

## **The First East Asia Summit (EAS) and Intra-ASEAN Economic Cooperation\***

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The 1st East Asia Summit (EAS) was held in Kuala Lumpur on December 14, 2005. After the Asian Economic Crisis, a number of East Asian-wide cooperative frameworks including ASEAN Plus Three were explored, although ASEAN was the only regional cooperation in East Asia in the past. The 1st EAS was based on an extension of those cooperative frameworks. EAS will play a significant role in the development of East Asian regional cooperation and the formation of a future East Asian community. This paper examined the achievements and prospects of the 1st EAS in December of 2005. This theme was also examined from the perspective of intra-ASEAN Economic Cooperation.

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*Keywords:* EAS, East Asian Community, ASEAN, AFTA, AICO, AEC, Economic cooperation, Economic integration, FTA

### **1. Introduction**

The 1st East Asia Summit (EAS) was held in Kuala Lumpur on December 14, 2005. There were 16 participating countries including 10 ASEAN countries, Japan, China, Korea, India, Australia and New Zealand.

After the Asian economic crisis, a number of East Asian wide cooperative frameworks including ASEAN Plus Three (ASEAN plus Japan, China and Korea) have been explored, although ASEAN was the only regional cooperation in East Asia in the past. The 1st EAS was based on an extension of those cooperative frameworks. EAS will play a very significant role in the development of East Asian regional cooperation and a future East Asian community.

This paper examines the achievements and prospects of the 1st EAS in December, 2005. This topic will then be examined from the viewpoint of intra-ASEAN Economic Cooperation, which the author has analyzed over a long period (Shimizu, 1998a, 1998b, 1999a, 2002a, 2004a, 2005a and 2005b, etc.). This is because ASEAN has been the sole organization of intraregional economic cooperation in East Asia, and also an important hub in the current East Asian

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regional cooperation.

Section 2 discusses the general achievements of the 1st EAS in December 2005. Next, Section 3 analyzes the experiences of intra-ASEAN economic cooperation and its characteristics, and then examines the achievements of ASEAN in the 1st EAS. The concluding section examines the achievements of the 1st EAS, and also presents some important future issues regarding EAS and East Asian regional cooperation.

## 2. The 1st East Asia Summit

### 2.1 The 11th ASEAN summit

The 1st EAS was in a series of ASEAN summits. This section will review the achievements of a series of ASEAN summits including the 1st EAS. These series of ASEAN summits were held on the following dates:

- 11 December, the 11th ASEAN Summit
- 12 December, the 9th ASEAN Plus Three Summit
- 12 December, the 9th ASEAN-China Summit
- 13 December, the 9th ASEAN-Japan Summit
- 13 December, the 4th ASEAN-India Summit
- 13 December, the 9th ASEAN-Republic of Korea Summit
- 13 December, the 1st ASEAN-Russian Federation Summit
- 13 December, the 1st East Asia Summit (EAS)

Furthermore, Australia joined the Treaty of Amity and Cooperation (TAC) in Southeast Asia on 10 December. This was preparation for EAS, because joining TAC was a requirement of ASEAN Dialogue partners and EAS members.

The following is a review of the achievements of the important ASEAN Summit meetings. The first important meeting was the 11th ASEAN Summit. The ASEAN Summit, which began in 1976, was the starting point for all ASEAN-related summit meetings.

First, ASEAN leaders signed “the Kuala Lumpur Declaration on the Establishment of the ASEAN Charter”.<sup>1</sup> This is a landmark constitutional document embodying fundamental principles, goals, objectives and structures of ASEAN cooperation capable of meeting the needs of the ASEAN Community and beyond. They also agreed to establish an Eminent Persons Group (EPG).<sup>2</sup> ASEAN has not been based on a charter and treaty, but on a declaration (“the ASEAN Declaration: Bangkok Declaration” in 1967). The establishment of the ASEAN Charter will accelerate ASEAN cooperation for the ASEAN Community.

<sup>1</sup> “Kuala Lumpur Declaration on the Establishment of the ASEAN Charter Kuala Lumpur, 12 December 200”, <http://www.aseansec.org/18030.htm>.

