaller countries. “(...) The Asian countries do not think in the categories of a community” – Kissinger further diagnoses. – “They do not accept any institutional framework which could grant the potential Asian superpowers – or even the United States – the final word in their matters. (...) They harbour (...) too much suspicion as to the powerful neighbours, to a certain extent also as to the United States, to accept formal institutions which embrace the entire Pacific Ocean.”¹⁶

The discussion on the future of regionalism in the Asia and Pacific region focuses on four major concerns in the relevant literature:

1. Elimination of trade barriers through bilateral free trade agreements and economic partnership agreements as well as via creating regional free trade area (*regional trade agreement*).

2. Dominant role of the international production networks in the region.

3. Concept of regional cooperation concerning financial markets (monetary integration, currency union) as a reaction to the 1997 crisis and an attempt to ensure the stability of the financial sector in the region.

4. Course, perspectives and scope of the institutionalisation process of the regional cooperation with security issues taken into account.

These four issues illustrate a wide scope of the community of interests which underlies regional cooperation. It is the specific problems to be solved that result in

¹³ X. Mingqi, *East Asian Economic Integration: China's Perspective and Policy*, “Pacific Economic Papers” No. 341, Australia – Japan Research Centre 2003.

¹⁴ F. Lu, op. cit.

¹⁵ H. Kissinger, *Dyplomacja*, Philip Wilson, Warszawa 2002, p. 909, translated back into English.

¹⁶ H. Kissinger, op. cit., p. 911, translated back into English.

a range of regional initiatives with an extremely differing level of institutionalisation being formed in the Eastern Asia region. Since 2001, multiple bilateral free trade agreements (FTA) as well as EPA initiatives have been concluded. The literature provides circa 150 regional initiatives, which is good news to advocates of trade liberalisation, although it carries the risk of the so-called spaghetti bowl effect¹⁷, which means a complicated set of rules to be observed by trade partners. Thus, it is necessary to develop methods for ensuring the coherence of individual agreements in order that the regional cooperation does not result in a chaotic labyrinth of completely different regulations.

Munakata mentions three major reasons of the increase for the interest in regional cooperation in Asia at the turn of XX and XXI century¹⁸. The first one involves treating regionalism as an opportunity to protect oneself from negative external – in relation to the region – phenomena, tensions and shocks (*defensive regionalism*). The Asian 1997 crisis has notably accelerated actions concerning the creation of the base for effective (mainly financial and currency) cooperation in the region. The second reason is the growing correlation of Asian economies which imposes the reduction of transactional costs arising from trade barriers. The intensive international cooperation at the market level requires creating mechanisms of solving problems emerging on the way. The third listed incentive for regionalisation is a strong competitiveness within the region. The individual countries compete with each other to gain the same markets and attract foreign investments. The integration may make the region more attractive to investors and create a base for synchronised trade liberalisation facilitating the access to foreign markets. On the other hand, it is worth noting that the strong regional competition provides politicians with arguments against further opening of economies and the liberalisation of trade policies.

The Asian regionalism is driven by three types of entities: governments, international bodies appointed *ad hoc* in order to solve particular problems and transnational corporations¹⁹. Unlike with the European Union, which is associated mainly with the continual development of political structures, the major role in forming regional bonds is played in Asia by internationalised enterprises. International production chains are one of the more crucial mechanisms of creating strong relations between the diversified economies of the region. Forming international production networks facilitates the rise of the number of participants in the integration processes. Countries at varying levels of economic development are characterised by varied costs (and varied accessibility) of individual production factors. Entrepreneurs realise that and hence they locate individual links of the production chain in different places (also beyond the area of the integration bloc) and make use of the local

¹⁷ M. Kawai, *Regional Economic Integration and Cooperation in East Asia, Impact and Coherence of OECD Country Policies on Asian Developing Economies*, Policy Research Institute of the Japanese Ministry of Finance/OECD, Tokyo 2004.

¹⁸ R.N. Munakata, op. cit.

