

A Broader Asian Community and a Possible Roadmap

There is now a growing recognition of the importance of regional economic integration in Asia for generating growth impulses from within, especially in the wake of the east Asian crisis. Voices emanating from different parts of the region support pan-Asian cooperation and integration. Against this background, the paper examines the relevance of a broader approach and outlines a roadmap for regional cooperation in Asia.

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I **Context**

Asian developing countries had made a number of attempts at regional economic cooperation in the 1970s with UN-ESCAP's initiative. These include the Bangkok Agreement established in 1975 which covered the exchange of tariff concessions between five-member governments, viz, Bangladesh, India, Lao PDR, South Korea and Sri Lanka. In 2000, China also joined the Bangkok Agreement. The Asian Clearing Union with seven members in the region – Bangladesh, India, Iran, Myanmar, Nepal, Pakistan and Sri Lanka – came into being in 1974. It is generally agreed, however, that these early experiences have not been very successful. The reasons for the results not coming up to the expectations have been varied. For instance, Bangkok Agreement has suffered from its limited coverage of membership as well as the products covered, preference margins not being deep enough and its scope not extending to the non-tariff barriers.

Successful experiences with regional economic integration in the industrialised countries since the mid-1980s in Europe and North America have also prompted south-east and south Asian countries to adopt economic integration strategies. For instance, although set up in 1967, ASEAN had limited cooperation in economic areas until 1992 when it decided to set up the ASEAN Free Trade Area (AFTA). Similarly, SAARC came into being in 1985, it adopted a programme of economic cooperation on its agenda in 1991 with the formation of Committee on Economic Cooperation (CEC). It has since created a SAARC Preferential Trading Arrangement (SAPTA) in 1995. In 2004 it eventually agreed to create a SAARC Free Trade Agreement (SAFTA) to be implemented over 10 years. Besides regional economic integration, the bilateral free trade agreements between India and Nepal and between India and Sri Lanka have also speeded up economic integration in the south Asian subregion. Another notable initiative in Asia is Bay of Bengal Initiative for Multisectoral Techno-economic Cooperation (BIMSTEC) involving five south Asian countries, viz, Bangladesh, Bhutan, India, Nepal and Sri Lanka and two south-east Asian countries, viz, Myanmar and Thailand. Hence, it is seen as a bridge between south and south-east Asia. BIMSTEC also adopted a framework agreement for an FTA to be implemented within 10 years at its first summit held in Bangkok in July 2004.

The east Asian crisis of 1997 also highlighted the importance of regional economic cooperation. The ASEAN countries expedited the programme of implementation of AFTA and moved on to further deepen the economic integration. The crisis also

led to the launch of several regional initiatives such as the Chiang-Mai Initiative which involves ASEAN+3 (Japan, China and South Korea) countries. Besides this, the ASEAN's policy of engaging the key Asian countries, namely, Japan, China, India and South Korea as dialogue partners have provided much-needed cohesion in the Asian region as is clear from the numerous schemes of regional and bilateral free trade arrangements that are at different levels of implementation. China, Japan and India are all engaged in negotiations of free trade arrangements with ASEAN and South Korea considering one.

However, it can be argued that the subregional or bilateral attempts at regional cooperation that have been initiated such as those under the framework of ASEAN and SAARC or the dialogue partners while desirable are unlikely to exploit the full potential of the regional economic integration in Asia and hence are suboptimal. This is because the extent of complementarities are limited at the subregional levels because of similar factor endowments and economic structures within a neighbourhood. It is clear from the fact that trade of ASEAN or SAARC countries with the east Asian countries is much larger than their intra-subregional trade. It is for this reason that the success achieved so far from the subregional or bilateral attempts at cooperation has so far been meagre. At the broader Asian level, on the other hand, the diversities in the levels of economic development and capabilities are quite wide thus providing for more extensive and mutually beneficial linkages. The diversity in economic structure provides its own indigenous capacity and markets for dynamic industrial restructuring within the region on the basis of 'flying geese' patterns [Sobhan 1995]. Hence, an overarching Asia-wide scheme of economic integration is needed to fully exploit the potential of efficiency-seeking industrial restructuring and the synergies that exist in the region. Among other factors the twin scourges of SARS and terrorism have also promoted the east Asian regionalism [Teo 2005].