<sup>2</sup> “Chairman’s Statement of the 11th ASEAN Summit ‘One Vision, One Identity, One Community’”, Kuala Lumpur, 12 December 2005”, <http://www.aseansec.org/18040.htm>.

Second, the leaders welcomed the progress in ASEAN integration and the ongoing community building efforts. They also welcomed the invitation by Myanmar to the Foreign Minister of Malaysia in his capacity as Chairman of the ASEAN Standing Committee to visit Myanmar to learn first-hand of the progress.<sup>3</sup>

Third, they welcomed the convening of the 1st EAS on 14 December 2005, as an open and inclusive forum with ASEAN as the driving force.<sup>4</sup>

## **2.2 The 9th ASEAN Plus Three Summit**

The second important Summit was the 9th ASEAN Plus Three (APT) Summit, which is the core of the present East Asian regional cooperation. 13 countries participated including 10 ASEAN countries, Japan, China and Korea on 12 December. The Heads of State declared the “Kuala Lumpur Declaration on the ASEAN Plus Three Summit”.<sup>5</sup>

First, they declared “reiterating our common resolve to realise an East Asian community as a long-term goal that would contribute to the maintenance of regional and global peace and security, prosperity and progress” and “convinced that the ASEAN Plus Three process will continue to be ‘the main vehicle’ in achieving that goal, with ASEAN as the driving force”.<sup>6</sup>

Second, they recognized the importance of ASEAN integration and the ASEAN Community towards community building in the region and the continued support of the Plus Three countries for ASEAN’s efforts. In particular, they stated that “they will continue to support ASEAN integration, particularly in narrowing the development gap in order to realise the ASEAN Community”, and at the same time contributing to the building of an East Asian community as the long-term goal.<sup>7</sup>

Third, they stated that “they will commence collaborative efforts to prepare a second Joint Statement on East Asia Cooperation on the tenth anniversary of the ASEAN Plus Three process in 2007 in order to consolidate existing cooperation and to set forth the future direction for the cooperation and East Asia community building”.<sup>8</sup>

Other ASEAN Plus One Summits were held on 12 and 13 December. In these Summits, leaders stated that ASEAN would maintain a main role in East Asian Regional Cooperation and they would support ASEAN integration in narrowing the development gap. For example, in the 9th ASEAN-Japan Summit, “Joint Statement of the Ninth ASEAN-Japan Summit, Deepening and Broadening of ASEAN-Japan Strategic Partnership” stated that “Japan fully supports ASEAN’s increasingly active contributions to regional coopera-

<sup>3</sup> “Chairman’s Statement of the 11th ASEAN Summit ‘One Vision, One Identity, One Community’”, Kuala Lumpur, 12 December 2005”, <http://www.aseansec.org/18040.htm>.

<sup>4</sup>Ibid.

<sup>5</sup> “Kuala Lumpur Declaration on the ASEAN Plus Three Summit, Kuala Lumpur, 12 December 2005”, <http://www.mofa.go.jp/region/asia-paci/asean/conference/asean3/joint0512.html>.

<sup>6</sup>Ibid.

<sup>7</sup>Ibid.

<sup>8</sup>Ibid.

tion in East Asia, particularly through its role as the driving force”, and “ASEAN welcomed the commitment of Japan to provide fresh financial assistance in the amount of 7.5 billion yen to support ASEAN integration through the ADF and the ASEAN-Japan cooperation funds”.<sup>9</sup> After these Summits, the 1st EAS was held on 14 December.

### 2.3 The 1st EAS

East Asian regional cooperation has been implemented since the ASEAN Plus Three Summit meeting held after the Asian economic crisis of 1997. The report of the East Asia Vision Group (EAVG): EAVG (2001), which was submitted at the 2001 ASEAN Plus Three Summit, addressed the evolution of the summit into the EAS as a measure to achieve an East Asian community.<sup>10</sup> Furthermore, the report by the East Asia Study Group (EASG): EASG (2002) submitted at the 2002 ASEAN Plus Three Summit proposed seventeen short-term and nine middle-and long-term measures leading to the establishment of a future East Asian community. One of those mid-and long-term measures was to hold the EAS.<sup>11</sup> In the 10th ASEAN Summit and the 8th ASEAN Plus Three Summit in Vientiane in November, 2004, it was officially adopted that they would hold the 1st EAS in Kuala Lumpur in December of the following year.

