

Working Paper No.05-02

What should be done to Promote Regional
Economic Co-operation in Asia?

December 2005

Graduate School of East Asian Studies, Yamaguchi University

Aysun Uyar

Contact: Graduate School of East Asian Studies, Yamaguchi University
Yoshida Campus, 1677-1, Yamaguchi City, 753-0831, Japan

Phone: +81-90-9738-3955

E-mail: aysunuyar@mailcity.com

Note: This paper was awarded the first prize in the essay contest on "What Should be done to Promote Regional Economic Cooperation in Asia?", organized by the Institute for International Monetary Affairs and presented at the workshop on "Regional Economic Co-operation in Asia" organized by the same institute, 16 December 2005, Tokyo.

What should be done to Promote Regional Economic Co-operation in Asia?

Aysun Uyar¹
Graduate School of East Asian Studies, Yamaguchi University

Asian regionalism has been one of the most discussed topics in the recent literature and the international business environment as well. Since the establishment of the Association of South East Asian Nations (ASEAN) in 1967 (even before that via several attempts at regional level), regionalism is an alternative way of co-operation in Asia. However, Asia, having the largest population with the most divergent state structures and the world's fastest growing economies, is very difficult to be defined and discussed as one common region. Indeed, one of the core assumptions of regionalism is to define common regional goals with a defined identity. Nevertheless, Asia does have not only various types of economies but different government structures, social formations, historical experiences and contemporary societal discrepancies as well.

This indecisive regional identity in Asia makes it complicated to think about any kind of regional co-operation be it political, security or economic at continent-wide level. Hence, a new definition is to be defined in order to put all Asian specialties into one-covering basket and harmonize them. Hence, these critical questions should be asked while defining Asian regional co-operation: Should Asia be defined as a huge, complex mass or a more inspired and clear-cut platform? Or how the divergent distinctiveness of Asia could be conveyed to one common regional juncture? What kind of structure can sustain the regional co-operation in Asia? The answers to these questions necessitate an innovative definition of regional co-operation which is based on not only an economic focus but other segments of regional interaction as well.

Hence, these questions are the main inquiries of this paper. It is mainly argued in this paper that, regional economic co-operation in Asia should be promoted not only through economic means but it should be backed with political and cultural transitional linkages as well. Taking ground from this target, a comprehensive model for regional co-operation that is `Asymmetric Functional Regional Economic Co-operation` is discussed.

To further elaborate this, theoretical definition of regionalism with its current examples are detailed in the first part. The second part mainly deals with the question of how Asia has been experiencing regional economic co-operation. The last part of the paper gives a comprehensive answer to above questions while arguing the potential re-definition of co-operation in Asia. Then, the paper concludes with the proposition of asymmetric

¹ PhD Student, Graduate School of East Asian Studies, Yamaguchi University,
E-mail: aysunuyar@mailcity.com

functional web of economic co-operation which takes economy at its core but equip this economic co-operation with loose political and cultural cross-border interaction. Methodology of the paper is an argumentative one while theoretical patterns are drawn from the international relations literature. Meanwhile, main actors include states, regional organizations and multilateral organizations as non-state actors to emphasize the asymmetric nature of the new regionalism in Asia.

1. Regional Co-operation from Different Perspectives

In today's interdependent world economy, transnational and multilateral linkages have gained greater importance with growing tendency of regional co-operation. As states recognized that there are issues which can not be solved by individual initiatives but states could further realize their economic, security and political interests through co-operative formulations, regionalism has gained popularity. There are current examples of transnational interactions, stretching from state, interstate, sub-state to individual levels at any aspect of social life. As can be seen in Figure 1, the European Union (EU), Southern Common Market (MERCOSUR), North American Free Trade Area (NAFTA) and ASEAN are the most notable examples of regional co-operation in economic terms. It can clearly be seen from the below figures that regional groupings carry on the main export and import shares of the world trade since the 1990s, as a clear proof of the rising tendency of regional economic co-operation.