There is now a growing recognition of the importance of regional economic integration¹ in Asia for generating growth impulses from within, especially, in the wake of the east Asian crisis. The voices emanating from different parts of the region in support of pan-Asian cooperation and integration are ample proof of the growing recognition of the importance of Asian economic integration. At the initiative of prime minister Thaksin Shinawatra of Thailand, the Asian Cooperation Dialogue (ACD) was launched on June 18-19, 2002 at Cha-Am, Thailand. Similarly, the Chinese president Jiang Zemin had launched the Boao Forum for Asia in 2001 at Boao, in Hainan province of China, as a pan-Asian economic forum. The prime minister Manmohan

Singh has envisioned an Asian Economic Community combining Japan, ASEAN countries, China, India and South Korea.

Against this background, this paper examines the relevance of a broader approach to regional cooperation in Asia and outlines a roadmap.

I

Relevance of a Broader Asian Framework

It is clear from the previous section that the ongoing attempts in Asia towards the regional cooperation at subregional and bilateral levels are unlikely to enable the region to exploit the full potential of regional economic integration. The multiple attempts at subregional and bilateral levels that are underway in the region do suggest however, that there is now a growing recognition of the importance of intensive economic integration at the pan-Asian level in the region or of the opportunity cost of not doing it. There is the realisation that stimulus for future growth has to increasingly come from within the region given the trend of formation of regional trading blocs in rest of the world. The substantial complementarities exist between Asian economies that remain to be exploited for their mutual common benefit. For instance, while the region has economies that are surplus in capital resources, there are also economies which have inadequate domestic savings for the rapid development. The region is similarly characterised by the complementarities in the demand and supply of other resources such as technology and skilled manpower. The regional cooperation by generating intra-regional demand could supplement

the external demand and reduce the vulnerability of the region due to the overdependence on outside regions. The regional cooperation could also help in exploiting the existing capacities in the region fully. The lost output because of the underutilisation of capacity in Japanese and Korean construction and engineering industries could be of the order of 10-15 per cent of the GDP of the region or about a trillion dollars a year [Agarwala 2002]. A more intensive cooperation for matching the underutilised capacity in some countries of the region with unmet demand in others could go a long way in putting the region on a high growth trajectory and help Asia to reemerge as a centre of gravity in the world economy that it was until 1800 [Madison 2000; RIS 2004].

The Asian region combines some of the fastest growing economies in the world. Together they form a huge market that is growing faster than any other region in the world and could form a vibrant regional grouping that would be roughly of the size of the EU in terms of GDP, will have larger magnitude of trade than North American Free Trade Agreement (NAFTA) and international reserves bigger than those of EU and NAFTA put together. The formation of a broader Asian grouping will also help the region to play a more effective role in shaping the emerging world trading and financial system responsive to its needs. The broader regional grouping will also formalise a high level of functional integration that has taken place in Asia especially between ASEAN and its dialogue partners. The intra-regional trade in eastern Asia has increased substantially and now accounts for over a half of their total trade and their collective foreign exchange reserves comprise two-thirds of the world.

