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Strategic Relevance of Asian Economic Integration: The Rise of the Asian Economic Community (AEC)

by

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As the spread of SARS (and then the avian flu epidemic in 2004¹) has shown, the longer-term goal of an East Asian Community may already be crystallizing much faster than was initially thought, thanks to increasing people-to-people contacts and the freer movement of goods, services, tourists and expatriates across the whole region.

Liberalization and globalization had indeed already transformed East Asia into one *de facto* community to a huge extent. SARS has indeed helped create a new East Asian bonding and awareness; East Asians now also realize that they have a common destiny with a region that is fast becoming interdependent and borderless.

Secondly, for the region to really take off, East Asians have become, thanks to the SARS and avian flu epidemics, more aware of a better and greater re-distribution of wealth, development, social and health benefits within the region. Otherwise, richer regions would never be exempt from social problems and diseases, which could originate from poorer and lesser-developed areas in East Asia and infect the richer and more developed areas. Development, growth and social equity must therefore be more quickly and effectively re-distributed across East Asia.

Third, East Asians now understand that their economic growth and recovery could be seriously stalled, if regional countries had succumbed to excessive fears of contagion, close their borders and restrict the movement of people, goods and investment flows. However, besides

¹ Eric Teo, Japan Times, 13 Feb 04 & 31 Dec 04, China Daily, 10 Feb 04 & PACNET#8, 20 Feb 04.

physical or geographical borders, East Asians should be careful not to close their minds to each other too. Indeed, discrimination based on nationalities or race, as the SARS epidemic had shown, could be very dangerous, especially for callous, irrational or emotional reasons. Confidence, closer economic coordination and cooperation are thus necessary; a regional mindset change is thus shaping up, as the SARS and avian flu epidemics have helped cement East Asia firmer together as a closer-knit and non-discriminatory community in the longer term². SARS (and avian flu) may therefore have positively fuelled East Asian regionalism, especially now with India partaking also in this regional endeavour.

The Rise of Asian Regionalism Through Market-Driven Economic Integration

In fact, Asian regionalism (East Asia plus India) has increased in recent years, thanks not only to the three waves of changes and transformations, but also to three other economic and financial regional facts, as follows:

- Firstly, intra-regional trade has substantially increased for East Asia-13, from 36.1% in 1985 to about 50% in 2000 and to more than 55% in 2004, especially as China becomes a greater trading partner for all the Asian economies; India's trade with the rest of Asia, though still small, is increasing rapidly.
- Secondly, in Asia's trade, current account surpluses of the thirteen nations amount to more than US\$300 billion per year, this despite a shift towards more domestic-led growth in Asian economies, thereby signifying a trend towards more matured economies in the region; if India is added to the thirteen, this surplus would have increased even more. These economies have also become more important competitors amongst themselves, besides being increasingly important markets for their neighbours too. Deflationary trends do exist across Asia (besides Japan), as over-capacity may constitute a growing problem in many of the East Asian economies, although China, India, South Korea and most ASEAN countries are currently experiencing some doses of rising inflation. Moreover, China and India are also showing the way to ASEAN in stressing the need for greater re-distribution of wealth and equity in order to secure socio-economic sustainability in the longer term, as Beijing ensures to "uplift" its 900 million peasants amidst a booming economy³ and India caters to rural infrastructure, education and health urgently.
- Lastly, Asia (of ASEAN, China, Japan, India and South Korea) has become an enormous pool of foreign reserves, as it is estimated at some US\$2.0 trillion or more than 50% of the world's total reserves. China's foreign reserves are now estimated at more than US\$700 billion, whereas Japan tops the world's reserves with almost US\$900 billion (or some 10% of its GDP), followed by China; India has surpassed the US\$100 billion foreign reserves mark at the beginning of this year. Asians are therefore the world's top savers (which is clearly recognized by Asians themselves too), although a big chunk of these reserves are currently sustaining the US deficit through Japanese (and increasingly, Chinese) purchase of American T-bonds. In a way, this Asian wealth is unfortunately "parked" outside Asia and thereby, not necessarily helping to build East Asia itself.