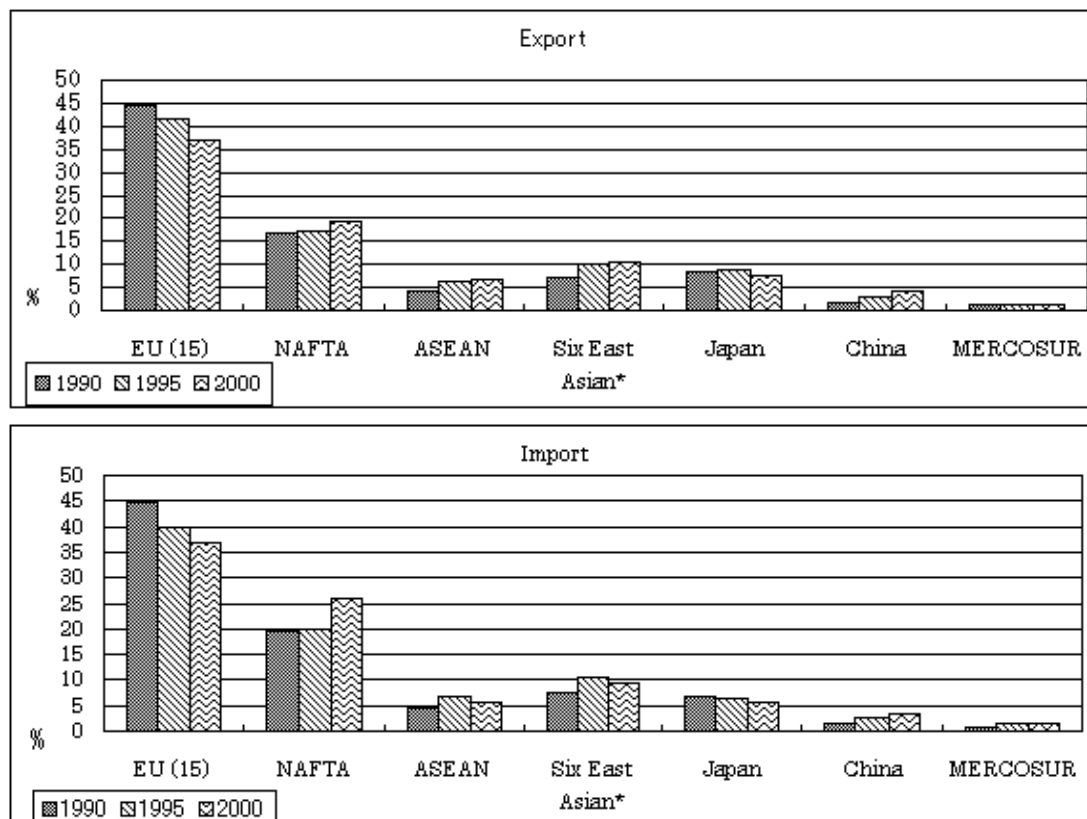


Figure 1: World Merchandise Exports and Imports by Region

Source: *Six East Asian traders: Taiwan, Hong Kong, South Korea, Singapore, Thailand and Malaysia. World Trade Organization, International Trade Statistics 2004, posted at <<http://www.wto.org>>.

Though there are many facets of regional co-operation, international

relations theories mainly elaborate the regional interactions according to pluralism and transnationalism perspectives. Pluralism has been developed against the state-centric realist evaluation of the international relations during the Cold War. The declining Cold War rivalry and the development of regional co-operative tendencies had given rise to the emergence of new actors formed by both state and non-state actors². Pluralism as a critic of the realist approach has been developed around four concepts³. Initially, scope of the international relations is an extensive one. There is an emphasis on the emergence of such a structure that can go far beyond the border and authority of the state. Moreover, the rising trade and transnational linkages through socio-economic relations are also means of interaction alongside the national security concerns. Increasing social, economic, political and cultural transactions created an atmosphere in which a state is not a unitary actor. It is accepted that states are not whole units but composed of individuals, interest groups, bureaucratic units, civil society entities and non-governmental organizations (NGOs).

The last and the most challenging focus of pluralism is the unit level: i.e. the international relations is not a state centric field of research. Non-state actors coming from all different level of analysis - individuals, societal groups, firms, markets, bureaucracies, interstate organizations, non-governmental ones, multinational corporations (MNCs) and supra-national bodies but most importantly transnational organizations and interactions - are all significant units of the international interactions. Thus, pluralism, as can be understood from the term itself, comprises all these actors and their interactions claiming that the current international environment necessitates such a complexity. In fact, regionalism gains importance at this point that complexity leads to regional integrationist interactions.

These integrationist trends in international relations have precipitated the development of transnational tendencies in the form of organizational structure. According to transnationalism, transboundary interactions are mainly about communication, finance, transportation and travel. It is claimed that since the states are not the determining, unitary actors who can pursue rational decisions for their objective interests, they can not control vertical and horizontal interactions among the actors. Such issues can only be solved by interaction of non-governmental and even governmental transnational organizations. Hence transnational level of analysis is a structure in which at least one side is not a state structure at both international and regional levels.

At this point, a little mention of other regional co-operations is important in order to understand the Asian case better. As shown in Figure 1, the EU and NAFTA have been the largest economic co-operation patterns in terms of their members' trade and GDP capacities in the world economy. As having the most institutionalized regional mechanism, the EU has always had a special attention when one talks about regionalism. It has emerged as an all encompassing regional integrative bloc covering economic and political matters with no internal barrier. It has its own supranational common external policy, free movement of labor and capital and there is a harmonization of spending, central banks, production and monetary affairs.

² One of the spectacular discussions was made by Keohane and Nye in the 1970s. See, Robert Keohane and Joseph Nye, *Power and Interdependence*, (Boston: Little Brown, 1977).

³ Chris Brown, *Understanding International Relations*, (London: Macmillan Press, 1997), 42-45.

In addition, the EU has all kinds of decision making bodies like 'united states of Europe' as it is sometimes called. Hence, the EU has the most integrated form of regional co-operation to which some of the sovereignty rights of the member states are also conveyed. NAFTA which was put into force as a free trade agreement between the US, Canada and Mexico is another close economic co-operation formation. However, it is more of a regional gathering around trade matters and has an encompassing interaction on trade-limited issues while the EU has its own identity which leads to a Europe-wide body of union at regional terms. Be it an overall regional union or a trade-related economic bloc, both examples present a clear definition of their regional existence. But as regionalism is a region-specific term to define, the essence of their regional co-operation is totally different than that of Asia.

2. Definition of Regionalism in Asia

In addition to the above common definitions of regionalism, there are technical explanations of regional co-operation as well. According to neo-functionalism, regional integration is shifting certain functions of the nation-state to a supranational organization⁴. Inter-governmentalism which formulates regional integration as co-operative agreements for further integration, and supranationalism which stresses supranational institutions and transnational actors on the way to regional integration, are other theoretical basis to define regionalism according to the same reference.

Keeping in mind this jargon, specific terms like open regionalism, economic regionalism and sub-regionalism were also produced to examine Asian experiences like ASEAN. Open regionalism defines the characteristics of ASEAN⁵. It mainly aims to avoid institutionalization of military and security issues, any discriminatory trading bloc and any kind of strict institutionalization for the non-member actors (be it a state or a non-governmental organization). Economic regionalism, in a similar direction with open regionalism, also focuses economic interactions but it is a more widened concept including open regionalism and sub-regionalism as well. May Yueng has elaborated different stages of regional economic integration as the free trade area (FTA), the customs unions, the common market and the economic union as well⁶.