The participating countries in the 1st EAS numbered 16, including 10 ASEAN countries, Japan, China, South Korea, India, Australia and New Zealand, after many negotiations. Russia initially participated as an observer.

In the 1st EAS, two declarations: “Kuala Lumpur Declaration on the East Asia Summit”<sup>12</sup> and “East Asia Summit Declaration on Avian Influenza Prevention, Control and Response”<sup>13</sup> were announced.

Some important points of the “Kuala Lumpur Declaration on the East Asia Summit” were the following. First, the Heads of State confirmed that EAS would hold an important role together with ASEAN Plus Three meetings. The leaders stated that “EAS could play ‘a significant role’ in community building in this region”<sup>14</sup> in the Preamble.

Second, they emphasized the importance of ASEAN cooperation for peace and prosperity in the East Asia region. They declared that “the need to support efforts to build a strong ASEAN Community which will serve as a solid foundation for our common peace and prosperity” in the Preamble and “the ef-

<sup>9</sup> “Kuala Lumpur Declaration on the ASEAN Plus Three Summit, Kuala Lumpur, 12 December 2005”.

<sup>10</sup> EAVG (2001), “Report of the East Asia Vision Group,” [http://www.aseansec.org/pdf/east\\_asia\\_vision.pdf](http://www.aseansec.org/pdf/east_asia_vision.pdf).

<sup>11</sup> EASG (2002), “Final Report of the East Asia Study group”,<http://www.aseansec.org/viewpdf.asp?file=/pdf/easg.pdf>.

<sup>12</sup> “Kuala Lumpur Declaration on the East Asia Summit, Kuala Lumpur, 14 December 2005”, <http://www.aseansec.org/18098.htm>.

<sup>13</sup> “East Asia Summit Declaration on Avian Influenza Prevention, Control and Response, Kuala Lumpur, 14 December 2005”, <http://www.aseansec.org/18101.htm>.

<sup>14</sup> “Kuala Lumpur Declaration on the East Asia Summit, Kuala Lumpur, 14 December 2005”.

forts of the East Asia Summit to promote community building in this region will be consistent with and reinforce the realization of the ASEAN Community".<sup>15</sup>

Third, "the aim" of EAS was "promoting peace, stability and economic prosperity in East Asia"<sup>16</sup> and "the issues" of EAS were "strategic, political and economic issues", as they stated that "we have established the East Asia Summit as a forum for dialogue on broad strategic, political and economic issues of common interest and concern with the aim of promoting peace, stability and economic prosperity in East Asia".<sup>17</sup>

Fourth, they stated that EAS would be "an open, inclusive, transparent and outward-looking forum," and they strived "to strengthen global norms and universally recognised values".<sup>18</sup> These points had been insisted on by Japan.<sup>19</sup>

Fifth, they confirmed that ASEAN would be "the driving force" of EAS. They stated that "with ASEAN as the driving force working in partnership with the other participants of the East Asia Summit".<sup>20</sup> Specifically, they confirmed that "Participation in EAS will be based on the criteria for participation established by ASEAN," "EAS will be convened regularly"; "EAS will be hosted and chaired by an ASEAN Member Country that assumes the ASEAN Chairmanship and held back-to-back with the annual ASEAN Summit" and "the modalities of EAS will be reviewed by ASEAN and all other participating countries of the East Asia Summit".<sup>21</sup> ASEAN's initiatives were stated in numerous points in this declaration.

