

# **Three Tracks of Regional Economic Integration**

## **&**

# **The Risks for ASEAN Centrality (?)**

Vo Tri Thanh (CIEM)

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# **“Centric Circle Strategy” for East Asian integration**

## **(ASEAN integration & AEC, ASEAN +1 FTA and RCEP)**

- ❑ RCEP should be designed well to have “significant improvements over the existing ASEAN+1 FTAs”. RCEP should be based on AEC (with widely scoped liberalization, various dev’t agenda, and a philosophy of community-building through deepening economic integration and narrowing dev’t gaps (ERIA 2014))
- ❑ There are some concerns about RCEP negotiation progress (So far, liberalization levels of AEC in terms of trade in goods and services as well as investment are higher than that of most ASEAN +1 FTAs)
- ❑ Also about the implementation mechanism in RCEP (DSM; review; committees/secretariat) and role of ASEAN Sec)?

## Trans-Pacific Partnership (TPP) Track

- ❑ TPP is driven by US (and in line with US foreign policy objective of pivot toward Asia). TPP tends to be a high quality FTA addressing several next generation issues.
- ❑ Not all ASEAN members are of TPP → The confidence in having ASEAN “common voice” & ASEAN unity?
- ❑ There is also investment and trade diversion effects (particularly for CLM) → How to minimize disadvantages for non-TPP members?

# Connectivity for a more effective integration

- ❑ Major programs: (i) MPAC (to enhance ASEAN physical connectivity, institutional connectivity, and people-to-people connectivity); (ii) APEC Connectivity; and (iii) China's Silk Road Strategy
- ❑ Goals of MPAC are ambitious but there are major issues: ASEAN needs external resources and private sector engagement.
- ❑ ASEAN voice hard to be "strong" enough in many relevant international institutions (WB; ADB; AIIB,...). At the same time
  - Many ongoing cooperation programs remain overlapped and have not been implemented yet; they may lead to the dispersion of efforts and resources.
  - Some initiatives/programs with ASEAN cooperation are not all incorporated into the framework of MPAC. There may be also a problem of conflict of interests. Coordination between all stakeholders and ASEAN lacks effective mechanisms

## Concluding Remarks

- ❑ The EA and Asia Pacific integration can succeed only with the strengthening of ASEAN integration. Also ASEAN integration could not succeed if development gap in ASEAN would be widening. ASEAN centrality and the successful formation of AEC are very essential.
- ❑ Market forces and new requirements for Asia Pacific economic integration for meeting next generation trade issues and sustainable development are being strengthened. But risks for conflict of interests (geo-political problems; possible unequal distributed benefits) cannot be underestimated. The adverse side effects should be managed with thoughtful policy responses (Dialogues and role of ASEAN!)
- ❑ To ensure (especially after 2015) that the commitments in the AEC and RCEP are as deep, to implement unilateral liberalization and domestic reforms, and to support less developed countries in capacity building are all very critical.

***Thanks!***