Attempts at regional coordination and cooperation had in fact begun timidly. Although Malaysian PM Dr Mahathir Mohamad's East Asian Economic Grouping/Caucus idea was shot down in the early 1990s, this grouping has been *de facto* created, thanks to efforts of coordination on the Asian side during preparations for the Asia-Europe Meeting or ASEM. Since then, this grouping of East Asia (thirteen states) has been dubbed "ASEAN+3" and is evolving as a regional framework. In

² Eric Teo, China Brief, The Jamestown Foundation, 3 Mar 04 on "Asian Reactions to the Avian Flu Crisis"

³ Eric Teo, China Daily, 19 Mar 04 on "Healthy Growth Key to Political Stability"

turn, the habit of coordination and cooperation amongst the thirteen is facilitating a freer flow of ideas, and even in unofficially adopting an “appropriate” economic model for Asia, as Asian policy-makers exchange notes on and discuss the “best” socio-economic model for Asians. India has been progressively drawn into this group, as its economy takes off and economic interaction increases with ASEAN+3 economies.

The challenge at the December 2005 launch of the East Asia Summit (EAS) in Kuala Lumpur, Malaysia would have brought India, Australia and New Zealand to join this regional entity, especially after the two countries Down Under would sign the ASEAN Treaty of Amity and Cooperation or TAC. India already has a growing trade with ASEAN and Northeast Asia; Australia and New Zealand have also important investment and trade relations with both ASEAN and Northeast Asia. The future EAS could therefore create a new Asian Economic Community or AEC as a region-wide economic cooperation entity; Asian regionalism is on the rise, as “intellectually” shown by this third High-Level Conference on Asian Economic Integration⁴.

In fact, in economic integration terms, there is already a slow shift away from the “flying geese model of vertical East Asian economic integration”, which was centred on Japan (vertically) through capital flow, technological transfer and supply of manufacturing parts and based on market exchange and a clear regional division of labour and production networks (thanks primarily to the expensive cost of production in Japan and the strength of the yen after the Plaza Agreement). Today, according to a ADB Institute Research Paper⁵, this regional model appears to be shifting towards that of “bamboo capitalism” or “parallel development”, based on FDI flows in the region, which create intricate intra-regional production networks, based on the exchange of parts, components and other intermediate products, and hence a “horizontal network of trade and capital”, with China at its core. This FDI-driven supply chain has indeed created diverse and vibrant local industries around the Asian region, and the further these supply chains are decomposed and extended geographically, the faster and the more profuse would be the proliferation of new enterprises and FDI flows across Asia. Similarly, India is playing an increasing role as the hub for regional services and outsourcing, just like China is at the centre of the region’s manufacturing chains. There is therefore a new division of labour, production and services across the whole of Asia.

As a region and for the creation of a future Asian Economic Community or AEC, it is believed that there are currently **three “regional integration models”**, which are being discussed. East Asian economic integration could either be implemented through:

--- firstly, **knitting or weaving a web of existing bilateral free trade areas (or FTAs) together region-wide to create a huge pan-Asian Free Trade Area,**

--- secondly, finding the means to **effectively use the mass of “unproductive” Japanese savings more efficiently** (now the centre of the controversial postal reforms, championed by PM Junichiro Koizumi, instead of letting them “fallow” in the banks with sub-zero interest rates or “lie” massively in T-bonds in the United States) in urgently developing the weaker economies of Asia through a sort of “Japanese Marshall for Asia”, although the latter should also create the conditions for fruitful and sound investment in their weak economies, and

--- lastly, **creating an integrated Asian region, centred on growing China and India, and their enormous potential economic development,** through trade (in both goods and services) and investments both ways (China/India-rest of Asia, as well as rest of Asia-China/India), as well as through a new integrated China-centred production chain-cum-demand network in the whole region or an India-centred services outsourcing hub-and-chain; the current ASEAN-China and ASEAN-

⁴ Eric Teo Chu Cheow, China Daily, 21 Dec 04 on “Bigger Steps Towards Asian Integration”.