Asian regionalism has been developed through different mechanisms.

There are regional co-operation experiences among which some are pure economic gatherings, some are politically organized and some are formed along political, security as well as economic considerations. To better understand the Asian regionalism, it is logical to classify the current examples according to this differentiation. ASEAN, having both economic and political inspiration can be analyzed as being the most covering regional co-operation example in Asia both in terms of its relatively clearer definition

⁴ Yi Feng and Gaspare M. Genna, "Regional Integration and Domestic Institutional Homogeneity: A Comparative Analysis of Regional Integration in the Americas, Pacific Asia and Western Europe," *Review of International Political Economy*, 10 (2), 2002, 280-282.

⁵ Gerald Segal and Jusuf Wanandi (*et.al.*), (eds.), *Europe and the Asia Pacific*, (London: Routledge, 1998), 136.

⁶ Though all these levels are called as regional trade blocs, the most substantial one is the economic union under which all organizational structure is constructive. It is a constant trade bloc since it harmonizes all government spending, central banks and monetary differences. ASEAN is much more of a loose trading bloc, which eliminates internal barriers in an FTA system. See, May Yeung (*et.al.*), (eds.), *Regional Trading Blocs in the Global Economy: the EU and ASEAN*, (Cheltenham: Edward Elgar Publishers, 1999), 17-25.

and its endeavor to create a common regional identity. Other examples are more of economic origin. Some notable instances are ASEAN+3 (ASEAN, China, Japan and South Korea), APEC (Asia-Pacific Economic Co-operation) and SAARC (South Asian Association for Regional Co-operation). Nevertheless, political or security driven platforms are also active in the Asian international arena. The ASEAN Regional Forum (ARF) is one of the unique samples of this kind. Shanghai Co-operation Organization (SCO) is also another security as well as economy-driven gathering in Asia. As regional economic interdependency and the Asian economic growth have gained momentum, new regionalist inclinations gained popularity with more promising ideas. Figure 2 indicates that 12.7% of the world nominal GDP is from developing Asia in 2001 and 26.1% of the world merchandise exports originate from Asia (Figure 2 and 4). Hence, this economic capacity of the region stipulates further regional co-operation. Recent deliberations like East Asian Summit, Northeast Asian economic co-operation, East Asian Economic Caucus or Asia-wide institutions like Asian Monetary Fund or Northeast Asian development bank are ongoing outcomes of this rising momentum in the Asian regional co-operation.

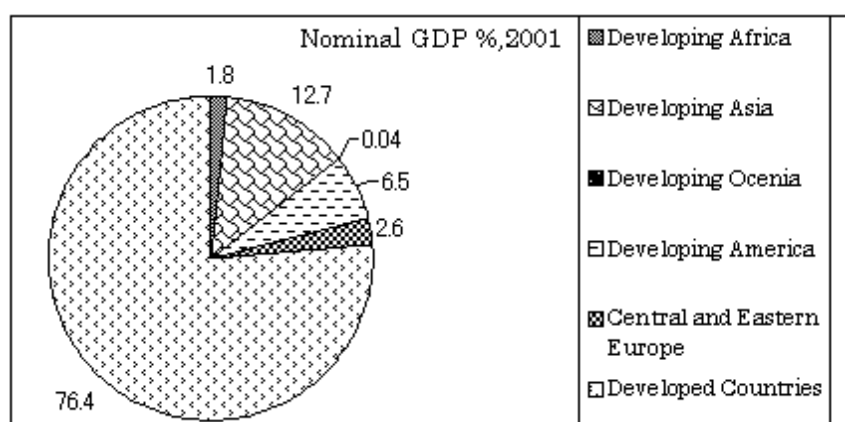


Figure 2: Nominal GDP Shares by Regions, 2001, Percentage

Source: United Nations Conference on Trade and Development, Global Statistics, posted at < <http://glodstat.unctad.org>>.

Among the above experiences, ASEAN is a crucial one since it is one of the important success stories of the regional co-operation in Asia. ASEAN is a regional economic co-operation with an FTA assumption and a political consultation mechanism for the ten nations of Southeast Asia. After the colonial period in Southeast Asia, the main ambitions of the countries were the establishment of their national governments and economic growth for further development and stability⁷. In its basic sense, the 'Bangkok Declaration' gave a birth to the organization in a joint effort to promote regional co-operation and stability⁸. Today the ASEAN region has a population of about 550 million, a total area of 4.5 million square kilometers, 5.0% annual growth rate and a total trade of US\$758 billion⁹.

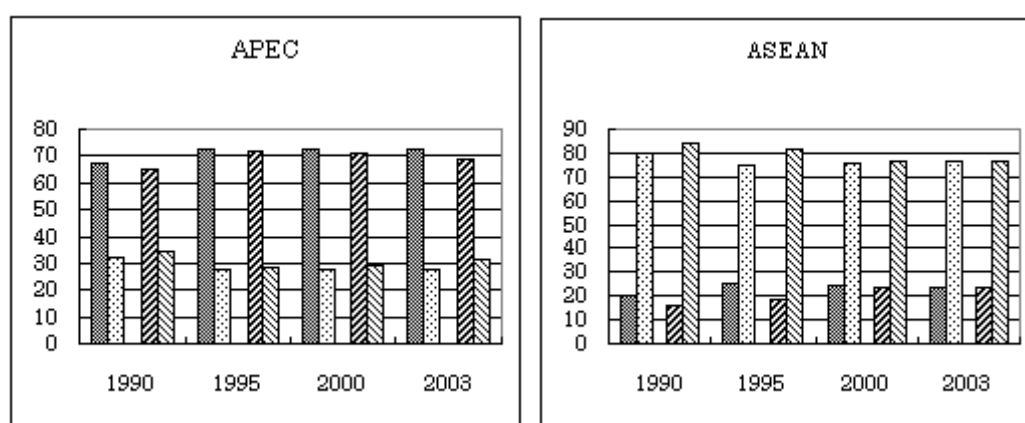
⁷ Julaporn Euaruksul, "The ASEAN Region," in Paul Stores (eds.), *The New Security Agenda, A Global Survey*, (Tokyo: Japan Centre for International Exchange, 1998), 249.

