

The creation of an Asian Economic Zone and the pursuit of sovereignty

I have the special responsibility to present the last paper to this second day of the Conference and I will try to do it briefly, after these two days of work and very important survey of experiences and views.

My paper deals about the possible creation of an Asian Economic Zone/ confronting it with the vision shared by so many people of the necessity of safeguard of national sovereignty and the country interests. This has been an issue under debate by the Asian Governments/ for the last seven to ten years and could be seen as the expression of the world trend to globalization and interdependence.

And the first question that came to my mind when I listed some topics to the paper/ is why this question is so emphasized today?

We were born in a time when the world was clearly divided in two rival blocs, that hierarchically dominated in their area of influence. We have the western bloc led by the United States and their European allies. We have the USSR and the communist bloc.

Asia stood midway in that time looking for a compromise.

Fortunately this order ended in 1989 with the collapse of the Soviet Union and the cold war finally too with its threat of a larger atomic confrontation.

Meanwhile new countries regained their right to independence, from western or communist domination and struggle to find its own place among the others as equals among equals.

East Asia which was in the past the battlefield of the superpowers for world and regional dominance, hosted now new countries that slowly get acquainted with the values of liberalization and free market.

Asia now leaves in peace. We have no more war in Vietnam, Cambodia, Sri Lanka. Armies face one another across the Korean border but the big regional powers - China, Japan, Korea - don't fight one another for one generation.

Asia - has been said - concentrates itself in making money and pressing its economies to grow fast. And Asia has been specially successful regarding this as the statistics shows us.

So this leads to the second question: How can Asia participate in the construction of this new world order, without losing what was been difficult to gain: peace, independence, pride and self-rule.?

But how can we define this new world order that is rising from the ashes of the old one?

I look at it as a multilateral world in its way to a sort of trading and economic bloc reorganization.

This new reality came suddenly below our eyes, questioning our old beliefs of independence and self-rule and more important adding a new relativity to the principle of sovereignty.

How the world react to this new trends?

We have in one side Europe/ that is going to a new phase in its integration process through the creation of an Economic and Monetary Union, with a single currency, that will substitute the national ones. And these tremendous reform is now under debate in Turin - Italy - in the Intergovernmental Conference, with the Europeans feeling very uncomfortable to what kind of Europe they are been leading too.

I don't have time to go deep go deep in this point but would be interesting to compare the main aspects of the debate to compare it what are Asia perspectives in the future.

But let me come back to my starting point, saying that in the other part of the world we have the United States that had created/ in 1988/ the North Free Trade Agreement, with Canada and Mexico, which aims to built an area of free trade within North America borders, without trade barriers, free movements of goods and merchandises. The aim of this NAFTA Agreement is to fortify American position and counterbalance the integration of a single market in Europe and the overevaluation of the Yen, in the financial markets.

So globalization and integration is in our agenda whatever we like or don't like it.

And the third question I rise in my paper is how would Asian countries position themselves facing this new trend of integration of countries in larger blocs.

I think that there are only two answers: they can ignore it or they can build its own answer to the challenge.

The first way has been the way choosen by Japan and China, in the last years. With tremendous success, I must added.

Looking at the statistics of World Bank, in 1992, Japan was the second and China the third world biggest economies. The economists expect that China would be in 2020 - so in less than 20 years - the world biggest economy at the front of the United States and Japan.

Regarding the other Asian nations - South Korea, Malaysia, Singapore and Taiwan could join China and Japan among the ten most competitive nations by the year 2020. East Asia is expected to grow a little above 7 % in the enext five years, while the industrialized countries of the West will grow only at a little above 2.5%, in the same period.

This is a tremendous opportunity for Asia to compete succesfully to the first and second worlds, **if the Asian countries go together, pooling their strengthes and capacities.**

What efforts have been made regarding this trend?

In a way to block the way to communism, it was established in 1967 - the ASEAN, The Association of Southeast Asian Nations, which included Thailand, Malaysia, Philippines, Indonesian, Singapore and later Brunei.

Apart from being non-communists these countries have/ at the beginning/ little in common, beyond the products they produce. A great diversity of cultures, religions, political convictions and social consciousness divide them, although they comprise 300 million people, what is the population of Europe, in that time.

So the aim to cooperate between them and get a common economic strategy regarding third countries has been the real aim of the association, during these almost thirty years, that I detailed in my paper.

But the safeguard of independence was/ since the beginning/ present in the founding Bangkok Declaration, which is a sort of a statute of the Association, in the spirit that cooperation must be achieved through **equity and partnership**.