The "Chairman's Statement of the First East Asia Summit" stated that they "welcomed the Russian Federation's expression of interest to participate in the East Asia Summit" and agreed "to convene the Second East Asia Summit in Cebu, Philippines on 13 December 2006".<sup>22</sup>

#### **2.4 The achievements of the 1st EAS**

The achievements of the 1st EAS can be summarized as follows: first, a new framework "EAS" in East Asian regional cooperation was established. The sixteen member countries included India, Australia, and New Zealand; the EAS was launched as a more extensive organization than ASEAN Plus Three. It was also decided that the EAS would be held annually. They were able to declare the "Kuala Lumpur Declaration on the East Asia Summit, Kuala Lumpur, 14 December 2005", that stipulated the content of the EAS. As for the subjects the EAS, it was able to deal with Avian Influenza at least, as they released the "East Asia Summit Declaration on Avian Influenza Prevention,

<sup>15</sup> "Kuala Lumpur Declaration on the East Asia Summit, Kuala Lumpur, 14 December 2005".

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> Refer to MOFA HP ([http://www.mofa.go.jp/mofaj/area/eas/pdfs/eas\\_02.pdf](http://www.mofa.go.jp/mofaj/area/eas/pdfs/eas_02.pdf)).

<sup>20</sup> "Kuala Lumpur Declaration on the East Asia Summit, Kuala Lumpur, 14 December 2005".

<sup>21</sup> Ibid.

<sup>22</sup> "Chairman's Statement of the First East Asia Summit Kuala Lumpur, 14 December 2005", <http://www.aseansec.org/18105.htm>.

Control and Response”. Second, ASEAN was able to ensure the initiative on the EAS. This point will be discussed in greater detail in the following section.

Although the 1st EAS was held and thus a new framework was built for East Asian regional cooperation, many points regarding the EAS remain undecided. Firstly, the detailed activities of the EAS were not decided. Secondly, the EAS was considered to have a more complementary role to establish an East Asian community. It was confirmed that ASEAN Plus Three would be “the main vehicle” in establishing an East Asian community, while the EAS would undertake “the significant role”. Thirdly, the vision of the East Asian community itself that the EAS was supposed to implement remained incomplete. The establishment of this community will depend on the 2007 declaration by ASEAN Plus Three.

### 3. The Development of Intra-ASEAN Economic Cooperation and EAS

#### 3.1 The experiences of Intra-ASEAN Economic Cooperation

ASEAN, which was founded in 1967, began intra-ASEAN economic cooperation at the 1st ASEAN Summit in 1976. This economic cooperation was carried out according to “ASEAN’s strategy for Collective Import Substituting Industrialization for Heavy and Chemical Industries (ASEAN’s strategy for CISI)”. This strategy was designed under restricted foreign direct investment (FDI), and conducted by the collective self-reliance policies.<sup>23</sup> However, at the 3<sup>rd</sup> ASEAN Summit in 1987, this Strategy (ASEAN’s strategy for CISI) was switched to a new strategy “ASEAN’s strategy for Collective FDI-dependent and Export-oriented Industrialization (ASEAN’s strategy for CFEI)”.<sup>24</sup> At the heart of this strategy was the Brand-to-Brand Complementation Scheme (BBC Scheme).<sup>25</sup> ASEAN’s strategy for CFEI reached a significant turning point and new phase, along with historical structural changes surrounding ASEAN starting in 1991, including the changes in the cold war framework and the rapid economic growth in East Asia. These changes promoted the deepening and the widening of intra-ASEAN cooperation. In other words, ASEAN Free Trade Area (AFTA), ASEAN Industrial Cooperation (AICO) and ASEAN Investment Area (AIA) were promoted as an extension of ASEAN’s strategy for CFEI, and the widening of ASEAN to include Indochina countries.<sup>26</sup>

With the 1997 Asian economic crisis as a turning point, intra-ASEAN economic cooperation entered a new phase. This was because the structures of

<sup>23</sup> Shimizu (1998a: chapter 1-3, 1998b).

<sup>24</sup> This was a new model strategy for intra-economic cooperation or economic integration among developing countries, which was the strategy to support ASEAN countries’ FDI-dependent and Export-oriented Industrialization collectively. Specifically, “ASEAN’s strategy for CFEI” has been attempting to 1) invite foreign capital as a whole, instead of on an individual national basis, 2) promote economic activities supported by foreign capital, 3) form an integrated intra-regional market, and 4) create exportable industries within. Refer to Shimizu (1998a: chapter 4, 1998b).