⁸ Founding members are Malaysia, Thailand, Singapore, Indonesia and the Philippines. After this start, Brunei Darussalam joined ASEAN in 1984, Vietnam in 1995, Laos and Myanmar in 1997 and Cambodia became the last member in 1999.

⁹ Data, posted at the ASEAN website < <http://www.aseansec.org> >.

Between 1991 and 1996, this growth became very substantial and some of the original ASEAN members became the contenders of the so-called 'East Asian Miracle'¹⁰. With the impact of this growth, ASEAN has become a multilateral channel with transnational and inter-governmental linkages while discussing mainly the economic issues concerning Southeast Asia.

APEC is another economic co-operation bloc, launched in 1989, with the support of GATT (General Agreement on Tariffs and Trade) process of regionalism. Since the Asia-Pacific region has become economically and geographically attractive with its growing market capacity, the idea of creating a broader regional platform emerged from both ASEAN countries and other regional powers. Main motive behind this creation was, related to the basic idea of broader regionalism covering all Pacific, the recognition of a deeper interdependency¹¹. The forum is quite sizeable in the world economy as more than 50% of global GDP and more than 40% of world trade are conducted by this almost `inter-regional` mechanism. Though it was declared that "APEC has been more concerned with the health of global trade than the creation of an East Asian trade bloc", its emphasis and recent evolution in the region is visible¹². Although APEC is the largest regional co-operation in terms of its geography, membership and commercial capacity, there are certain obstacles in front of further and smoother functioning of regional co-operation at APEC level, meanwhile. Some of them are the national domestic constraints and hesitancies of ASEAN members in case of the direct access of big powers to their realms, further enlargement needs and adjustment costs of each member for the wide-ranging membership agenda¹³. Nevertheless, Figure 3 shows the intra and inter-trade performances of these economic groupings and how they constitute the considerable parts of the world trade.



¹⁰ Thailand averaged 7,9% growth, Malaysia 8,7%, Indonesia 7,8% and Singapore 8,5% growth during the late 1980s and early 1990s. Even the Philippines, being domestic crisis during that time, grew by 5,9% on the eve of the 1997 Asian financial crisis. See, Jeannie Henderson, "Reassessing ASEAN," *Adelphi Papers: 328*, (London: International Institute for Strategic Studies, 1999), 40.

¹¹ APEC was established with original membership of ASEAN countries, Canada, the US, Australia, New Zealand, Japan and South Korea. Later on, China, Taiwan, Mexico, Papua New Guinea and Chile joined.

¹² Yeung, 60.

¹³ *Ibid.*, 63-67.

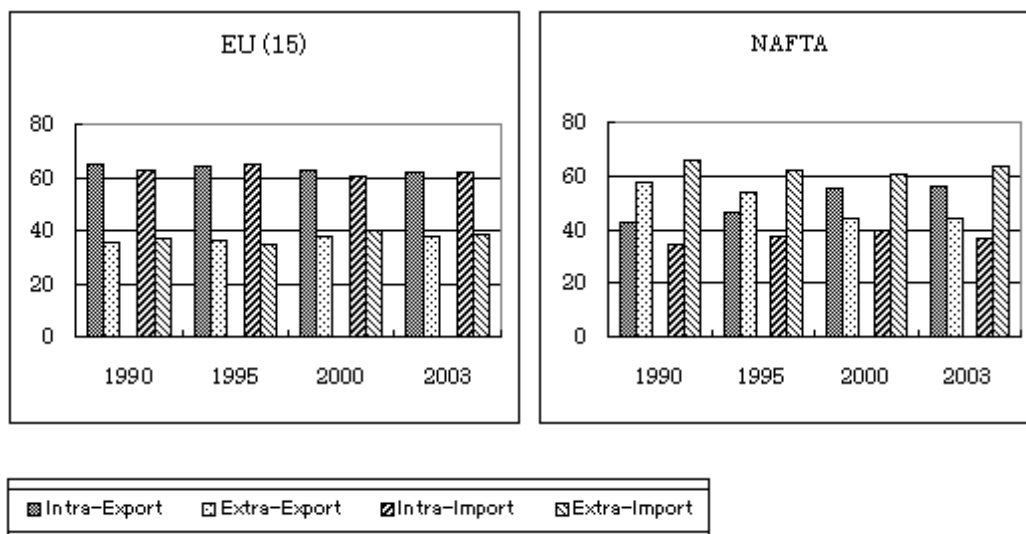


Figure 3: Merchandise Trade of Selected Regional Groupings, Percentage

Source: World Trade Organization, International Trade Statistics 2004, posted at <<http://www.wto.org>>.