Asian Economic Community

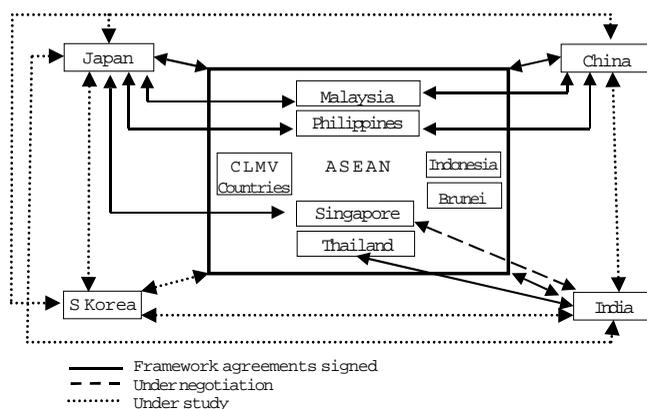
The decade of the 1990s witnessed the emergence of strong regional trading arrangements (RTAs) in different parts of the world led by the Single European Market in the European Union in 1992 and the North American Free Trade Agreement (NAFTA) in 1994. These RTAs pursued a deeper type of integration covering preferential free trading arrangements complemented by the strong rules of origin and mobility of capital (and sometimes even labour) across the region. The level of economic integration was progressively deepened and the coverage of RTAs expanded over time. Other regions responded by forming their own RTAs such as MERCOSUR and Andean Pact in South America, and COMESA and SADC, SACU in sub-Saharan Africa. Currently, some 300 RTAs or bilateral FTAs are at different stages of implementation in the world. As a result of the emergence of these RTAs, about 60 per cent of the world trade is now conducted on preferential and not on most favoured nation (MFN) basis. Therefore, any region can ignore formation of its own scheme of regional integration only at its peril as its exports would face discrimination against those of trade bloc partners.

Asian countries have been faithful adherents of multilateralism till nearly the turn of the millennium, and thus were slow to respond to the global trend of regionalism. Over the past few years, Asian countries have also recognised the potential of regional economic integration and have started taking steps to benefit from it. Besides subregional attempts in the framework of ASEAN, SAARC and BIMSTEC groupings, a number of initiatives of broader economic integration are underway to push the agenda of regional economic integration. Besides deepening the subregional cooperation between its 10 member states, ASEAN has also served to bring major Asian countries, viz, Japan, China, South Korea and India together as summit-level dialogue partners who meet annually at the ASEAN summits. A complex web of the free trade arrangements linking all these countries and ASEAN countries is in progress and a virtual Asian or east Asian economic community is emerging out of this.

There is now a growing recognition in Asia of the importance of regional economic integration for generating growth impulses from within, especially in the wake of the east Asian crisis. At the ASEAN+3 Summit held in conjunction with the ASEAN Summit in Laos in November 2004, a decision was taken to hold an East Asian Summit (EAS) in November 2005 in Malaysia. The participants at EAS will comprise ASEAN and the four dialogue partners including India as per the criteria adopted at the meeting of ASEAN foreign ministers held at Cebu, the Philippines in April 2005. The EAS is likely to launch the process of formation of an East Asian Community (EAC) combining the ASEAN10, Japan, China, India and South Korea and possibly Australia and New Zealand. As this selection of articles suggests, there is considerable economic and strategic relevance of a broader regional economic integration in Asia.

The papers here emanate from a research programme conducted by Research and Information System for Developing Countries (RIS) on Building a New Asia. The articles published here were first presented at the high-level conference on 'Asian Economic Integration: Vision of a New Asia' in Tokyo on November 18-19, 2004.

Figure: Emerging (East) Asian Community



The Asian region has a distinct Asian identity shaped by history and cultural exchanges over several centuries. There have been vibrant flows of goods and services as well as labour and capital amongst Asian countries sustained over several centuries. In the ancient time, the famed Silk Routes provided the channels for such exchanges. Marco Polo's tales are just one of many such descriptions. During the 19th century, the colonial powers provided the framework for extensive and liberal trade within Asia in goods and services as well as massive movements of labour and capital. Assisted by Japan's rise, trade was brisk. Even during the first half of the 20th century the intra-regional trade ratio was over 50 per cent. These trade and investment flows were disrupted by political and military factors during the colonial period and in the post-war Asia. Along with the trade there was a vibrant exchange of ideas. The Chinese scholars visited India and vice versa. The ideological influences spread across the nations binding them in ties of religion. Hinduism and with it the art of governance of Chanakya found its way across to much of Indonesia, Malaysia and Thailand. The sweep of Buddhism is well known. Religion has been a strong unifying factor for with the religious beliefs comes a way of life and as religious influence spread so did the cultural ties. Pagan, Borobudur and Angkor Wat are only but a small testimony to the vast trading and angular network that Asia had in ancient times [Shankar 2004].