<sup>25</sup> Refer to Shimizu (1998a: chapter 5, 1999b).

<sup>26</sup> Refer to Shimizu (1998a), final chapter.

the world economy and East Asian economy, surrounding ASEAN, have changed to a great extent. The first change was China's rapid growth and its expansion of influence. The second change was the stagnation of worldwide trade liberalization by the WTO and the evolution of FTA. The third change was the increase in interdependency in East Asia including China, and the de-veloping of the foundation for East Asian-wide economic cooperation.<sup>27</sup>

In these structural changes, there were new centrifugal forces in intra-ASEAN economic cooperation in recent years. First, ASEAN members ex-panded into the Indochina countries. Second, the positions towards intra-regional economic cooperation were unstable among ASEAN member coun-tries. Particularly, with the evolution of FTA, member countries acted strate-gically for their own industries. The third centrifugal force was the creation of wider cooperative frameworks such as ASEAN Plus Three and the expansion of the FTA. Fourth, the activities of MNCs in a wider area than ASEAN will strengthen the centrifugal force.<sup>28</sup>

Under these conditions, ASEAN decided to further deepen intra-ASEAN economic cooperation and narrowing the gap in ASEAN, based on the follow-ing.

### 3.2 New development of Intra-ASEAN Economic Cooperation

The 9th ASEAN Summit meeting in October 2003 and a series of meet-ings are regarded as a great turning point for intra-ASEAN economic coopera-tion.<sup>29</sup> "The Declaration of ASEAN Accord II" in the 9th Summit meeting in Bali, Indonesia in October of 2003 presented a plan to realize an ASEAN Com-munity, which consisted of the ASEAN Security Community (ASC), the ASEAN Economic Community (AEC) and the ASEAN Social and Cultural Community (ASCC).<sup>30</sup>

The concept of AEC was first presented in the 8th ASEAN Summit in No-vember 2002 and examined in the 35th AEM in September 2003. Then AEC was declared in the "Declaration of ASEAN Accord II" in the 9th ASEAN Sum-mit in October, 2003 as the pillar that would support the ASEAN Community. The AEC was the plan "ASEAN would be a single market and production base, characterized by the free flow of goods, services, investment and skilled labor, freer flow of capital by year 2020".<sup>31</sup> This is a plan to achieve an EU-like single market or a common market. Thus, this idea has the potential to further strengthen intra-ASEAN economic cooperation or integration.

As for the relationship with extra-regional countries, they confirmed that ASEAN and Japan, China, India and Korea would continue to strengthen

<sup>27</sup> Refer to Shimizu (2004a, 2005b).

<sup>28</sup> Ibid.

<sup>29</sup> Ibid.

<sup>30</sup> "Declaration of ASEAN Concord II (Bali Concord II)", <http://www.aseansec.org/15159.htm>.

<sup>31</sup> "The Thirty-Fifth ASEAN Economic Ministers Meeting, 2 September 2003, Phnom Penh, Cam-bodia", <http://www.aseansec.org/15065.htm>. Refer to ASEAN Secretariat (2003), Hew (2005), Hew and Soesastro (2003).

their cooperation including FTA. At the same time, China and India joined the Treaty of Amity and Cooperation in Southeast Asia (TAC).<sup>32</sup>

Furthermore, in the 10th ASEAN Summit in Vientiane in November, 2004, they discussed establishing the ASEAN community including AEC.<sup>33</sup> They adopted the “Vientiane Action Plan (VAP)” and signed the “ASEAN Framework Agreement for the Integration of Priority Sectors”.<sup>34</sup> The VAP was the second action plan to realize the long-term goal of “ASEAN Vision 2020” stated in 1998. In the VAP, they first agreed to pursue the comprehensive ASEAN integration towards the realization of ASEAN Community including AEC. Second, they expressed a desire to narrow the development gap between member countries, in consideration of development issues and special needs of the less developed ASEAN member countries.<sup>35</sup>

However, they stated that technical and development cooperation not only among ASEAN member countries but also with “Dialogue Partners” would be intensified as the main strategy, to achieve the goal of the VAP for narrowing the development gap.<sup>36</sup> ASEAN has a history of resolving the tensions among member countries over intra-regional economic cooperation by external partner’s assistance. This factor was consistent in narrowing the development gap of the VAP. This will be analyzed further in section 3.3.