The ASEAN+3 Forum, a more extended but a more loosened form of regional formulation, was established in 1997 with the initiatives of Japan, China and South Korea. Since the ASEAN market has become a lucrative one during the mid-1990s, all actors in the region aimed at having a direct access to ASEAN. Of course, Japan, China and South Korea had their own bilateral relations with the member countries of ASEAN. However, a region-wide multilateral dialogue became necessary for further intra-regional economic co-operation. Today, they still have their own special linkages within the ASEAN+3 platform¹⁴. That is why, there is no institutional framework for ASEAN+ 3 yet. The East Asia Vision Group (EAVG), established in October 1999, has reported that there were six main fields of interests for further co-operation in ASEAN+3: Economic, financial, political and security, environmental and energy, social-cultural-educational and institutional co-operation. The East Asia Study Group (EASG) was established as a follow-up of the EAVG to promote further collaboration between ASEAN and China, Republic of Korea and Japan and recently put forward the common target of conveying ASEAN+3 mechanism into an 'East Asian Summit' framework¹⁵. Hence, ASEAN+3 can be considered as a widened form of regionalism covering all East Asia. It is also the closest form to the idea of 'Asymmetric Functional Regional Co-operation' as not only economic but political and socio-cultural aspects of co-operation are also targeted. Nevertheless, institutional structure of ASEAN+3 is not so solid to deal with the practical problem-solution needs of the region at transnational level.

As both of the above experiences are mainly economy-driven and

¹⁴ Japan has pursued the Initiative for Development in East Asia (IDEA), the Republic of Korea has initiated the East Asia Vision Group and East Asia Study Group to set up policy proposals for the meetings and China has initiated the Framework Agreement on ASEAN-China Economic Co-operation. See "Press Statement by the Chairman of the 8th ASEAN Summit, the 6th ASEAN+ 3 Summit and the ASEAN-China Summit," posted at <<http://www.aseansec.org>>.

¹⁵ See "Final Report of the East Asia Study Group," Phnom Penh, 4 November 2002, posted at <<http://www.aseansec.org>>.

focused on East Asian or Pacific part of the Continent, it is valuable to look at the other sub-regional and more of politically-driven co-operation attempts in Asia as well. Of course there are many experiences in Asia but the ones which are mentioned here are specifically named for their relatively extensive range in terms of geography and focus area. ASEAN Regional Forum is one of the rare political and security based forums in Asia. It was established in 1994 after the ASEAN Heads of State and Government declared that ASEAN should intensify its external co-operative dialogue on political and security issues with the other actors in the Asia-Pacific region¹⁶. The forum aims to promote and implement the confidence-building measurements, preventive diplomacy and conflict resolution¹⁷. The ARF seems to have been successful in promoting its goal of being a dialogue forum as no tension has escalated into an armed conflict amongst the members since its establishment. However, this goal was only a pacifist one and the ARF still can not take a common stance on the Asia-Pacific security issues which might have regional repercussions.

Shanghai Co-operation Organization is another security dialogue initiated by China in 1996. The main target of the Shanghai-6 was further political, economic and technological development of the region by the member countries, China, Russia, Kazakhstan, Tajikistan, Kyrgyz Republic and Uzbekistan. Russia also welcomed this initiative keeping in mind that it is better to be in a multilateral link with China for the power-balance of the area rather than taking China as a rival, seeking its sphere of influence by itself. Indeed, SCO is an example of how pluralism necessitates states to take common and co-operative action to solve regional problems instead of sitting at the other sides of the table. Other important regional co-operation examples are SAARC in South Asia and the recently discussed idea of Northeast Asian economic co-operation. Though there are limitations by the potential member countries to these formulations, the shift toward regional co-operation to deal with the intractable political issues in Asia is in positive process with these sub-regional attempts.

As can be seen in the GDP growth (see Appendix), demographic, social and economic indicators of the Asian countries, there is no average level to determine the potentialities of Asian regionalism. Most of the countries are developing ones, while there are some members, like Japan and Singapore, which have higher per capita income levels. There are ethnic and linguistic differences as well. Political heterogeneity is another feature of the region. There are monarchies, republics, parliamentary systems and authoritarian regimes. Thus, it is very difficult to draw a general picture of economic, social and political framework of the region. Nevertheless, this divergent nature of the region inclines one commonality while defining Asian regionalism is that; there is no need to create or imply a clear definition of region or the so-called Asian identity while describing the Asian regionalism. Thus, this generality leads to the model of this paper: Asymmetric Functional Regionalism in Asia.

¹⁶ The current ARF Member States are Australia, Brunei Darussalam, Cambodia, Canada, China, the European Union, India, Indonesia, Japan, Republic of Korea, Laos, Malaysia, Burma, Mongolia, New Zealand, Papua New Guinea (with observer status), the Philippines, the Russian Federation, Singapore, Thailand, the United States, Vietnam and the Democratic Peoples' Republic of Korea.

¹⁷ See the ASEAN Regional Forum "1995 Concept Paper," posted at <<http://www.aseansec.org>>.

3. Asian Experience and What should be done?

Towards the end of the 1970s, regionalism has gained increasing popularity. Rising new problems on global phenomena like environmental degradation, emergence of Japan and European integration movement against the American economic as well as security hegemony and the declining US premises in the world financial system with the end of the Bretton Woods system had all resulted in intensification and differentiation in the regionalist claims. Hence, the emerging complex interdependency was realized and different alternatives were proposed in order to systematize this evolving atmosphere at more regional platforms. Indeed, interdependency is a common ground on which all regionalist premises come together. In fact, regionalism and interdependency complete each other to create a more collaborated framework to deal with the targeted issues. Hence, above definitions and terminology bring a thorough definition by which regionalism is "...an attempt by a group of states to order their relations amongst each other in such a way as to advance commonly agreed aims, to avoid local conflicts and to manage it, if it does break out, as much as possible, on regional basis"¹⁸.