¹⁹ *Remapping East Asia...*, p. 13.

comparative advantage. However, since unifying individual stages of production into one whole is a necessity, it results in the increase of correlation between the integrating economies and those so far standing aside. The willingness to tighten the international cooperation at the political level becomes the natural consequence of that grassroots process.

The nature of the regionalism present in the Asia and Pacific region is best reflected in the two key words: diversity and openness.

The diversity of the countries in question is manifest in almost all aspects of their functioning. Beginning with the diversity of the size (of the area and population), to the ethnic and religious diversity (almost all religions of the world have their representatives in Eastern Asia), to system diversity (constitutional monarchies, democratic republics, communist countries and military dictatorships all function next to each other), to social diversity (the educational level, life expectancy), and to economic indicators. The listed differences cause a number of obstacles to the Asian integration process. The great diversity of the countries located in the discussed area of the world does not facilitate establishing common objectives and forms of cooperation acceptable to all. The strong dependency on other regions of the world (mainly on the USA) makes it necessary for the region development strategies to take into account concepts which do not have to correspond with the specificity of the region and its social and political nature. That is especially the case as the reluctance to develop regional institutions which take over decision-making competences of individual countries is dominant here. What is appreciated is the pluralistic approach based on seeking consensus in implementing new concepts of cooperation and political autonomy of the individual countries.

The dilemma “regionalism or regionalisation” clearly manifests itself in the discussions on the directions of integration and challenges of globalisation which are carried out in the Asia and Pacific region. On the one hand, there is ASEAN presenting the vision of regionalisation based on consensus, sensitivity to particular interests of the individual members and the distance towards their internal problems (the so-called *ASEAN Way*). On the other hand, there is APEC promoting *open regionalism*, which is nothing but regional cooperation (in a very broad meaning of the word, geographically from Russia to Chile) coupled with external liberalisation, which is supposed to prevent discrimination in trade relationships of third countries in relation to the group members (in compliance with relevant WTO recommendations).

The countries of the Asia and Pacific region are only now seeking their own way to integration. Hence, the heavy diversity is a significant obstacle in the process of strong and effective integration group, and yet it should not make the regional cooperation impossible. Sakakibara and Yamakawa pay attention to the fact that being identical is not indispensable when striving for common objectives and development directions which will gain a wider support²⁰. That obviously leads to

²⁰ E. Sakakibara, S. Yamakawa, *Regional Integration in East Asia. Challenges and Opportunities*, Policy Research Working Paper 3078, World Bank, June 2003.

the question whether the heavily diversified Asia will be able to find and cherish those common elements. It seems that the integration of the region will sooner or later impose creating stronger and more efficient regional institutions²¹.

5. Conclusion

The remarks provided in this paper indicate that the economic and political relations uniting the countries and enterprises in the Asia and Pacific region are extremely diversified, which may affect the nature of regionalism in a multidirectional manner. On the other hand, powerful and enormous transnational corporations are in operation in the analysed region, non-governmental organisations are more and more active and the active role of governments in the Asian and Pacific countries in creating the environment conducive to multilevel economic cooperation is apparent. The foregoing causes that the forming Asian regionalism will bring benefit to all the participants in international relations.

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²¹ J. Misala, op. cit., p. 434-435.

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REGIONALIZM W AZJI WSCHODNIEJ

Streszczenie: Rozwój regionalizmu w Azji Wschodniej obserwuje się od początku lat 90. XX wieku. Procesy integracji w regionie Azji Wschodniej przybrały współcześnie formę specyficzną – niespotykaną w innych częściach świata. Nie wykazują one cech silnej instytucjonalizacji, która ma miejsce w Europie i nie powielają wzorca integracji ekonomicznej z gospodarką dominującą, jaka ma miejsce w Ameryce Północnej.

Regionalizm azjatycki charakteryzuje niechęć wobec tworzenia regionalnych instytucji politycznych, dominujące znaczenie międzynarodowych powiązań produkcyjnych i tworzenie sieci bilateralnych porozumień FTA i EPA. Widoczna jest w nim także aktywna rola rządów państw Azji i Pacyfiku w tworzeniu powiązań pomiędzy lokalnymi rynkami finansowymi, co obserwuje się zwłaszcza po 1997 roku.