As for the relationship with extra-regional countries, ASEAN Summit and ASEAN Plus Three Summit agreed that the 1st EAS would be held in Malaysia in 2005. Korea and Russia joined the TAC. In the ASEAN-China Summit, they signed the “Framework Agreement on Trade in Goods in Comprehensive Economic Cooperation between ASEAN and China”.<sup>37</sup> Under this agreement, the tariffs for normal-track items were reduced starting in July 2005.

### 3.3 Key characteristics of Intra-ASEAN Economic Cooperation

The experiences and new developments of intra-ASEAN economic cooperation have been analyzed. To discuss the recent East Asian regional cooperation and FTA, some key characteristics of intra-ASEAN economic cooperation will be examined.

These key characteristics are: first, the request for external cooperation from intra-ASEAN economic cooperation, and, second, the request for intra-ASEAN cooperation from extra-regional cooperation.

The acquisition of foreign capital including FDI and financial assistance and the securing of export markets are still important factors in intra-ASEAN

<sup>32</sup> “Treaty of Amity and Cooperation in Southeast Asia”. This was the first time that a power outside Southeast Asia joined TAC.

<sup>33</sup> Refer to Shimizu (2005a).

<sup>34</sup> “ASEAN Framework Agreement for the Integration of Priority Sectors Vientiane, 29th November 2004”, <http://www.aseansec.org/16659.htm>.

<sup>35</sup> “Vientiane Action Program”, <http://www.aseansec.org/VAP-10th%20ASEAN%20Summit.pdf>, p.4,

<sup>36</sup> *Ibid*, pp.19-20.

<sup>37</sup> “Agreement on Trade in Goods of the Framework Agreement on Comprehensive Economic Cooperation between the Association of Southeast Asian Nations and the People’s Republic of China”, <http://www.aseansec.org/16646.htm>.

economic cooperation. In other words, it has aspects of the CFEI. The initial BBC Scheme and the AICO Scheme, AFTA and AIA were also extensions of the CFEI.

For the development of ASEAN countries, the acquisition of foreign capital and the securing of export markets remain very important matters, along with the securing of intra-regional capital and markets.

For example, Singaporean Prime Minister Lee said that “Although ASEAN is located at a crossroads in Asia, it should not disappear from the view of investors due to the rise of China and India” at the Business Investment Summit prior to ASEAN summit.<sup>38</sup>

Thus, it remains inevitable for ASEAN to secure foreign capital and export markets, the formation of wider framework including East Asian regional cooperation and the FTA are unavoidable for ASEAN.

Furthermore, external partner’s financial assistance was very important for intra-ASEAN economic cooperation. ASEAN had a history of resolving tensions among member countries over intra-regional economic cooperation by external partner’s assistance. In 1976 when the ASEAN Industrial Project (AIP) was launched, ASEAN had already cleared tensions among member countries by financial assistance from external partner (especially, Japan’s 1 billion dollars financial assistance for AIP).<sup>39</sup> This factor was consistent in the current intra-ASEAN economic cooperation: this can be seen clearly in the securing of financing assistance in order to narrow the development gaps in ASEAN of the VAP. That is, it is vital for ASEAN to ensure financial assistance from external partners for their own cooperation.

It remains inevitable for ASEAN to secure capital and markets for development, and at the same time, it is also vital to secure financial assistance from external partners for their own cooperation. Thus, it is unavoidable to develop a wider framework including East Asian regional cooperation and FTA. However, the establishing of a wider cooperative framework may threaten the very existence of ASEAN. Therefore, it must be imperative for ASEAN to secure the initiative in East Asian regional cooperation, and to strengthen its own cooperation and integration.