As can be seen in other regionalism experiences, there are different regional gatherings be it both all encompassing union with a regional identity like the EU or a free trade agreement along certain defined lines like NAFTA. Nevertheless, both of the formations have a common feature of defined foundations. Hence, this commonality leads us to the main inquiry of whether a clear definition of regional entity is necessary. A one-step further question would be as such: What should be the degree of consensus to form a well-functioning regional co-operation? The answer to these questions varies depending on the region under consideration. When the EU and ASEAN cases are taken, they look quite similar and the EU has always been taken as a model to the ASEAN regional integration. Nevertheless, these two formulations are drastically different. ASEAN is in a free trade area level with a loose integration while the EU has already entered into the economic, political, social and cultural integration by enhancing its institutional and functional linkages. Even before this functional difference, the establishment premises of the two are basically different. Furthermore, the membership of each presents different ranges. Indeed, that is the common feature of all Asian regional organizations that, the Asian formulations are the most colorful gatherings in terms of their extensive membership profile as explained above. This feature, of course, can be evaluated as a hardship in front of a more solid regionalism. However, the matter is that there is no need for a solid form of regional integration for better functioning of regional organizations. Nevertheless, what is proposed in this paper is that, this variant structure of all the continent is the power behind Asian regional co-operation. As a matter of fact, Figure 4 shows the percentage shares of major Asian countries in the world merchandise exports and imports and how they strongly contribute depending on their different economic capacities.

¹⁸ Denny Roy (ed.), *The New Security Agenda in the Asia- Pacific Region*, (London: Macmillan, 1997), 20.

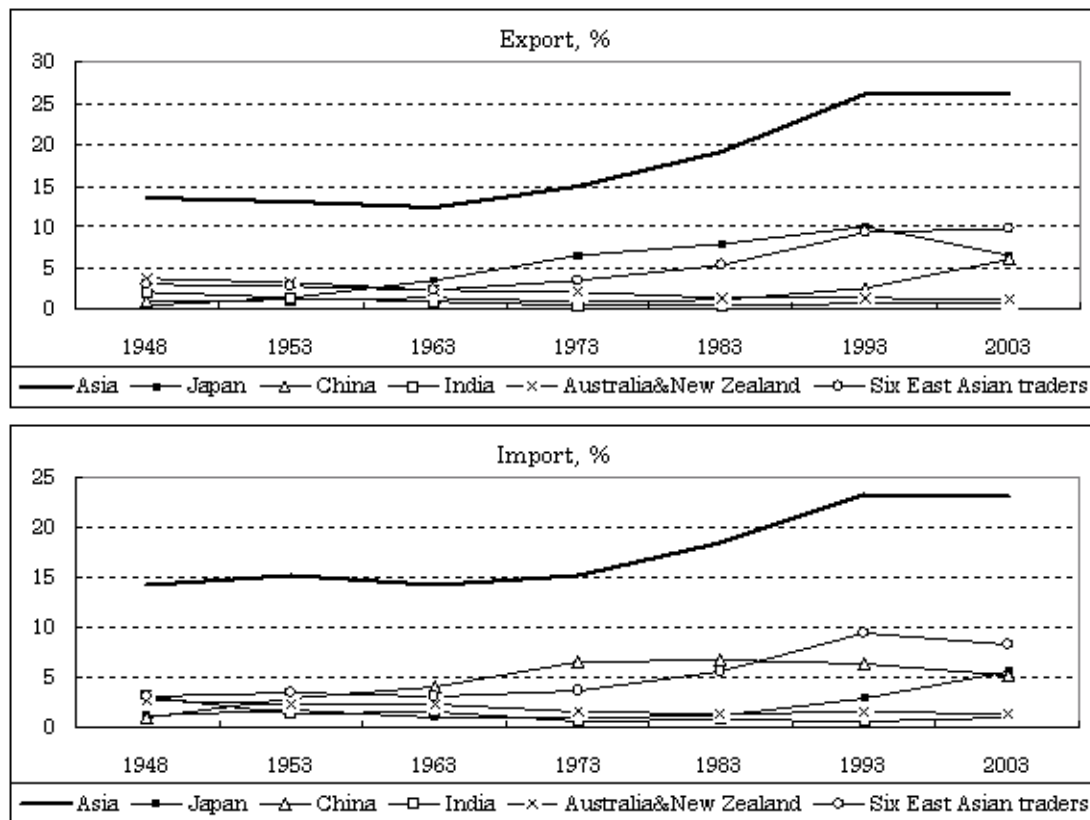


Figure 4: World Merchandise Trade Share of Asia, Percentage

Source: World Trade Organization, International Trade Statistics 2004, posted at <<http://www.wto.org>>.

Indeed, this divergence of the Continent is well known, because of which, most of the time, different and sub-regional gatherings were arranged like SAARC in South Asia, SCO in Central Asia or ASEAN in Southeast Asia. They all have certain success and failure experiences in their efforts to reach their main targets. Nevertheless, these forms also prove that Asia, having the most divergent characteristic, does not need to define a certain region or type of the formulation which might mainly bring state actors along the so-called defined similarities. In other words, as Asia is a very diverse and extended continent including many systems, economies, religions and societies, Asian regionalism should be welcoming all these differences as well. Of course, all the current co-operation experiences have this founding principle on their basis. Nevertheless, more deliberate approach to cover all actors would be formulated.

Undoubtedly, this characteristic of Asian regionalism has been growing with significant changes since the mid-1990s. Initially, Asian financial crisis has added a totally new dimension to the Asian regionalism: i.e. the pragmatism while implementing regional premises. Hence, not only regionalism but bilateralism has also been introduced to the regional co-operation endeavors. Declining impact of Japanese-led regional development model in East Asia has also precipitated further bilateralism along the multilateral economic co-operation. Another main change was the increasing emphasis on political and security dimension of the economic co-operation after the September 11 terrorist attacks in 2001. The other main progress in Asia is that more extensive gatherings have entered into the arena. Northeast Asian economic co-operation is one example. Recently discussed

East Asian Summit is also another mechanism which aims to cover most of the region.