⁵ ADB Research Paper, January 2003, published by the ADBI, Tokyo

India FTAs could be “expanded” both geographically (and intellectually) to eventually include Japan and Korea too, as well as “deepened” beyond a mere FTA to a regional comprehensive economic agreement, if need be.

Lessons from The Recent Referenda in Europe for Asian Regionalism

But the recent referenda in Europe could probably offer a few lessons⁶ in what Asians should not do or forget, in pursuing Asian regionalism.

The recent referenda in both France and Netherlands had dealt a big blow to European integration, as the French and Dutch people overwhelmingly rejected the proposed EU Constitution 55-45% and 64-37% respectively. Nine countries, including Germany, Spain and Italy, had already approved it via the parliamentary process; Britain, Denmark, Luxembourg and Poland had then decided not to hold their referenda this year in view of this “failure” in France and Netherlands.

This surprising popular opposition to the EU Constitution, which had taken months to negotiate, had inevitably set back EU integration, weakened the EU economically (as shown in the euro’s plunge on world markets in the aftermath of the French and Dutch rejections) and diminished the credibility and reputation of the Union, especially when the latest Summit in Luxemburg collapsed in open dissensions amongst European leaders over the referenda as well as over the socio-economic model to adopt in the future. Key European leaders, like Germany and France, have however vowed to press on with uniting Europe, although the European budget for the next eight years also lies in shambles and the future of European architecture has become mired in profound controversy.

What lessons could Asia draw from this European debacle and malaise? How could Asians avoid a similar debacle in future, as they organize the East Asian Summit or EAS in Kuala Lumpur this December?

There appears to be at least four lessons, which Asian leaders could learn from recent European events and developments.

First, the massive rejection by the French and Dutch appears to be linked to the growing malaise that European integration is no more in the hands of the people, but solely in the hands of the elite of Europe (leaders, parliamentarians, political parties and most importantly, the European Commission bureaucracy in Brussels). The grouse against the Brussels Commission is particularly strong, as the French and Dutch feel that it is not chosen by them, but solely nominated by governments out of political compromise, and hence it is no longer accountable to the European people.

The massive rejection of the French and Dutch could be attributed to a rejection of the European Commission or the Euro-bureaucracy, which they deem not to be accounting sufficiently to the European populace. The “European project” is thus seen to be elitist and no longer “connected” to the common people of Europe.

The fundamental lesson for Asia is the importance of building its regionalism closest to the people, especially for the majority of them to be involved in building the economic, social, cultural and political pillars of the grouping. A Brussels-type regional bureaucracy, aloof from the feelings and needs of the people, must be avoided, as Asians now also seek greater accountability and good governance. A “progressive” institutional framework for Asia would thus be preferable.

⁶ Eric Teo Chu Cheow, The Japan Times, 25 Jun 05 on EU Lessons for East Asian Regionalism.

Second, as the French and Dutch were amongst the six founder members of the Union, it is significant that this enlargement was rejected by them; many reminisced the days when they were a small and tightly-knitted entity. The new EU Constitution is thus perceived to be a “political project”, for which the French and Dutch population could hardly associate with any more, especially when they see it as a political means of encompassing the maximum of Central and Eastern European states (after the Cold War was absolved), without necessarily real benefits for them.

This brings to mind another lesson for Asia, viz a small and limited entity may be better than a vast and massive grouping, for which the people of the region may feel no common bonding for. Starting the EAS with a massive grouping this December may have the advantage of “power-projection” to the rest of the world, as it is touted to comprise one-third of the world’s population (with China and India within), but it remains to be seen if the member countries of the future East Asian Community could create popular affinities amongst the future grouping’s peoples.

Third, nationalism must be reduced, just as a regional identity evolves progressively; this in turn would reduce pressure from nationalistic forces. In fact, an European identity has already been successful evolving in parallel with individual national identities, even in a “nationalistic” country like France. What is probably most telling is that the majority of French still openly say they believe in Europe, although rejecting the proposed Constitution and the type of Europe that is developing today. In a way, an European identity has successfully taken root, even in France.