#### **3.4 ASEAN and east Asian regional cooperation**

For ASEAN, intra-regional and extra-regional economic cooperation has been implemented simultaneously. ASEAN has consistently had results in extra-regional economic cooperation (the External Economic Joint Approach), which began in 1972. ASEAN was able to secure export markets and obtain financial assistance. In addition, ASEAN maintains holding its important role in the current East Asian regional cooperation.

First, ASEAN has provided an arena for negotiations in East-Asia or Asia-Pacific region, as seen in the ASEAN Post-Ministerial Conference (PMC), the ASEAN Regional Forum (ARF) and ASEAN Plus Three meetings, and holding

<sup>38</sup> December 10, 2005, *Nippon Keizai Shimbun*.

<sup>39</sup> Refer to Shimizu (1998a, 1998b, 2004a, 2005b).

initiatives in these negotiations.

Second, this can be seen in the establishment of the Chiang Mai Initiative (CMI) after the Asian financial crisis. In this case, a part of intra-ASEAN economic cooperation, the ASEAN Swap Arrangement (ASP), expanded into the East Asian regional cooperation.<sup>40</sup>

Third, the recent negotiations for FTA between ASEAN and China (ACFTA), ASEAN and Japan (AJCEP) or ASEAN and Korea (AKFTA), were held in the above meetings as the main stage, making ASEAN an important axis to FTA in East Asia.

This successful extra-regional cooperation, conversely, always requires ASEAN to strengthen intra-regional cooperation. For example, Foreign Minister of Singapore Rajaratnam said in the 7th Foreign Ministerial Meeting (FMM) in 1974, "If we do not unite ourselves through economic cooperation, it will be very difficult to convince others to take the ASEAN seriously".<sup>41</sup> This point is still applicable.

Lastly, ASEAN's rules (or systems) are extending into the East Asian regional cooperation. For example, first, as mentioned the above, the ASEAN Swap Arrangement extended into the Chiang Mai Initiative.

Second, the AFTA rule including the Rules of Origin also extended into East Asian FTA including ACFTA, with ASEAN as their axis. For instance, the AFTA rule including the Rules of Origin was adopted in ACFTA.

Third, mutual recognition and harmonization of regulation are also initiated by ASEAN.<sup>42</sup> Moreover, it was decided that the participation criteria for the EAS would be based on ASEAN criteria. It is also possible that the ASEAN Charter may lead the direction of East Asian Cooperation.

Thus, the deepening and direction of intra-ASEAN economic cooperation will have a key role in East Asian regional cooperation.

### **3.5 The achievements of the 1st EAS: From the viewpoint of ASEAN**

Based on the above, the achievements of the 1st EAS and ASEAN Summits from a viewpoint from the ASEAN are examined. In a word, ASEAN had a steady success due to the extension of the above extra-regional cooperation. First, in the ASEAN Summit, they officially agreed to formulate the EAS charter. This may become an important step towards strengthening the intra-ASEAN cooperation and integration.

Second, ASEAN's initiative ("the driver's seat") was secured at the EAS. The 1st EAS was successfully held in the ASEAN region. The Heads of State confirmed that "Participation in EAS will be based on the criteria for partici-

<sup>40</sup> Refer to Shimizu (2002a, 2002b).

<sup>41</sup> ASEAN Secretariat (1987), p.178.

<sup>42</sup> "ASEAN Mutual Recognition Arrangement on Engineering Services Kuala Lumpur, 9 December 2005," <http://www.aseansec.org/18009.htm>, "Agreement on the ASEAN Harmonized Electrical and Electronic Equipment (EEE) Regulatory Regime Kuala Lumpur, 9 December 2005", <http://www.aseansec.org/18012.htm>, "Agreement to Establish and Implement the ASEAN Single Window Kuala Lumpur, 9 December 2005", <http://www.aseansec.org/18005.htm>.

pation established by ASEAN”, “EAS will be hosted and chaired by an ASEAN Member Country that assumes the ASEAN Chairmanship and held back-to-back with the annual ASEAN Summit”.<sup>43</sup>

Third, the initiative of ASEAN was secured in the ASEAN Plus Three Summit. The Heads of State convinced “that the ASEAN Plus Three process will continue to be ‘the main vehicle’ in achieving that goal, with ASEAN as the driving force”.<sup>44</sup> And they recognized the importance of ASEAN integration and the ASEAN Community towards community building in the region and the continued support of the Plus Three countries for ASEAN’s efforts.