Recently, one movement is significant that attempts to apply a more widened and deepened model for the region. Asian Co-operation Dialogue (ACD) was developed in 2002 to create a continent-wide regional co-operation to handle economic and political interaction needs. Again it was created mainly by the East Asian countries. Nevertheless, it is the biggest ministerial gathering of 28 Asian countries¹⁹. Although the ACD is a brand new movement, it is quite promising with its open regionalism, aiming to cover issues from economic to social dialogue. Nevertheless, the Dialogue can be more successful with further functional organization since it is only a ministerial level meeting now. Indeed, more institutional structure of an Asian co-operation model can be developed by looking at the recent regionalism experiences in Asia. The proposed model of this paper is also inspired from the basic idea of the ACD and APEC. What is general in ACD and APEC mechanisms is their openness to all Asian (even Pacific in the APEC case) countries. This is a widened regional co-operation with broad membership criteria in order to include as many nations as possible. Another common feature of these models is transnationalism in their way of communication. Indeed, ad-hoc committees and cross-border gatherings on issue-specific meetings are the most efficient means to deal with the divergence of the potential member countries as well as different issues.

Hence, the two important characteristics of Asia form the fundamentals of the Asymmetric Functional Regionalism (AFR) model: First of all, Asia has the most divergent country profiles with different economic, political and social systems. The second characteristic is that most of the countries prefer not to convey their sovereign rights, nor they feel ready to discuss all their security-related issues at any non-state regional platform. That is why, the economic regional co-operation examples are more successful than the politically or security driven regional gatherings. These two significances of the Asian regionalism necessitate an economy driven but politically, security and socially backed loose functional and asymmetric institutional co-operation. According to the AFR model, two levels of co-operation can be structured. At the core structure, the motor force of the Asian co-operation; i.e. the economic co-operation can be enhanced at the center of the interactions while transnational and cross-border interactions can be detailed along political, security as well as societal levels of broad communication. Hence, these loose functional mechanisms should be the base of economic co-operation at the center. This complex web of functional regionalism, however, needs an asymmetric interaction among the actors. This asymmetric nature of any functional mechanism is crucial to be able to cover each color of the Continent. In fact, membership standard of this kind of functional regionalism is also important. In other words, the pluralist understanding of the state as a non-unitary actor would be the base to any membership. Since the state is an abstract unit and it is a composition of different interest groups, its decisions reflect interactions, discussions and joint declarations of all these parts. Hence it is obvious that there may be interest seekers and this may lead to subjectivity in the so □

¹⁹ Currently participating countries are Bahrain, Bangladesh, Brunei, Cambodia, China, India, Indonesia, Japan, South Korea, Laos, Malaysia, Myanmar, Pakistan, Philippines, Qatar, Singapore, Thailand, Vietnam, Kazakhstan, Kuwait, Oman, Sri Lanka, Iran, Mongolia, United Arab Emirates, Bhutan, Russia and Saudi Arabia.

called rational decision making processes in the state. Keeping in mind this subjectivity and non-unitary nature of the state, any kind of regional membership is better to be open not only to states but other transnational groupings, unions, MNCs and even NGOs to bring the civil-society to the table. Then, all these complex web of unit of analysis require an asymmetric sort of interaction to keep the consensus of each actor at equal level.

Of course, the model is quite complex with different level of interactions and unit of analysis. As for the functional aspect of the model, it combines both economic, political, security as well as societal issues as instruments of regional economic co-operation. Meanwhile, the asymmetric aspect of the model invites all state and non-state actors to be represented as the units of the regional co-operation. Figure 5 pictures the overall model in a simplified form. To conclude, this sort of asymmetric functional regional co-operation can respond to the divergent and colorful nature of the region while bringing more progress to the ongoing regionalism in Asia.

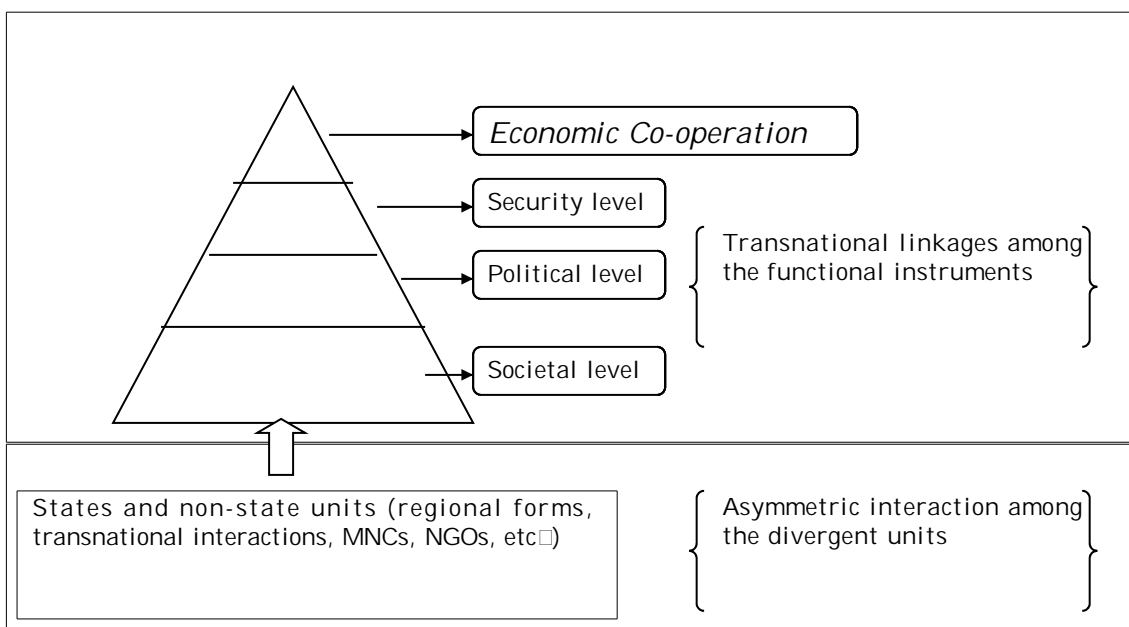


Figure 5: Asymmetric Functional Regional Economic Co-operation (AFR)