On the other hand, Asians, especially Northeast Asians, would have enormous difficulties trying to mould a “common Asian identity” today; this goal is even more difficult between China, the two Koreas and Japan, thanks to the current feuds between Tokyo and its neighbours. Founded on History, territorial and politico-strategic disputes, nationalism is riding high in these countries, as the latest feuds have illustrated. Under these circumstances, it would be almost impossible to mould a Northeast Asian identity, not to mention an Asian one, when so much divide rather than unite them. The situation may not be necessarily better in Southeast Asia, given the vicious conflicts in the past few years between Thailand and Cambodia, and the present stand-off between Indonesia and Malaysia over disputes in the Sulawesi Sea.

Fourth, regional integration is always easier during good economic times, as the grouping’s people could normally better accept regional projects without feeling threatened by other members in the grouping. The adverse socio-economic situation in France had a lot to do with the 55% of “non” vote, as unemployment rose to the fore of concerns, when cheaper Polish, Hungarian or Slovak labour could potentially threaten French employment; farmers and labour unions expressed their worries and concerns openly. The Dutch feared wanton immigration and a threat to Dutch interests by bigger European powers, France, Britain and Germany.

The last fundamental lesson for Asia is undoubtedly to choose the “correct” moment to launch its regional project and proceed decisively during good times. More must be done to reduce the economic or political threat perceptions of bigger or more powerful nations on the smaller Asian countries. This should then increase the acceptability of regional integration and allay concerns, in times of economic slowdown or in moves, which could be seen as a security threat.

Of crucial importance is to mould an Asian identity progressively; this process of “a growing commonality and affinities” cannot be forced upon the peoples of Asia politically. Hence, Asia should draw useful lessons from the difficulties, which Europeans face in their integration process, as we organize the EAS this December in order to build the future Asian Economic Community (AEC) of tomorrow.

Creating an Asian Identity & Affinity Should Be the Principal Strategic Approach of the Asian Economic Community (AEC)

Just as I had elaborated on the utmost necessity of building the future Asian regional entity on the premise of an over-riding strategic goal, viz the securing of peace and stability in Asia after years of mistrust, suspicions and conflicts⁷, like what the Europeans have done (rather successfully), the strategic approach should be based on building an Asian “commonality and affinities”, especially in identifying Asians with “one Asia”.

Building an Asian identity would indeed pose the main challenge to the future of the AEC or any other Asian regional entity, because without creating and building an Asian identity or affinity, any attempts in Asian regionalism would undoubtedly fail in the longer term.

There are no doubts that the region’s economists (and from without) have all seen the “coming together of Asia” through regional trade and investments; in fact, the level of inter-dependency within Asia has increased through these economic linkages, as well as Asia’s own common vulnerability in natural disasters and diseases, as stated earlier. The case is clear that Asian inter-dependence in all areas has increased tremendously over these past few years.

But as the recent experiences of Europe have shown, moulding this “common identity and affinities” may be more difficult, but yet more crucial, for as long as the people do not “feel” bound together, no amount of trade, investment and inter-dependency arguments can bind a region together, which must be built on a sense of “common purpose and well-being”. This is indeed the quintessential pre-requisite of “building a common Asian house”, that has been much talked about as the over-riding goal for Asia tomorrow.

How could the region then build this “common identity and affinities” through a “sense of common purpose and well-being”? How could the two be intrinsically linked together to ultimately build the “common Asian house”?

A few measures could be envisaged in a pragmatic and progressive way to accompany the growing economic and financial ties, which could indeed be attributed to market forces alone. But the political and cultural ties would have to be built up by governments and the peoples of Asia themselves, as they mould their “common purpose and well-being” for the future.

