

ECONOMIC COOPERATION AND SECURITY ISSUES IN EAST ASIA

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Geopolitical and geo-economical importance of Asia Pacific Region (APR) in particular East Asia has been increasing recent years. Main condition for developing integration is interrelated and interdependent cooperation of countries in globalization world.

Regional integration process is real, objective factor which is not only defining national economies but also it is impetus for future development.

Although one can say that the world integration process has been intensified, depending on various factors such as development level, socio-historical inheritance it is spreading unevenly. For instance, as a result of Western European integration EU, European Common market were formed whereas in American continent common market is being shaped under NAFTA and MERCOSUR agreement.

Idea of APS's integration aimed at enhancing economic cooperation among states is gaining momentum. Bright example of this ASEAN, SAARS, APEC and other organizations cementing foundation for mutual cooperation and complement any development which for initial stages of integration processes. APR is important hub of the world economy. That's becoming more obvious if we will look economic growth statistics. Last year the regional economic growth was 3.6 percent whereas it is expected to reach 4.7 percent figure this year. Quite few economists and researchers predict that APR, especially EA region is likely to become key centers of the world economy in first half of 21st century. IMF publication "Eas Asian miracle" issued in 1993 tells us that there is much hope for such dream to be materialized. Let us see more in detail what is development miracle of East Asian states and what significance it got. Although there is no definite understanding in the scope of economic

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activities of the region geographically it covers East, NEA and SEA or ASEAN. By IMF classification all data refer to East Asia Pacific Region. Key role in economic development of the region play emerging countries like PRC, Taiwan, Japan, Korea and HK. Foreign trade plays important part in developing foreign ec. Ties and intensive ec. Growth of EA. If foreign trade direction was oriented towards US and Europe before 1990s.

Recent decade it is characterized as interregional. Independent approach of countries to open world system as well as integration idea were among crucial factors which effected this process. In my report I made emphasized on certain countries i.e. (in particular) China which is a leader in economic growth.

Let us refer to same data. Economic growth of PRC is going to remain at the level of 9 percent in 2004 as in the previous year.

Investment and trade figures have been increasing from year to year. This is obvious sign of economic sustainability. There is a tendency towards growing regional ec. unions as a result of ec. cooperation in EA. There is prima facie evidence of enlarging ASEAN by forming "Great China" or "Chinese common market". Cooperation in sphere of economy and production is based mainly on common culture values.

Although this process is contradictory one unvolving political and economical interests in the long run it is to become mayor ec. conglomerates matching the regional ec. groupings. That is today "Great China coalition" which will influence IPC.

Table 1. Foreign Investment to PRC

	Overval investment	Taiwan, Hong Kong, Macao, Singapore	Japan	USA, Canada	Germany, France Italy, UK
1993	27.771.0	21.663 (77%)	1.361.0	2.247.0	524.0
2003	52.742.8	24.636(47.2%)	4.190.9	6.011.8	2.575.9

Table 1. Foreign Investment to PRC as you can see from the table that main investors 11 years ago were Taiwan, Taiwan, Japan, Korea and HK.

Although their share fall from 77 percent down to 47.2 percent it still shows that above mentioned coalition (union) is dominating so-called "little dragons' are major investors and technology providers. In Chinese Grandun province big corporations (manufactures) are

mushrooming which countries saying dragons head lays in HIC but tail in mainland.

On the other hand economic relations of China with the regional partners are far from smooth. Chinese relations with ASEAN and four Asian dragons sometimes get strained or get from time to time into tough competition. Chinese metal, chemical, machinery and shipbuilding industries do compete with similar enterprises of "Little dragons" whereas textile, construction & other light industries get involved with ASEAN companies on competitive ground.

According to some statistics HK investors did investment to 140 thousand entities of the PRC.

Finally let me touch slightly what factors influence regional security & what might be mechanism of its coordination. There are two obstacles of political & economic character which obstruct ec. Integration in the region.

Political ones:

- Lack of security system inherited from Cold War period.
- Ideological difference
- No intergovernmental institution dealing with security problems

With this in mind main basis for the regional security is economic cooperation & partnership.

Today, though some multilateral level regulations do exist such as AR Forum, Council for security cooperation Asia Pacific, Negotiations East Asian cooperation (NEACD) CICA, Agreement of 4 on Korean peninsula. All this is show as there is objective willingness to set up multilateral mechanism in the region.

In the future, there will be four major nodes of growth in East Asia, each spurring the others on: China; Japan and Korea, ASEAN; and although not conventionally part of East Asia, India. I will deal with each in turn. China's story is well known. There is no need for me to repeat it. Suffice to say that I believe China will make it. And that changing China is forcing change throughout East Asia and beyond.

The World Bank classifies China as a lower-middle income economy, like Thailand. In the future, China as a whole will be an upper-middle income economy, like contemporary Malaysia. Parts of China such as Beijing, Shanghai and the coastal belt will be high-income economies, like Japan and Korea.

I expect East Asia in the future to be more prosperous and more integrated.