References

- ARF 1995 Concept Paper, <<http://www.aseansec.org>>.
- Brown, Chris, 1997, *Understanding International Relations*, London: Macmillan Press.
- Euaruksul, Julaporn, 1998, "The ASEAN Region," in Paul Stores (eds.), *The New Security Agenda, A Global Survey*, Tokyo: Japan Centre for International Exchange, 248-271.
- Feng, Yi and Genna, M. Gaspare, 2002, "Regional Integration and Domestic Institutional Homogeneity: A Comparative Analysis of Regional Integration in the Americas, Pacific Asia and Western Europe," *Review of International*

Political Economy, 10 (2): 278-309.

Final Report of the East Asia Study Group, <<http://www.aseansec.org>>.

Henderson, Jeannie Henderson, 1999, "Reassessing ASEAN," *Adelphi Papers: 328*, London: International Institute for Strategic Studies

International Monetary Fund, *World Economic Outlook*, April 2005, <<http://www.imf.org>>.

Keohane, Robert and Nye, Joseph, 1977, *Power and Interdependence*, Boston: Little Brown.

Press Statement by the Chairman of the 8th ASEAN Summit, the 6th ASEAN+ 3 Summit and the ASEAN-China Summit, <<http://www.aseansec.org>>.

Roy, Denny (ed.), 1997, *The New Security Agenda in the Asia-Pacific Region*, London: Macmillan.

Segal, Gerald and Wanandi, Jusuf (*et.al.*), (eds.), 1998, *Europe and the Asia Pacific*, London: Routledge.

Yeung, May (*et.al.*), (eds.), 1999, *Regional Trading Blocs in the Global Economy: the EU and ASEAN*, Cheltenham: Edward Elgar Publishers.

United Nations Conference on Trade and Development, *Global Statistics*, <<http://glodstat.unctad.org>>.

World Trade Organization, *International Trade Statistics 2004*, <<http://www.wto.org>>.

Appendix

Real GDP Growth Ratios in Asia, 1987-2005 (Estimate), Percentage

Advanced										
----------	--	--	--	--	--	--	--	--	--	--

Economies	1987-1996	1997	1998	1999	2000	2001	2002	2003	2004	2005 est.
Japan	3.2	1.7	-1.1		2.4	0.2	-0.3	1.4	2.6	0.8
Korea	8.4	4.7	-6.9	9.5	8.5	3.8	7	3.1	4.6	4
Taiwan	7.6	6.4	4.3	5.3	5.8	-2.2	3.9	3.3	5.7	4
Hong Kong	5.9	5.1	-5	3.4	10.2	0.5	1.9	3.2	8.1	4
Singapore	9.4	8.6	-0.8	6.8	9.6	-2	3.2	1.4	8.4	4
Emerging Markets										
China	10	8.8	7.8	7.1	8	7.5	8.3	9.3	9.5	8.5
India	5.9	5.2	5.6	6.9	4.7	4.8	4.4	7.5	7.3	6.7
Developing East Asia										
Brunei Drs.	...	2.6	-4	2.6	2.8	3.1	2.8	3.1	1.1	1.6
Cambodia	...	6.8	3.7	10.8	7	5.7	5.5	5.2	4.3	1.9
Indonesia	7	4.5	-13.1	0.8	4.9	3.8	4.4	4.9	5.1	5.5
Lao PDR	5.2	6.9	4	7.3	5.8	5.8	5.8	5.3	6	7
Malaysia	9.1	7.3	-7.4	6.1	8.9	0.3	4.1	5.3	7.1	6
Myanmar	2.5	5.7	5.8	10.9	13.7	11.3	12	13.8	5	4.5
Philippines	3.7	5.2	-0.6	3.4	4.4	1.8	4.3	4.7	6.1	4.7
Thailand	9.5	-1.4	-10.5	4.4	4.8	2.2	5.3	6.9	6.1	5.6
Vietnam	7.1	8.2	5.8	4.8	6.8	6.9	7.1	7.3	7.7	7.2
Developing South Asia										
Bangladesh	4.2	5.3	5	5.4	5.6	4.8	4.9	5.4	5.4	5.5
Nepal	5.5	5.3	2.9	4.5	6.1	5.5	-0.6	3.1	3.5	3.5
Pakistan	4.9	1.8	3.1	4	3.4	2.7	3.2	5.6	6.5	6.7
Sri Lanka	4.3	6.4	4.7	4.3	6	-1.5	4	5.9	5.2	5.3
Developing Central Asia										
Russia	...	1.4	-5.3	6.3	10	5.1	4.7	7.3	7.1	6
Kazakhstan	...	1.6	-1.9	2.7	9.8	13.5	9.8	9.3	9.4	8
Kyrgyz Republic	...	9.9	2.1	3.7	5.4	5.3	...	6.9	6	5
Mongolia	-0.2	4	3.5	3.2	1.1	1	3.9	5.3	6	5.5
Tajikistan	...	1.8	5.2	3.8	8.3	10.2	9.1	10.2	10.6	8
Turkmenistan		-11.3	6.7	16.4	18.6	20.4	19.8	16.9	7.5	7
Uzbekistan		2.5	2.1	3.4	3.2	4.1	3.1	1.5	7.1	3.5

Source: International Monetary Fund, World Economic Outlook, April 2005, posted at <<http://www.imf.org>>.