

# Rethinking Economic Dynamism and Integration in the Asia-Pacific

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# I. Economic Integration: Review (1)

- ◆ Economic dynamism and integration in the Asia-Pacific in the past relied on:
- ◆ Market based flow of trade, investment and service supported by official opening policy and business friendly policy
- ◆ Production network and supply chain networking based on industrial reallocation with more participating economies and a supply(East Asia)-demand(North America) intra-regional balance
- ◆ Institutional building supporting the regional integration (PECC, APEC Bogor goal)

# Economic Integration: Review(2)

- ◆ The dynamic integration process has been weakened due to:
  - ◆ -- The concerted efforts on integration replaced by FTAs in bilateral and sub-regional levels
  - ◆ --The balance of supply-demand structure was broken between North America and East Asia
  - ◆ --The credibility of APEC's role in promoting regional integration and reducing the gaps has been questioned

# II. Meeting Challenges (1)

- ◆ To regain the dynamism of the Asia-Pacific economies, the following efforts are needed:
- ◆ While continuing effort on liberalization of the market, it is also crucial:
- ◆ --Rebuilding the supply-demand chain by rebalancing efforts from North America (cleaning its own house) and East Asia( reducing dependence on external market and increasing demand from both internal and external)
- ◆ --Moving toward new and sustainable economic dynamism by developing green technology, energy saving economic sectors,
- ◆ --Building the equitable eco-social structure by adopting the exclusive development policy and socially responsible entrepreneurship

# Meeting Challenges(2)

- ◆ The competitive driven FTAs need coordination and cooperation
- ◆ --TPP led by the US covering 12 economies ( may be more) is liberalization focus aiming at rebuilding the *competitive balance*, but excluding major emerging economies which will be the main potential markets
- ◆ -- RCEP initiated by ASEAN covering 16 economies seems to consolidate 5 “10+1” FTAs and to *be development focus* aiming at creating the new dynamism and new space for East Asia
- ◆ -- Still many other initiatives, like CJKFTA, CKFTA, US-ASEAN initiative
- ◆ FTAs have shown limited effect on trade. Trade, FDI and service activities are highly effected by *competitive factors, market potential, business capacity and policy*.
- ◆ APEC should play a more important role in bringing the Asia-pacific region together

# Meeting Challenges(3)

- ◆ The Asia-pacific is an integrated part of the global economy. The major challenges to the global economy:
  - ◆ --Slow progress of the post crisis recovery and governance
  - ◆ --No progress of WTO DDA
  - ◆ --Divided efforts on bilateral or plural FTAs or arrangements (including service agreement initiative) by major economies, especially US and EU
- ◆ The Asia-Pacific region stands in the center place to meet the above three challenges

# Meeting Challenges (4)

- ◆ Chinese economy is experiencing the restructure and rebalance-moving toward domestic led and sustainable development model. Chinese economy shows down turn curve, but still keeps relatively high growth rate
- ◆ China pays high interests to participate and promote CJK FTA and RCEP, though not in TPP, and to play an active role in constructing the infrastructure network and new production network
- ◆ As Chinese economy needs an open global market and system, China intends to play an active role in supporting multilateral system and global governance. However, as a developing economy, China's role as a leader is not expected.