



CHINA AND ASIAN ECONOMIC REGIONAL COOPERATION AND INTEGRATION

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Abstract:

Economic integration in Asia is a distinctive and multifaceted phenomenon because it is a very heterogeneous area, made up of very different countries in their economic and political systems, forms of ownership and levels of development; what a huge variety of ethnic elements, religion and culture adds. It is a geographical space where political conflicts are also present, historical, some, other more recent regional stability remaining. China was isolated from the integration processes in the region until 1978. However, after starting the process of reform and opening up has been inserted into different schemes gradually. In recent years, the Asian integration has been a peculiar and complex phenomenon that has been highlighted by great dynamism. The recent proliferation of agreements in the region is controversial; in particular the Trans-Pacific Partnership Agreement is controversial because of its potential implications. China's accession to the integration process becomes relevant because of its growing economic importance and what this has meant for the countries of the area. This article discusses integration in Asia-Pacific, provides an overview of the current situation and highlights the role played by China in its evolution and perspectives. Currently, active participation impregnates a new dynamism to the links between the countries of the region.

Keywords: economic cooperation, Asian integration, productive chains, China, intraregional trade and investment

Introduction

The Asia-Pacific economic integration was a process that started relatively late, because commercial relations had a multilateral character, although there were strong

traditional intra-regional trade links, motivated primarily by the geographical proximity between countries. Efforts to institutionalize the integration-cooperation from the late sixties and the most significant achievement of this stage were the creation of the Association of Southeast Asian Nations (ASEAN, for its acronym in English). (1) This is the main area integration scheme, although its rise was more political than economic motivations, since its primary purpose was to contain the spread of communism in the region, particularly China. However, the most characteristic of Asian integration has been a process with few formal links with few institutions and legislative mechanisms reason is known as the silent, real or de facto integration. In this take precedence mechanisms under commitment without agreements that formalize economic, productive, commercial and financial links, elements that do not make it less complex, but quite the opposite.

Thus, intra-regional relations are distinguished by their pragmatism, a trait that has made it possible cooperation between countries with different socio-economic systems, levels of development, cultures and religions.

De facto integration processes increased in the second half of the eighties and most active in the late nineties did. During that period other body of great importance in the region, the Asia-Pacific Economic Cooperation (APEC, for its acronym in English) was created and also emerged other organizations lesser known sub-regional cooperation, such as the Association for Regional Cooperation in South Asia (SAARC), the Economic Council of East Asia (EAEC), the Initiative of the Bay of Bengal for Multi-Sectorial Cooperation technical and Economic (BIMSTEC) and the Association for Regional Cooperation of the Indian Ocean Rim (IOR-ARC).

In addition to the "formal" partnerships, cooperation and complementarity it is encouraged through numerous "non-formal" specific sub-regional agreements that were attended nearby border regions or different countries, and formed a natural economic territory. This has resulted in the establishment of so-called "areas or growth triangles" with the aim of stimulating trade between neighboring countries. Among these areas are the Growth Triangle (Singapore, Malaysia, Indonesia), Zone Baht (Thailand, Laos, Cambodia, Myanmar and Vietnam), the Economic Zone of the Large Area South China (Hong Kong, Taiwan and the Chinese provinces of Guangdong and Fujian), the Economic Zone in the Yellow Sea (coastal areas of China, North Korea, South Korea and Japan), the Economic Zone Japan Sea (coastal areas of northeastern China, the Far East Russia, North Korea, South Korea and Japan), the Northern Growth Triangle (Thailand, Malaysia and Indonesia) and the East ASEAN Growth Triangle (Philippines, Indonesia, Malaysia and Brunei) (Abe, 1997).

Another "non-formal" trade association is what has made China with Taiwan, Hong Kong and Macao, together with the economic community of ethnic Chinese living in other Asian countries, known as Ultramar Chinese; this is known as the "Greater China Economic Area". One of the main features of this type of integration is not by

governments or regional institutions but by the coordinators of the business sector has been driven efforts, although this does not mean that governments have remained outside the integration process. On the contrary, they have played an active role in creating the right conditions to facilitate direct investment flows in exporting and receiving countries conditions through the liberalization of financial systems, the design of economic incentives, the creation of infrastructure physical, instruction labor and the establishment of conditions for the trans-nationalization of enterprises (Ramirez, 2000). However, the most significant feature of economic integration in Asia-Pacific is that has been articulated through the incorporation of companies in the value chains operating in the region, where production has been the determining factor (Sakakibara and Yamakawa, 2003).

In recent years, there has been an expansion of integration and economic cooperation in the region, through further trade liberalization, which has been revealed in the proliferation of free trade agreements (FTAs) not only within the region but also in the extra-regional space. This trend has meant greater "*formality*" in the process. In this new phase of development of integration, ASEAN has become the most dynamic scheme within the region. Among its main initiatives are the creation of the FTA between initial six members and the creation of new intra-regional agreements such as the ASEAN + 3 and ASEAN + 1.

