

Comparative Regionalization: EU Model and East Asia's Practice for Regional Integration

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Abstract The EU model of integration does exist and is exported to other regions by several means. However, East Asia stimulates a unique model by drawing lessons from the European Union. By the token of the European example, we should follow its theoretical development of regionalization to scrutinize the East Asia's common interests, functionality, socialization, and the impact of regionalization. However, the route to get regional integration for East Asia is far from the European example. The market-based mechanism pushed the regional cooperation in East Asia go forward, with domination by the states and governments; Fight for leadership have existed among the core states; Intergovernmental network is too weak to dominate the process of regional cooperation in East Asia. The "ASEAN way" institution-building has made a great progress in East Asia in past two decades, but it is not mature enough to lead the regional integration. The spillover of sovereignty and the institutionalization of supranational framework will hardly happen in East Asia. The combination of institutionalised FTA networks and flexible sub-regional cooperation will be an optional choice for East Asia's regional integration.

Keywords EU integration · East Asia integration · Regionalization · Inter-regionalism

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Introduction

When discussing comparative regional integration studies and different types of the regional arrangement in the world, people regard Europe as one of the models. The European Union (EU) perceives itself also as a model for regional integration, and considered their regional integration as the best way to promote regional security and governance among Europe (Magen 2006). At the meantime, with the fast economic growth and integration, the process of regionalization has been steadily developing in East Asia, which historical and social contexts are far from European experience. The compare of the processes of regional integration between the EU and East Asia is the basis for East Asia integration to obtain lessons from the EU model for regional integration (Beeson 2005). This article will focus on following four questions: what are the main characteristics of EU's model for regionalization? Does EU want to export its model for regional integration, and in which ways? Will East Asia follow the EU model? What kind of unique model or models East Asia will develop for its regional integration?

EU's Model for Regionalization

To clearly define powers among institutions at different level, today's EU has an extensive supranational structure with a large bureaucracy in economic and trade policy area, and close intergovernmental cooperation in foreign and security policy, as well as in justice and home affairs. It has several main characteristics in regional integration: an important emphasis on the regional economic development, based on a single market and the euro zone; the creation of regional institutions in a multilevel system; and the clear framework of written laws and rules to design policies to overcome intraregional inequalities and problems.

The EU is created progressively by several major steps: a free trade area, a customs union, a single market, a common currency, and eventually a political union. After starting a common trade policy, European countries created the free movement of goods, labor and services, started close coordination of monetary and exchange rate policies, and then introduced the euro zone in 1999. The EU gives a clear example of the importance of creating good economic and market governance before the promotion of regional cooperation in the area of political and social integration. The European regional policy successfully promoted economic development in less developed European member states and regions, for example, in Spain and Portugal. After the enlargement of the EU, the new member states from Central and Eastern Europe rely more on the regional policy to develop their economy to be more close to the Union (Ren and Ma 2007).

European integration is not only about economics; it is also a political and a social project under the rules within the EU and with external countries as well. Since the European integration and the development of the EU external relations and neighbourhood policy, the Europe became the most stable and secure region in the world. On base of the European single market and single currency, the European countries are interdependent in both economics and politics. That interdependence

makes the EU far from the war. The EU uses its membership to attract and reform its Central and Eastern European neighbours and to integrate those neighbours into the European Union. The EU is still carrying on this approach to current candidate countries. It is an approach with bilateral and regional characters (Song 2010).

The objective of the European Neighbourhood Policy is to promote reform, the rule of law, stable democracies and prosperity. The European Neighbourhood Policy represents a new approach in the EU relations with its neighbours: closer cooperation without membership; more focused, intensified policy instruments covers a wider range of governance issues; and more future-oriented reinforced forms of regional and sub-regional cooperation and development. The European Union has bilateral arrangement with all its neighbours (membership negotiation or partnership agreement) to reform the neighbor countries be qualified to be the new members of the European Union. The second step is to make the neighbourhood environment more stable and secure to the European Union. That is the regional approach of EU's external policy and neighbourhood policy. The reinforcement of the existing regional and sub-regional cooperation among those neighbours and the inter-regional cooperation between the EU and the neighbours, are very successful according to access the policies of European regional integration.

In general, the European model can be considered a very successful example of regional integration and cooperation. The European model, based on a legalistic approach to regional cooperation and encompassing the development of wide and deep regional institutions, reduced the income gap among member countries, generated substantial economic gains through the creation of a single market, a monetary union, and by close coordination among national authorities in several economic, political, and social issues (including the creation of the Parliament and the Court of Justice).