II Approaches to Broader Asian Economic Integration

The preceding section has provided a rationale for a pan-Asian regional economic integration. It has been highlighted that such a grouping would be able to generate internal impulses for growth besides other favourable effects for the region. Keeping in mind the experiences of regional economic integration from other regions, a practical approach to regionalisation in Asia would be a phased one, as outlined below.

Approach to Integration

The approach towards the process of broader regional economic integration has to be taken into consideration the process of cohesion in Asia brought about by ASEAN. As argued earlier, ASEAN has helped bring together four major economies of Asia as its annual summit-level dialogue partners – Japan, China, South Korea and India. These countries meet annually at the

ASEAN summits in ASEAN+1 summits besides an ASEAN+3 (Japan, China and Korea) summit. It has been observed that ASEAN+1 approaches have become more attractive compared to ASEAN+3 as is clear from the FTAs being evolved by China, Japan, India and Korea with ASEAN [Bonapace 2005]. The FTAs between Japan, Korea and China and those between India-China, India-Korea and India-Japan are being studied. In other words, ASEAN and the four dialogue partners, namely, Japan, ASEAN, China, India and Korea (JACIK) countries are all engaged in evolving the FTAs between their different pairs, as shown in the figure. Through this complex web of FTAs, a virtual JACIK FTA is emerging. However, these bilateral or subregional FTAs do not allow full exploitation of potential of regional economic integration that exists in view of the substantial complementarities arising from diversity in the factor endowments and levels of development. Hence a vision for the Asian economic integration is to begin by coalescing these multiple FTAs between the JACIK countries into an overarching regional trading arrangement.² A broader overarching framework alone will allow optimal utilisation of Asia's resources and synergies for their mutual common benefit. As one observer has pointed out, without some form of overall regional framework within which to work, capital, human and natural resources may all be deployed at less than their optimal value [Rowley 2004].

JACIK could become a core of an east Asian community which could be expanded later to include other Asian countries into an Asian Economic Community. This approach is supported by a number of Asian leaders including former Singapore prime minister Lee and Indian prime minister.³ The president Arroyo of the Philippines has observed that "the emerging ASEAN+3+India ... will be a formidable regional grouping that can negotiate then with the European Union, the Americas, Africa and such regional groupings" (speech delivered at the ASEAN Business Summit, Vientiane, Laos, November 28, 2004).

Table 1: Proposed JACIK Community in Relation to European Union and NAFTA in 2000
(Billion US\$)

Parameter	EU	NAFTA	JACIK (14)
GDP	7260	11147	7262
Per cent to world total	23.17	35.57	23.17
GNI PPP	8315	11350	13361
Per cent to world total	18.68	25.50	30.02
Exports	2025	1226	1367
Per cent to world total	31.89	19.31	21.53
International reserves (2002)	426	246	2000
Population (millions)	354	411	3012
Per cent to world total	5.85	6.79	49.76

Source: World Development Report 2002 and WDI 2001, CD-ROM.

Table 2: Welfare Gains from Economic Integration in JACIK Countries

	Estimated Welfare Gains in US\$ Million		
	Scenario I (Trade Liberalisation)	Scenario II (Trade and Investment Liberalisation)	Scenario III (Trade, Investment and Mobility of Skilled Workers)
Japan	107626	111807	150695
Korea	13043	13317	14076
China-HK	6327	7100	16328
ASEAN (5)	13451	13553	19405
India	6971	7379	9937
JACIK	147418	153156	210441
Rest of the world	-27293	-45306	109916
World	120125	107849	320357

Source: RISSimulations, see Mohanty et al (2004) for details.