One of the most important agreements within this association, still under negotiation, is the ASEAN + 6, so it may mean for the future of integration in the sub-region of East and Southeast Asia. The initiative aims to go beyond mere economic cooperation by establishing a community based on three pillars: economic community, security and sociocultural, hence also known as Comprehensive Economic Partnership (CEPEA, for its acronym in English, Comprehensive Economic Partnership of East Asia or Regional Comprehensive Economic Partnership).

Other existing cooperation agencies have also proposed the creation of LAC inside. Among them, APEC, SAARC, BIMSTEC and the Pacific Islands Forum (Abe, 1997). FTA, under negotiation since 2012, is the trilateral between Japan, China and South Korea, three countries account for a fifth of world GDP, but whose relations, so far, have been permeated by tensions.

In recent years, there has also been a proliferation of bilateral FTAs, some signed and others under negotiation between the countries of the region or between them and others from outside the area. Among them, in Asia-Pacific, agreements between Singapore-Japan, Singapore and South Korea, Thailand-Japan, Thailand and South Korea, Japan and South Korea, Japan-Taiwan, Singapore, New Zealand and Thailand-Australia ; and outside the area, Japan-Mexico, China-Costa Rica, India-Mercosur, Chile and Malaysia-South Korea-Chile (Shimizu, 2012).

There are many other proposals, more or less chance of success. Among the most discussed because of its possible implications for individual countries and for the

integration of Asia in general, is the Trans-Pacific Partnership Agreement (TPP, its acronym in English). This is an FTA, still under negotiation, between eleven countries so far; however, it aims to become the largest in the world, not only by the number of member countries -the original signatories left open the door for future adhesions-, but also for its content. It will cover, in addition to the main pillars of an agreement - access type to markets, trade in goods and services, liberalization of investment, government procurement, rules of origin, intellectual property rights, sanitary and phytosanitary measures, technical barriers to trade , et cetera, other issues, such as competition from state - owned enterprises, the participation of small and medium enterprises in global production chains, as well as aspects related to work, developing countries and regulatory coherence (Falck Lopez and Aceves, 2013).

It should be noted the special interest of the United States in this scheme, not only economic but also geopolitical. In addition, the explicit aim of expanding their export potential Asian markets rapidly expanding, has implied, of great importance to its strategic interests, to increase its "soft" power in the area and the advance of China, both in the region and internationally.

Another project approach to Asia, this time on the initiative of Latin America is the Pacific Alliance (Bullón, 2013). This agreement was established in 2011 by Chile, Peru, Colombia and Mexico, with the primary objective of encouraging Latin American integration and achieves further growth, development and competitiveness of the economies involved. To achieve this, we intend to move progressively towards the free movement of goods, services and capital, and people. The second objective is to expand trade ties in third countries, especially with the Asia-Pacific area. At present, the agreement has twenty observers from Latin America and the Caribbean, North America, Europe, Asia and Oceania.

Several factors come together in the interest of Asia to strengthen their relationships within and outside the region, among which may be mentioned the following: the economic development of the region; the presence of new actors, primarily China with its rapid growth and expansion of its influence in the area; the slow progress of multilateral trade negotiations within the framework of the World Trade Organization (WTO); the progress of regionalism in other continents; and the effects of the economic crisis, in particular the 1997-1998 Asian and global economic 2008.

On the other hand, the results of dynamism in the Asian integration have been, from the economic point of view, the growth of intraregional trade and investment; and integration as a process, greater complexity to coexist numerous regional and sub-regional agreements with varying degrees of integration, function and vision, in which countries participate simultaneously and are part of a network of relationships known as "*casserole spaghetti*" with different and controversial consequences.

China's participation in the Asian integration

China has been growing at annual average around 10% over the past three decades, which has become the second largest economy in the world. In international trade, it is the second largest exporter and importer, from the financial point of view, has the largest foreign exchange reserves in the world and is one of the leading importers and exporters of capital. Given the above, it is considered one of the main locomotives of global growth.

The rise of China is influencing, increasingly, the regional integration scenario. Since the nineties, and with greater emphasis in the two thousand, the Chinese government has been developing a successful policy of integration in Asia-Pacific as embodied by the growing economic linkages with neighboring countries, as well as its political and its active participation in regional integration performance.

Economically, the country occupies an important position in the production chains established in the region, which has contributed to the growth of intraregional trade and investment. In the political arena, China has pursued a strategy of good neighborliness, which has favored the strengthening of ties between countries in the area, while has brought peace and security to the region.

From the institutional point of view, China has been actively involved in integration. The first formal approach was joining APEC in 1991. With experienced economic development, it has been increasing its presence in the regional environment in which its support to ASEAN in matters relating to East Asia stands. So far, the Asian giant has signed twelve agreements and active; negotiation, nine, and proposed six for a total of twenty seven agreements in the area (Lee, 2013).

This participation has enabled competitive impulses inside and outside the region. For example, two months after China and ASEAN announced their ACL, other countries like Japan and South Korea were interested in similar initiatives, and the United States began to pay more attention to the region (Munakata, 2003).