In the meantime, the EU still has a few political, social and fiscal challenges concerning the harmonization of national policies and the convergence between European sub-regions. Those problems, which are more remarkable under the sovereignty debt crisis period, are still far from having found a solution. European citizens are reducing their European identification. The progress of European integration is considered to be too aggressive to maintain balanced growth among Europe. The little institutionalisation of financial and monetary policy is one of reasons of financial crisis and sovereignty debt crisis in this region. The list of problems of European integration could be made longer. Moving the EU towards a higher growth path and reforming the EU towards a more institutionalised model could be a solution to many problems.

Does EU Export Its Model for Regional Integration?

The EU perceives itself as a model for regional integration. EU seeks to diffuse the idea of regional integration as a normative idea on how to achieve peace, wealth, democracy, human rights, good governance and social justice (Börzel and Risse 2009). The EU seeks to diffuse the idea of regional integration as a normative idea on which to achieve regional security, social welfare, environmental protection and

economic development, and to export regionalism by using its external relations and foreign policy, for example, by political dialogue, by actively promoting the development of (intra-) regional economic and political cooperation, by building issue-related regimes, and by creating joint institutions for consultation and decision-making in its neighborhood and beyond as well as between the world regions and the EU, to foster the cooperation between regions. The EU seeks to use both external incentives and technical/financial assistance to persuade the third country to adopt EU's idea on regional integration (Börzel et al. 2008). In this two kinds of idea export, the EU try build the condition and capacity of regional development of target countries. Besides, the EU also focuses on external social construction to diffuse European norms and rules to redefine the target actors' interest and identities (Checkel 2005). This export of idea is delivered throughout EU's foreign policy and is constructed as the foundation of EU's distinct external behavior. During the export of idea of regional integration, the EU faces challenges and competition comparing with other examples of regional integration. The EU has to spread its causal beliefs and policy practice to reach its best standards of regional integration and to make the third country can benefit the most from the regional integration.

We can draw several observations from European policy documents that the EU's approach of inter-regional cooperation and willingness to export its model for regional integration. Firstly, EU encourages bilateral political dialogue on inter-regional cooperation; secondly, EU persists on external development assistance to the third party; thirdly, EU prefers to develop free trade relations to promote its regional strategies. The EU undertakes many programmes and progresses concerning target regional development, in order to make those progresses interlink and reinforce each other. However, the coherence of different frameworks is not likely an easy work to fulfill its strategies. To be clear, the EU not only influences the direct projects and programmes, but also flows the ideas and influences the mindsets of local elites (De Lombaerde et al. 2008).

We take ASEAN-EU relationship as an example of the diffusion of EU's regionalism. The European Community started its regional cooperation with ASEAN in the 1970s and formalized the inter-regional cooperation, which is less comprehensive and less institutionalized, through the EC-ASEAN Cooperation Agreement in 1980. ASEAN has its own regional characteristics, such as sovereignty-lead, compromised, governance, non-interference, informality, consultation and consensus, which are different from the EU's example. However, ASEAN has increasingly learned to build formal institutions from the EU to increase its international recognition (Börzel and Risse 2009). From the early days, the ASEAN Charter has taken a big mount of examples from the European integration. Although the difference is still there, the ASEAN Community in 2020 will has many similarities with the EU.

EU has focused on strengthening intra-ASEAN integration with funding, cooperation on the environmental governance, higher education and research, and animal and human health, and support for uprooted people in Asia. EU seeks to support ASEAN's economic region-building by interregional FTAs and assist the implementation of SAFTA and the completion of the Single Market. However, as

the EU trade deficit with ASEAN is enormous, EU-ASEAN Free Trade Agreement has to be intensified to balance the trade foundation of EU-ASEAN inter-regional cooperation. Moreover, the bilateral political dialogue, the protection of human rights, democratic principles, the rule of law has to be more emphasized than the beginning of EU-ASEAN inter-regional cooperation, through mechanisms such as the Asia-Europe Foundation (ASEF) and the European Instrument for Democracy and Human Rights (EIDHR).

In all, EU fostered interregional exchange and diffuse of EU model for regional integration by inter-regional dialogue and assistance, which appear to have deepened ASEAN's initiatives of regional integration and broaden its scope and level of institutionalization. "The regional cooperation model is essentially an extension of the EU's own philosophy that deeper cooperation with neighbouring countries is a route to national as well as regional stability and growth" (European Commission 2001; quoted in Anastasakis and Bojicic-Dzelilovic 2002).