First, Asian governments, in heeding the increasing the voice of the peoples, either in democracies or socialist forms of government, must increasingly speak of “moulding a common Asian region” in their speeches, declarations or policy formulations. A deliberate effort must be taken from a communications and PR point of view to set the stage for such an enterprise, especially by highlighting the positive spin-offs to the people for such an enterprise. This approach should be well-coordinated across the region to ensure consistency of message and PR marketing of this “common identity and affinities” and Asia’s “common sense of purpose and well-being”, indeed a very powerful message, if well delivered jointly, to the peoples of Asia.

Second, no efforts must be spared on highlighting the common prosperity of a region, if we take off together, not from an economist’s vision of increasing trade and investment flows, but rather based on how this common well-being would affect ordinary people in the streets when their everyday well-being would be improved by a common economic purpose in Asia taking off. This should be the message, as it is addressed to the common people, and not only to the elite or the businessmen of Asia.

⁷ Eric Teo Chu Cheow, RIS Discussion Paper, RIS-DP #90, March 2005, after a paper presented at the High-Level Conference on Asian Economic Integration in Tokyo on 18-19 Nov 05.

Third, understanding each other more and better in Asia could be the theme of this campaign of “togetherness”, as Asians are only beginning to discover each other. Tourism promotion and intensifying people-to-people relationships, thanks to the advent and take-off of budget airlines in Asia, as well as common cultural programs in the growing media of Asian societies, should help lower suspicion levels and promote deep people-to-people understanding. Asians must ultimately feel that they belong together and can live together as one big family in a “common house” and under a “common roof”.

Lastly, as institutions are being built to serve the region (but not huge faceless bureaucracies like in Brussels), they must be done so in tandem with a savvy PR exercise to promote people-oriented policies region-wide, and not just promote converging trade and investment policies, which may not mean much to the common people. As democracy takes root in Asia across all the participating countries, the common people in Asia must clearly identify themselves with this common task and perceive clearly the advantages of being bonded together, otherwise Asian regionalism would fail as it is an empty shell with no cohesive bonding for Asians.

More importantly learning from the unfortunate European experiences of late is the necessity for a monumental regional PR exercise; if there is only one aspect which could be “centralized” as a regional institution, it should be an Asian PR institution, which could work towards uplifting the “common identity and affinities” in Asia. It should be a media-cum cultural exercise to promote “one Asia”, even before building the appropriate institutions or common regulations and policies. There must therefore be a “democratic uplift” for this “one Asia” enterprise across the whole region for Asia to be truly a worthwhile investment in the future.

Hence besides the market forces, which have coalesced Asian economies together through trade and investments, people-to-people understanding, rapprochement and entente must be at the crux of a common and *volontariste* approach of Asian governments to mould this “one Asia”, with a strengthening Asian identity, affinity and sense of purpose and common well-being across the Continent for the future of this regional entity, in whatever form, as it ultimately takes off.

What Should then be the Process & The Real Issues in Asian Economic Integration?

As the EAS draws near, Asian governments are being consulted over the process that should be engaged in this December in Kuala Lumpur at the launch of the East Asia Summit or EAS. The EAS has indeed real “birthing pains”⁸.

Now that the issue of membership at the upcoming EAS has been *a priori* settled, with ASEAN+3, India, Australia and New Zealand to be inducted into this new “Group of Sixteen”, attention is invariably turned towards the following questions and issues, which need to be answered in the organization of the EAS:

- Is this entity (AEC) purely economic, although it is becoming less and less obvious to organize a purely economic entity nowadays, as APEC’s evolutionary process has clearly shown?
- Would this “Group of Sixteen” be based on open regionalism, especially if its main and primary function is economic, viz based primarily on trade and investments, and converging ultimately the fiscal and monetary policies of Asian economies in the long run?

⁸ Eric Teo Chu Cheow, The Straits Times (Singapore), 22 Feb 05 on “East Asia Summit’s Birthing Pains”.