Combining 14 of the largest and fastest growing economies of Asia with vast complementarities, the JACIK trade bloc is a potential third pole of the world economy. For instance, they combine between them a population of three billion or a half of the world population and a GNP of over \$ 7.2 trillion comparable to that of EU in 2000 (Table 1). In terms of purchasing power parity, the JACIK grouping will have the gross national income of \$ 13 trillion, much larger than either NAFTA or EU. The JACIK's exports will add up to \$1.37 trillion compared to \$ 1.2 trillion of NAFTA. The combined official reserves of the JACIK economies at \$ 1.3 trillion in 2002 are much larger than those of the US and the EU put together. In fact, the latest estimates suggest that foreign exchange holdings of the JACIK countries are nearly US\$ 2 trillion. Therefore, the region would have sufficiently large market and financial resources to support and sustain expedited development of the region's economies.

Combining both China and India, the two emerging economies of Asia that are projected to emerge as the two of the three largest economies of the world with their rapid growth in the next three-four decades, JACIK is likely to be the centre of gravity of the world economy.

IV

Gains from JACIK Economic Integration

The studies conducted by Research and Information System (RIS) have found considerable evidence of complementarities between the JACIK countries' production and trade structures [Sinha-Roy 2004]. Formation of a Regional Trading Arrangement (RTA) may help in exploitation of these complementarities for mutual advantage. Furthermore, the trade policy liberalisation needs to be accompanied by additional measures such as freer capital mobility, harmonisation of customs procedures and product standards and mechanisms to ensure an equitable distribution of gains. The RIS studies conducted in computable general equilibrium (CGE) model framework have shown that a trade liberalisation in the framework of an RTA in JACIK could produce efficiency gains worth US\$ 147 billion (Table 2). However, when an RTA is combined with investment liberalisation and mobility of skilled manpower, the gains from integration add up to US\$ 210 billion representing more than 3 per cent of combined GDP of the JACIK economies. What is more, all the JACIK countries benefit from integration. Interestingly, the welfare of even the rest of the world also improves by US\$ 109 billion in the Scenario III, suggesting that Asian economic integration will be Pareto optimal. Furthermore, the creation of a regional institutional infrastructure to mobilise even a moderate proportion of the region's considerable savings of about US\$ 2 trillion for an investment in creation of regional public goods such as transport infrastructure, gas and oil pipelines, satellites and broadband cables, has the potential to generate additional output and welfare effects that could add up hundreds of billions of dollars in view of substantial underutilised capacity in Japan, Korea and other Asian countries in engineering and construction industry.

Other Economic and Strategic Gains

Trade and investment cooperation among the JACIK economies can be fruitfully complemented by monetary and financial cooperation, cooperation for energy security and in core technologies as summarised below.

Combined foreign exchange reserves of JACIK countries now add up to nearly US\$ 2 trillion and comprise the bulk of such reserves in the world. It has been argued that these funds have been invested in low-yielding US treasury bonds and are able to contribute to the Asian development more meaningfully. There is a growing consensus that Asia needs a regional institution for mobilising these resources for its own development, besides for achieving stability of real effective exchange rates and for an orderly response to external shocks [Wolf 2004]. Studies have shown that there is a growing macroeconomic interdependence between Japan, Korea and ASEAN. Such interdependence is likely to include China and India, besides Australia and New Zealand with ongoing reforms, liberalisation and market opening [Kawai 2004]. The RIS has developed, a proposal of a Reserve Bank of Asia. It is argued that even a moderate proportion say 5 per cent of combined JACIK reserves, i e, US \$ 100 billion will be adequate to make a beginning with the Reserve Bank of Asia. An institution with a reserve of US \$ 100 billion at its disposal, can create an Asian monetary unit of account (op cit) or an Asian SDR. The Asian SDR can be used increasingly as a unit of account and as a reserve asset in the region. Besides, providing a mechanism for exchange rate stability and facilitating trade transactions within the region, the Asian SDR can also provide a channel for funding the development of regional public goods and other huge infrastructure development projects without putting pressure on the government budgets in the member countries [Agarwala 2004]. On the basis of such a reserve, an instrument like an Asian SDR can be created and used to finance infrastructure and IT investments in the region. The borrowers could be the regional companies (such as Channel Tunnel Company for the UK and France) jointly owned by governments and private sector in the region. Similarly, there is also a substantial potential of bond market development in Asia and some steps have been taken in that regard.⁴ This will help in creating demand for the underutilised construction capacity in the parts of Asia as observed earlier.