The Distinctive Characteristics of East Asia Integration and the Lessons from the EU Model

East Asia is such a complex economic entity and geological area without the common legal systems and governance standards. This complexity goes some way towards explaining the nature of its regionalization. Before assessing any lessons that can be derived from the EU experience, several concerning differences, such as institutional environment, international economic environment, leadership, globalization level, and international rules, between the EEC and ASEAN should be dedicated first.

1. Institutional characteristic

Through the EC-ASEAN Cooperation Agreement, ASEAN tried to avoid the EU model because of its formal, supranational institutions, but recently increased its institution-building by the design of the ASEAN Charter adopted in 2007. There are several increased indicators to measure the degree of economic integration in trade, investment and financial assets, and the degree of cooperation among East Asian economies including people-to-people exchange, free trade agreements and official policy dialogues. Nonetheless, East Asia's regional cooperation remains weak and relatively underdeveloped. For example, ASEAN is still an intergovernmental organization. The decisions are made under the procedure of consultation and consensus, without any independent dispute settlement body or parliamentary assembly or a representation of societal interests. Plus, Asian countries have relatively low levels of collective cultural identity and common political mission, compared to regions such as Europe. The weak formal institutions restrict Asia from providing a coordinated regional response to global requirement in time of crisis.

2. Economic characteristic

When trying to draw any lessons from the EU experience for East Asia's future integration, we should realize economic integration within ASEAN has been quite

different from that of the EU. ASEAN members are both among the poorest and the richest developing economies in the world. ASEAN features far greater diversity in terms of economic development. ASEAN is far more open now than Europe was in the 1950s. There is no support, however, for the argument that intra-regional economic interdependence in East Asia has increased significantly since the financial crises. Rather than there being an “economic domino” effect at work, the new East Asian regionalism is best understood as being driven by a “political domino” effect.

3. Regional integration is almost initiated by a regional leader, or cooperation between two regional leaders. In East Asia, however, no one nation will take the lead.
4. East Asian integration is increasing alongside closer integration at the global level, emerging economic cooperation among East Asian countries is also designed to address global issues, which are of the utmost importance for maintaining regional economic growth and prosperity.
5. Rules for entering regional groupings are different between East Asia and Europe. While the entry rules, such as the standards of democracy, market economy, and the acceptance of national bodies, in the EU are quite clear; while in East Asia it is difficult to identify rules governing the issue of membership. The standard approach is for case-by-case decisions taken ad-hoc by political leaders.

Having noted these differences, there are at least six major positive lessons from the EU integration to the East Asia one. First, Most European nations are willing to transfer sovereignty to supranational institutions in order to get the political-economy benefit. Second, the European experience illustrates that economic reform has played an important role in the process of structural adjustment of integration. Economic integration, including trade and investment, has laid the foundation of regional integration. Third, cooperation and integration of financial and monetary issues has strong effects on trade and investment flows. Especially during the financial crisis period, the reform of financial and monetary mechanism and related integrated policies are the key factor to revive the Union’s economy and financial situation. Fourth, the EU gained from intraregional trade liberalization. The customs union was important in building a regional market; the SEA, by creating a Common External Commercial Policy to minimum transaction costs and increased the fast economic growth in the European Union as a whole. Fifth, deep economic integration add more requirements to develop supranational institutions. The spillover of function matters during the progress of regional integration. Sixth, the EU’s institutional model came to dominate Europe because it applied to a larger market (Baldwin 2011).

But there are also several negative lessons of the EU model that East Asia should be aware of in order not to repeat the same mistakes. First of all, the EU has created several rigidities which are very difficult to eliminate, such as the labor market and CAP. Second, the EU has the tendency to use overly complex rules and regulations, based on equity more than pragmatic principles. Third, the unnecessary bureaucracy is one of the reasons that make the EU took more than 30 years to become a truly

integrated market; this is also a basic lesson for ASEAN will take strong commitment and long process to go forward (Plummer 2006).

The Unique Route for East Asia's Regional Integration

Following the Africa, East Asia is the second largest cluster of developing countries. Although the East Asia economy has been fast growing for three decades, its export-lead strategy for economic development is largely dependent on western market. The problems and constrains of East Asia extensive model for economic growth have been emphasized by many scholars and noticed by governments. Recently, East Asia has become the most active area for regional integration and negotiation. The East Asia had only one effective preferential trade agreement (PTA), the ASEAN Free Trade Agreement, in operation till 2000; the number of PTAs grows to more than forty by 2008, and a similar number was still under negotiation. The ASEAN plus Three grouping, and the East Asia Summit (EAS) have come into existence. Organizations of intergovernmental collaboration on monetary and bond matters, such as the Chiang Mai Initiative (CMI), the Asian Bond Market Initiative and the Asian Bond Fund, have come into force to regulate regional financial market. Since the 1997/1998 financial crisis and the worldwide development of regionalism, together with the failure of multilateralism and the block of the Doha Round, regional macroeconomic and financial cooperation in East Asia has been promoted and achieve at a higher level. In response to increasing economic interdependence and policy challenges posed by the globalization, most of the PTAs are negotiated or negotiating between East Asian governments and those non East Asian states.