- What would the new grouping's relations be with the existing ASEAN+3, whose developments and relations have been intensified in the last ten years? Basically, how do we structure the concentric relationships of ASEAN, ASEAN+3 and "Group of Sixteen", or should the last grouping simply supersede ASEAN+3 altogether, whilst maintaining ASEAN as a core organization (as it celebrates its 38 years this year) of the "Group of Sixteen"?
- Could the "Group of Sixteen" be termed the AEC of tomorrow, as it could probably form the core entity of the "new Asia"? What would be the terms of reference for its future expansion, especially if it were to expanded eventually to include Mongolia and North Korea in the North, Timor Leste in Southeast Asia, the Pacific Islands in Oceania (which are closely linked to Australia and New Zealand) and the other members of SAARC, which would increasingly grow in affinity with and have stronger economic relations with Indian on a sub-regional basis?

These issues are not exhaustive but they need to be clearly answered when the first EAS meets in December in Kuala Lumpur, Malaysia.

Some have argued that there is an inherent logic of totally dismantling "ASEAN+3" or fusing "ASEAN+3" completely into the new "Group of Sixteen" or the future AEC, if the Group caters to economic issues alone. It could be synonymous with the European experience, except that the latter followed a progressive expansion from the initial six countries to the twenty-five today. But here in Asia, there would have to be a dismantling of "ASEAN+3" altogether, which may face tremendous resistance from some of the "ASEAN+3" countries themselves, as they have developed profound cooperative experiences together in domains other than economic and finance alone, especially including health, social, environmental and educational fields as well today.

On the other hand, the "new arrivals" could argue that they should not be treated as "second class" or non-core countries in this "Group of Sixteen", as there is already ASEAN as the "inner core" of the grouping, followed by "ASEAN+3", which has been intensifying their cooperation actively in the past few years. This debate would be a major one, as there are both advantages and disadvantages in maintaining this concentric circle of cooperation between ASEAN, ASEAN+3 and "Group of Sixteen". A three-tier system could be one outcome of the "Group of Sixteen", just as India had earlier proposed JACIK as a bigger grouping of fourteen; but now with Australia and New Zealand in tow, they would logically demand that they should not be relegated to a fourth tier of "concentric cooperation", which would invariably complicate the already-convoluted structure of the future AEC.

However, this flexibility of a three or four-tiered structure could serve its purpose well too, as some Asian countries may not be ready to proceed on a vast regional cooperation plan in particular sectors of trade and finance. Even within ASEAN, there is the current agreement to implement "ASEAN-X" plans and policies; two or more ASEAN countries could and should proceed with functional cooperation if they are ready to do so and "late" countries should not impede progress out of unnecessary nationalistic or "regional" reasons. But this logic could be undoubtedly defeated based on economic logic, as most of the "late" countries in implementing common trade or financial policies may in fact be found in the first tier or the "core", viz within ASEAN itself and not necessarily in the second, third or even fourth tiers. This contradiction on phasing and structure would definitely have to be seriously debated upon and "regularized" within the upcoming EAS.

Secondly, just as the "ASEAN+3" experience has proven, it may not be that easy to restrict the future entity to economic and financial issues alone, as socio-economic inter-dependency increases in Asia and as socio-economic issues "explode" more and more on the Asian scene, with increasing impact and repercussions for all Asians. Like in "ASEAN+3", the AEC or "Group of Sixteen" may have to enact growing cooperation in harmonizing social, environmental, health and

educational policies, besides trade and investments alone. Furthermore, there is a need to perhaps extend the Chiang Mai Agreement on financial cooperation to India, Australia and New Zealand, as future participants in the AEC; however, these three countries have already been inducted into the Asian bond market and could thus already take their rightful place in the common Asian financial landscape today and tomorrow.

In fact, in terms of goal and agenda, this “Group of Sixteen” or AEC could work towards the ultimate convergence of economic, trade, investment, as well as fiscal and monetary policies, just like what Europe has done in its economic community and then, in its community and then, union expansion and “deepening”, a four-step approach over some forty-five years. But Asia is today only in its first and initial steps in regional cooperation, not to mention, ultimate integration, although this could be inscribed as its long-term principal goal (of achieving the AEC ultimately). More importantly, as stated earlier, is the urgent need to boost efforts to create public and mass awareness of the “one Asia” concept and the PR institution which would help develop a region-wide marketing PR of Asia’s “commonality and affinities” and its “sense of common purpose and well-being”, thus building ultimately “a common Asian house” together for all Asians.