Fourth, ASEAN succeeded in obtaining financial assistance towards further ASEAN cooperation and integration, including 7.5 billion-yen financial assistance from Japan, as well as financial assistance from other countries such as China and Australia.

Fifth, ASEAN was able to further develop the FTA with ASEAN as its axis. For example, the “Framework Agreement on Comprehensive Economic Cooperation among the Governments of the Member Countries of ASEAN and the Republic of Korea”<sup>45</sup> was signed.

## 4. Conclusion

The achievements of the 1st EAS will be summarized in the conclusion.: A main achievement was that, a new framework “EAS” was established. They were also unresolved issue as well. First, the detailed activities of the EAS were not decided. Second, the EAS was considered to have a more complementary role to establish an East Asian community. Third, the vision of the East Asian community itself remained incomplete.

From the viewpoint of ASEAN, the achievements of the 1st EAS and ASEAN Summits can be summarized as follows: ASEAN had steady achievements in the extension of accumulated intra-and extra-cooperation. First, they officially agreed to formulate the EAS charter in the ASEAN Summit. Second, ASEAN’s initiative (“the driver’s seat”) was secured at the EAS. Third, the initiative of ASEAN was secured in the ASEAN Plus Three Summit. Fourth, ASEAN succeeded in obtaining financial assistance towards further ASEAN cooperation and integration. Fifth, ASEAN was able to further develop the FTA with ASEAN.

Lastly, issues about the future of EAS or East Asian regional cooperation will be presented. First, what role can EAS or East Asian regional cooperation play in the future? In other words, what international public goods will it provide? Or how can it contribute to the management of the world economy?

<sup>43</sup> “Kuala Lumpur Declaration on the East Asia Summit, Kuala Lumpur, 14 December 2005”.

<sup>44</sup> “Kuala Lumpur Declaration on the ASEAN Plus Three Summit, Kuala Lumpur, 12 December 2005”.

<sup>45</sup> “Framework Agreement on Comprehensive Economic Cooperation Among the Governments of the Member Countries of the Association of Southeast Asian Nations and the Republic of Korea Kuala Lumpur, 13 December 2005”, <http://www.aseansec.org/18063.htm>.

Second, what does the widening of EAS membership mean? What will India joining mean? Will it be a sign of further widening of the EAS? Will it pressure East Asian countries towards further democratization? Will the membership continue widen?

Third, will the East Asian regional cooperative frameworks, including the EAS, proceed with or without the United States participation? Considering security aspects, obviously, they cannot exclude the U.S. Not only that, the U.S. is also necessary in trade and investment for all East Asian countries.

Fourth, will some regional cooperation: ASEAN, ASEAN Plus Three, EAS, ARF, and APEC continue in a multilayered manner? Will this eventually become a unique character of East Asian regional cooperation?

Fifth, what will the East Asian community membership be? What will it aim to do? That is, "What is East Asia"? and "What is a community"?

Lastly, issues regarding ASEAN and East Asian regional cooperation will be addressed. Will ASEAN be able to maintain the initiative in EAS or East Asian regional cooperation? In other words, will ASEAN be able to maintain bargaining power with extra-regional powers? Will ASEAN be able to further extend ASEAN rules (or systems) to East Asia? Will ASEAN deepen cooperation and integration?

ASEAN must maintain the initiative in East Asian regional cooperation in order to avoid being buried in the East Asian regional cooperation. Thus, ASEAN must strengthen cooperation and integration. On the other hand, its direction will also dictate the direction of East Asian regional cooperation. It is ASEAN itself that holds the key role for East Asian regional cooperation including the East Asian community.

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