Comparing with the example of European regional integration, increasing economic interdependence has not driven directly to the East Asian regionalism. There has been a great demand for governments to engage in effective regional collaboration and limit the costs of increasing interdependence. The new regionalism in East Asia indicates that the states use economic instruments to pursue political objectives. In East Asia, economic and financial cooperation is largely shaped and boosted by political intensions of states. Since governments worried about the loss of behavioral autonomy and national sovereignty, they have constrained the economic cooperation to a shallow level. East Asian governments have chosen a particular model for regional integration which is less institutional designed and more bilateral and inter-governmental. Based on the market forces and cooperation initiatives, regionalism in East Asia is less ambitious than in Europe, with lean institutions and limited supranational power. East Asian regional projects have no more than information exchange and dialogue on political ambition (Ravenhi 2009).

The current two influential regional institutions in East Asia, the Asia-Pacific Economic Cooperation (APEC) and ASEAN plus "N" mechanisms, are both oriented from the classical route of European regional integration. Although they have contributed to the economic growth in East Asia, they are not the ideal model for future regional development. The historical and cultural hostile identification on

supranational institution and the spillover of sovereignty is rooted deeply in the region of East Asia. The polarization of big powers, the diversity of culture and religions, the territorial dispute and the deteriorative situation of security in the region have made the prospective of regional integration more unclear. APEC and ASEAN, both focusing on trade and investment facilitation, are not suitable to be the leading power of East Asia's regional integration.

In the meantime, the network of bilateral and multilateral Free Trade Agreements in East Asia has been developed quickly. Most of Asian countries value highly on the FTA strategy to maximize their trade and investment benefits, especially during the period of global financial crisis. The core countries, such as China, Japan and South Korea, interlink with each other with numerous bilateral FTAs in order to avoid the economic isolation (Guan Y 2012). Other economies are becoming more positive in establishing new agreements to balance their economic gains. The intra-regional countries can benefit from this network of FTAs both concerning the low cost of transaction and the net welfare growth (Yu H 2011).

In addition, the sub-regional economic cooperation, such as Lancang Mekong river region and Singapore-Johor-Riau Islands region, is developing consistently, with a characteristic of business-lead and local governments-coordinated. That sub-regional cooperation is open and well risk-controlled, in favor of the government to extent its scope and influence and limit its adverse effect.

The combination of the network of FTAs and the sub-regional economic cooperation will be an option for East Asia to explore a unique route for regional integration. They have several complementarities in fitting with each other concerning regional economic cooperation. First, their combination can help to solve the problem of benefit imbalanced distribution. Sub-regional cooperation will be a good supplement for FTA networks. Second, their combination will attract the attention from both the governments and business. It will help to regulate the right function of governments in constructing regional integration. Third, the sub-regional cooperation adds more openness to FTA network. In all, the combination of the FTA networks and the sub-regional economic cooperation might be a new route for East Asia to develop its unique model for regional integration.

Concluding Remarks

Compared with regional cooperation in Europe, East Asia is still far away from a regional community and identity. The market-based mechanism pushed the regional cooperation in East Asia go forward, with domination by the states and governments; Fight for leadership have existed among the core states; Intergovernmental network is too weak to dominate the process of regional cooperation in East Asia. The "ASEAN way" institution-building has made a great progress in East Asia in past two decades, has provided an option for East Asian countries to reach a consensus on cooperation, but it is not mature enough to lead the regional integration. Referring to East Asian Regionalism, the bottom-to-up actors, such as nongovernmental organizations, individual citizens, consumers, and corporations, have played important role in the region-making. However, how the bottom-to-up

actors link with governments and go beyond state-centric to solve regional problems is still a question in East Asia. By the token of European example, we should follow its theoretical development of regionalization to scrutinize the East Asia's common interests, functionality, socialization, and the impact of regionalization. However, the route to get regional integration for East Asia is far from the European example. The spillover of sovereignty and the institutionalization of supranational framework will hardly happen in East Asia. The combination of institutionalised FTA networks and flexible sub-regional cooperation will be an optional choice for East Asia's regional integration.

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