The integration of China in the Asian region favors both parties. The country intends to expand its export markets and inserted into regional value chains, while seeking to develop relationships of trust with other countries in the area to reduce the negative of those who see it as a threat perception strategic intentions. Also, try to use the cooperation in the region as a vehicle to promote multi-polarity. Moreover, it can contribute much to the economic development of this geographic area, by helping its smaller neighbors and contribute to reducing the dependence of Asian economies in the market and US financial flows, which are very vulnerable (Munakata, 2003).

The complexity and dynamism that has characterized the Asian integration in recent years make it difficult to predict their future. Its future development will influence various internal and external factors that could act as centripetal or centrifugal

forces, depending on the specific situation at a given time. Among these factors can be noted as the most important economic and political life of the countries of the region situation, development of integration in other areas, competition and political rivalry among regional powers and the position of the United States and China in the regional scenario. Without underestimating the weight of all the above factors, special attention should be paid to the last. The future of Asian integration will depend largely on the position achieved in the area these two key competitors, as it will depend on the integration focus around ASEAN, particularly in the CEPEA, or TPP. Indeed, an aspect that arouses interest in the future of integration and the role of China in this is the position that will take this country against the TPP.

Within the country there are conflicting views regarding the attitude we should take towards this agreement. Possible options are not incorporated, wait and see how the agreement or join him. The decision by one or another variant is much discussed and, ultimately, will depend on the evolution of the project, its internal conditions, their strategic and that, on balance, the benefits outweigh the cost considerations. So far, the attitude of the authorities has been waiting, without showing explicit about their possible interest income, nor absolute rejection.

From the outside, there is also controversy as to the implications for Asian integration, China's accession to the project. Most experts agree that their exclusion from the TPP, if finally implemented as it is conceived today, would have negative consequences for the country, not only because it is a possible advantage for the United States in a scenario of increasing competition, but also because it would advantages many signatory countries that are competing with China in third markets. In addition, China would be damaged not only from the economic point of view by the involvement of their trade relations, but also in geopolitical terms; for if ASEAN countries and other US allies decide to support the latter, its influence would be weakened in the region (Wen, 2012).

However, the rest of the signatories would benefit from the presence of China, not only from a commercial point of view (for many of them and China is its main partner) but also political (an approach to the United States constitute a sample will appease these tensions in the area). They also consider that it could become one of the most promising members of the group. Others, however, estimate that their inclusion would weaken the Asian integration.

Either way, the incorporation of China is unlikely in the short term for two reasons; first, its acceptance must be ratified by all member countries, and secondly, there are internal obstacles relating to compliance with the required standards and operation of your model. In this context, China continues to strengthen its position in the ongoing integration processes, and showing his neighbors who will remain to be a reliable business partner through the signing of bilateral and multilateral agreements in the region. In the future, if China does not enter the TPP, hopefully that will strive to

develop the mechanism of ASEAN + 6. However, there are reasons to think that will join the TPP; first, by the negative consequences of not doing so and, secondly, because the conditions that today this is not likely to be changed. The implications of accession to this agreement must be studied in greater depth.

Finally and by way of summary, it can be said with some certainty that China will continue increasing its role in the Asian integration. Ultimately, their performance in this regard will depend on a set of internal and external factors that will affect its economic performance, its internal and international financial status, the strength of its currency and its regional and global presence as well as its geostrategic position in the area. It is expected that in the short term, the country strengthen its participation in schemes in which it is involved and, at the same time, stay focused on the expansion of production lines and services to its less developed neighbors, through the channeling foreign direct investment.

In the long term, China is expected to have greater leadership in shaping a more integrated economic system and politically in Asia-Pacific. From the economic point of view, its role may be more active if it manages the yuan to become the regional currency, which would facilitate a deepening of financial integration in the area. In this sense, the internationalization of the yuan is a goal not yet achieved, however, in recent years there has been significant progress in achieving this goal, with greater use of its currency in trade and investment, which it has encouraged several countries to preserve it as a reserve currency.

From the political point of view, leadership depends on the effectiveness of its foreign policy, especially with regard to the reduction of conflicts in the South China Sea.

3. Conclusions

Currently a boom in integration processes and Asian cooperation, either through the expansion of existing agreements, proposals for the creation of other multilateral spaces and the proliferation of bilateral trade agreements is observed, both within the region as with countries outside the area.

The integrator dynamism in the region to several factors, among which stand out is due: the progress of regionalism in other areas, the slow progress of multilateral trade negotiations within the framework of the WTO, the effects of the recent economic crisis, economic performance of the region in recent years and the rapid growth of China, thereby expanding its influence in the area.

The mechanism of integration more consolidated and dynamic in Asia is the ASEAN. Among this, with its many expansion initiatives, and the TPP, for its possible scope, leadership integration in Asia-Pacific in the future will be decided. It will influence the result of competition between the US and China as key players in the area.

China plays an active role in regional integration, as evidenced in the growing established economic ties with neighboring countries, its strategy of good neighborliness and joining existing agreements. For the future, despite internal and external challenges facing, it is seen that there are many possibilities to become the leading country of the regional integration process.

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