In 1993, the trade ministers of the six ASEAN countries agreed in the Singapore summit, upon the creation of an ASEAN Free Trade Area till 2008, through the reduction of national tariffs and barriers and the removing of non-quantitative restrictions to intertrade, in some products.

This is called The Common Effective Preferential Trade Agreement, that I detail in my paper.

Although cherishing this new step, most observers find impossible that this Free Trade Area could **be installed in that time**.

In another attempt to put Asian interests together, twelve countries of the Asia Pacific region, including ASEAN former members, Australia, New Zealand, Canada, the United States, South Korea and Japan created in 1989, The APEC, The Asian Pacific Economic Cooperation Forum. The purpose of this organization seems to handle economic and trade interrelations through co-ordination of common economic interests. Although, I must emphasize, no declaration or statute has been achieved.

Later in 1994 in Bogor, Indonesia, the Apec members agreed on the the need for trade and investment liberalization till 2002 for the developed nations and 2020 for developing antions. They agreed on the establishment of a Free Trade Area within this date. Some countries see this move as a demonstration of the interference of the United States in Asia affairs, because the States are interested in penetrating some asian markets which have been closed to american products.

To most observers, little has been done to achieve these targets as for ASEAN or APEC is concerned.

I could go on referring others atempts of Asian cooperation like the CAUCUS of Malaysia Prime Minister Mahatir/ but its reliable to say that the general results of these atempts of regionalization/ all are beneath the expectations.

What could be the reasons for that ?

For some observers, the everlasting interest of the United States to control the path of Asia affairs, which are strategic to American interests can give a fair explanation.

For others, China and Japan, have put themselves aside this attempts of integration, because they look to dictate Asia's political equilibrium and drive.

I feel, personally, that the reasons could be find a little here and there.

National interest are understood by Asian nations as synonomius of national security, territorial integrity and survival of governments.

Free from western domination only in the last 40 years, it has been difficult for the Asian nations to face leaving part of their sovereign powers to some sort of association/ they doubt to control.

Why? Because that release of sovereign powers/ could be seen by their communities and peoples as a way to fragilize themselves to the old regional rivals - China and Japan - to whom in the past they fail to resist.

But the difficulty is that with the pressure from economic globalization, with the reinforcement of the American and European trade blocs, Asia will be forced to cooperate better and find its own way to a trade economic zone and bloc.

Interdependence in world affairs means that a substantial part of the nation-state fields of decision is transferred to international organizations that will occupy part of the previous areas of Nation-State Jurisdiction.

The World Trade Organization, that succeed the GATT small area of operation, is how our friend Rajjvev Dhavan emphasized so well/ a supranational organization that administer and implement the multilateral and plurilateral trade agreements, seek to resolve trade disputes and oversee national trade policies. The action of WTO clearly reveals a limitation of sovereignty of the countries concerned.

But the problem is that 128 countries are within the Organization, applying its agreements to the national legislation and no country thinks of positioning itself outside the WTO organization. China which has been a kind of champion of the absolute sovereignty is making everything, I say everything, to regain its position.

Why? Because is within WTO that most of the decisions regarding the trade of goods, services and "ideas" so the share of markets are really taken. So I feel inevitable that Asia goes through integration

The big challenge that I foresee is how can Japan and China be acomodated to this strategy of cooperation and integration?

Regarding this the future remains uncertain. China faces a shift in leadership in the next years, with the disappearance of Den Xiao Ping and its impossible to be sure that the actual cooperation of China with the international community, its policy of independence and defence of equality in the international relations. As I detail in my paper China seems

to cherish the project of a Greater China , with continental China, Hong Kong, Macau and Taiwan but including the overseas Chinese communities spread over the East Asia that would count 20 million people. That project if its real will conflict with the stabilization of Southeast Asia and the security os Asian nations.

Japan seems to look for a role in the Southeast Asia after using Europe and America to develop its economy and internationalize its firms. Is looking too the Southeast Asia with new eyes investing heavily in China, Vietnam, Thailand or Korea.

That´s why I feel that the actual cooperation forum - ASEAN nad APEC - must deepen its common interests beyond differences and nationalisms. ASEAN is in my oppinion the one better position for that.

I think in this respect that the leader democratic countries in the Region have a great responsability. They could facilitate the democratization process in Asia, encircling the few dictatorships that resist. I stand in this perspective that economic cooperation and integration can´t be seen out of the fight for freedom, polical democratization, the Will of The people.