Cooperation for Energy Security

The major countries of Asia, namely, Japan, China, India, Korea among others are highly dependent upon oil and gas imports and could benefit by mutual cooperation in the area. The regional cooperation in the area of energy could cover, for instance, to ensure security and sustainability of energy supply, overseeing efficient utilisation of natural energy resource in the region, rational management of energy demand with due consideration of the environment, establishing policy framework and implementation modalities for setting up of energy networks in the region such a regionwide oil or gas grids, and coordinate, manage and monitor the implementation of such a network. One of the target areas of Asian energy cooperation could be to build an Asian Strategic Petroleum Reserve (SPR) and to create an Asian Emergency Response System. An Asian SPR would be like a global energy security insurance policy. The Asian SPR would be a safeguard against OPEC's ability to raise oil prices and would prevent any market failure, by enabling governments to provide supply liquidity in an emergency situation. The Asian countries have some ongoing cooperation in the area as joint exploration or oil equity sharing by Japanese, Korean, Chinese and Indian oil companies in the exploration projects in the third world countries within the region such as in Myanmar and Vietnam and outside

the region as in Sudan. Japan, Korea, China and India have begun to coordinate their positions in their negotiations with OPEC with respect to Asian premium that is being charged by the west Asian countries on their supplies to Asian countries [Ito et al 2005]. The cooperation could also extend to cover the joint patrolling of the sea-lanes through which the bulk of the oil and gas supplies for the region pass through such as Malacca Straits to prevent piracy. Finally JACIK countries could contemplate building an Asian gas/oil pipeline connecting them. Asian energy ministers have met on January 2005 in New Delhi to advance cooperation in this area⁵ (see *New Asia Monitor*, January 2005 for details).

Development of Transport Infrastructure and Connectivity

The benefits of regional contiguity are often lost due to inadequate transport and communication links within the region. Major investments in development of regional public goods and regional infrastructural projects such as Asian railway, Asian highway, Asian satellites, Asian information infrastructure (such as a broad band cable) need to be made. Such projects would not only facilitate trade and other economic exchanges within Asia, but would also generate a lot of demand for the idle capacity for engineering and construction industry in Asia. Besides funding regional projects, some of the JACIK countries are projecting a tremendous demand for infrastructural investments in the coming years.

Digital Divide and Nutritional and Health-Related Issues

The region's substantial capacities in hardware and software areas could be pooled together to address the digital divide to empower poor to benefit from the fruits of new technologies. This would require joint development of cheaper hardware and development of software in local languages and graphic interfaces. This would call for the pooling of complementary strengths of east Asia and India in hardware and software, respectively. Similarly, the cooperation in biotechnology could focus on nutritional and health needs of poor in Asia. Appropriate regional institutional mechanisms need to be created for facilitating pooling of resources and capabilities from different member countries for these tasks. Some thinking on pooling resources for addressing the common needs of the region is already on as Asian IT ministers met in Hyderabad, India in early 2004⁶ (see *New Asia Monitor*, March 2004 for details).