Perhaps, it is also incumbent for the EAS to state clearly Asia’s cherished goal of open regionalism (in the AEC), and not create an Asian protectionist trade bloc, which would principally be detrimental to Asia’s growing trade and investment links with the rest of the world, especially with the United States and Europe. The future grouping’s future economic relations with these two principal trading partners in the world would also need to be clearly discussed and stated (as a principled commitment) in the final communiqué of Kuala Lumpur, especially to allay fears and suspicions of both the US and EU in their future economic relations with Asia. An “inclusionist”, and not exclusionist, policy must be stressed, and a policy of an ultimate expansion (or not) of this new grouping must also be clearly laid down for the intention and attention of future members of this “Group of Sixteen”.

Finally, a name of the grouping must be selected to reflect the process ahead, the goals and the parameters of this “Group of Sixteen”. The AEC is a sound fundamental choice if its main goal is purely or initially economic, but it would also limit its scope of cooperation, if the name is taken at face value. Again, Europe could provide inspiration as it had expanded from Coal and Steel Community to European Economic Community (or EEC), and then to the European Community, and finally to the European Union (with a common European currency and the successful convergence of economic and social policies today).

The AEC could thus be a first regional take on a long road to Asian cooperation and integration; but it must be accompanied by efforts to lessen nationalistic feelings amongst the peoples (and especially the young) in the three Asian giants of China, India and Japan (and also South Korea). More importantly, learning from the European experiences of France and Germany, these three countries must urgently institute a youth exchange program amongst themselves to reduce suspicions of each other, especially amongst the youth, just as the 1963 Elysees Accord signed in Paris by French President Charles de Gaulle and German Chancellor Konrad Adenauer had established a youth exchange office, which since then has brought at least a million French and German youth to stay in each other’s country. This is especially useful for Beijing, New Delhi and Tokyo (as well as Seoul) to begin with after Kuala Lumpur, just as ASEAN intensifies its own internal exchange programs, as well as those with the other Northeast Asian countries, India, Australia and New Zealand too.

If there is one institution or research foundation to create at the EAS in Kuala Lumpur, it has to be this one, which would mould progressively a common Asian identity and lead an active PR exercise in creating this “one Asia” sentiment at the level of Asia’s grassroots.

Conclusion

The inaugural EAS in Kuala Lumpur should squarely tackle the issues of the **name, process, scope and goal** of Asia's future entity. It must acknowledge Asian rapprochement through trade, investments and its growing inter-dependency, but it should also learn from recent European experiences and lessons on what to avoid in building its own regionalism, cooperation and integration. Building a growing Asian identity, affinities, and a common "sense of purpose and well-being" for the common people of Asia remains key and crucial to this common Asian endeavour.

But the launch of the EAS in Kuala Lumpur should engender a democratic debate on how Asian leaders perceive the future direction of this "one Asia" and come out with clear answers to the four fundamental issues outlined above, whilst creating, as Asia's primary strategic approach at this stage, a PR institution that could build this commonality progressively in line with market forces, which are building the economic and financial pillars of this "new Asia".

The task of building the possible AEC of tomorrow is enormous, as the feeling of "Asian-ness" still eludes the majority of Asians today. Trade and investments may help, but efforts to promote this "one-ness" within Asia cannot be spared, as Asian governments must now pronounce clearly "as one" the people's desire to unite; Asians must be brought together progressively, by moulding a common "Asian identity and affinities" and with a common "sense of purpose and well-being", which must filter down to as wide a cross-section of the Asian population as possible. This clear and unequivocal message must come out of Kuala Lumpur, as Asian leaders launch the EAS this coming December, amidst the pomp and ceremonies of this solemn regional act.