V

Concluding Remarks

It is clear from the voices emanating from the different parts of Asia that the idea of broader Asian economic integration has come. It is also clear from the importance that is being attached by different Asian countries to the regional economic integration at the bilateral or subregional levels. However, subregional approaches at cooperation have their limitations given less pronounced complementarities. The formation of a broader economic community in east Asia coalescing the emerging web of FTAs linking Japan, ASEAN, China, India and Korea into a regionwide or JACIK RTA could be a core of such an east Asian community. The east Asian community could be eventually expanded to cover other Asian countries in an Asian Economic Community. It has been shown that economic integration in JACIK could enable the region to resume its rapid growth and help it emerge as the centre of gravity in the world economy.

Furthermore, regional Keynesianism based on cooperation in finance and monetary policy has the potential to help the region recover hundreds of billions of dollars of potential output lost due to underutilisation of capacity and pull the major economies such as Japan out of prolonged recession. The fruitful opportunities for cooperation exist in other areas as well, for instance, for energy security in the context of high dependence of major Asian countries on imports for oil and gas. The infrastructure development especially, the regional public goods is another such area to improve connectivity in the region. Finally, the cooperation in core technologies such as ICT and biotechnologies may provide a basis for dealing with the digital divide and malnutrition, disease and hence, poverty.

India's economic integration with east Asia in the emerging east Asian community would also fit the Look East Policy pursued by India since 1991 as a part of which India became a dialogue partner of ASEAN. The Indian economy is rapidly integrating with the east Asian production networks especially in critical knowledge-based parts of the value chain. The Indian enterprises are also developing their own production networks incorporating east Asian countries. With rapid growth of intra-regional trade, east Asia has emerged India's largest trade partner surpassing the US or EU accounting for nearly 40 per cent of her global trade. With FTAs being evolved or studies with all the ASEAN+3 countries, India's is virtually integrated with east Asia. With a US\$ 650 billion economy growing at 7-8 per cent pa, a sizeable large middle class and strong macro-fundamentals, India is able to add its own dynamism to the east Asian community. Large requirements of infrastructure investments, booming demand of final consumption goods in India may help smoothen the process of macroeconomic adjustment that may arise following the move towards float exchange rate regimes in some Asian countries. The demographic trends also provide a source of complementarity between India and east Asia. With age-old civilisational links with east Asian countries, India feels much more integrated culturally with the region besides the geographical contiguity with China, Myanmar, Thailand and Indonesia. With its well-developed transport and trading links with west, central and south Asia, India could also act as a bridge between these regions and east Asia. Some observers find that India's participation in the east Asian community could also make it more balanced. JACIK approach to east Asian integration is catching a popular imagination and is a preferred option over the ASEAN+3 approach as recent surveys of young Asian leaders suggest.

To sum up the above discussion it is clear that there is a great interest in Asia to build on growing functional economic integration and emerging web of FTAs linking ASEAN and its summit-level dialogue partners, namely, Japan, China, India and South Korea or JACIK into an east Asian community which could eventually grow into a broader Asian economic community. There is a strong case for ASEAN-Japan-China-India and Korea working together to realise the Asian dream! [77]

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Notes

[An earlier version of this paper was presented at the high-level conference on 'Asian Economic Integration: Vision of a New Asia', organised by RIS in Tokyo on November 18-19, 2004.]

- 1 See the writings of Yamazawa (1998, 2001a, 2001b), Ali Alatas (2001), Shinawatra (2001), among others, for arguments for closer economic cooperation in Asia.
- 2 Among experts who have favoured such an approach include Wei (2004),

- Yao (2005), Bonapace (2005).
- 3 See for instance, address of Singapore's mentor minister, Lee Kuan Yew at the foreign correspondents association of Singapore reported in *The Straits Times*, December 22, 2004. Prime minister Manmohan Singh has envisioned an Asian economic community evolved using a building bloc approach to begin with Japan, ASEAN, China, India and Korea at the Laos Summit in November 2004.
- 4 See presentation by ambassador M Xuto at the high-level conference on Asian Economic Integration organised by the RIS in Tokyo, November 18-19, 2004.
- 5 India hosted a meeting of Asian energy ministers in New Delhi in early 2005 to discuss the issues of mutual concern.

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