

**EAST ASIA CONNECTIVITY FOR
REGIONAL ECONOMIC
INTEGRATION**

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Executive Summary

1. East Asian economies are becoming increasingly connected and interdependent with the rapid growth of bilateral and intra-regional trade ties in the last few decades.
2. Given the sluggish progress of global trade liberalisation negotiations and the uncertain global economic outlook after the financial crisis in 2008/2009, East Asian countries resorted to cooperate and work on economic integration to maintain regional growth and stability.
3. The increasing East Asian economic integration through intra-regional connectivity improvement is picking up momentum.
4. With ASEAN (Association of Southeast Asian Nations) as the cornerstone, the creation of the ASEAN Economic Community is providing impetus for promoting economic integration and regionalism among East Asian countries.
5. Some East Asian countries are facing the daunting challenge of rebuilding totally inadequate highways and railroads, and outdated or uncompleted seaport and airport facilities, as well as putting into place cross-regional road and railroad links or a reliable power supply.
6. Enhancing connectivity by addressing both hard and soft infrastructure issues is the key determinant for achieving closer East Asian regional economic cooperation and integration. However, it constitutes the most difficult part of a regional integration process that will require huge long-term investment.
7. China, Japan and Korea are strengthening intra-regional and inter-regional connectivity with ASEAN countries. However, East Asian countries still lack effective mechanisms for managing coordination and conducting dialogue on regional integration through funding infrastructure projects.

8. East Asian countries have reached consensus on the need to develop the East Asian economic community through improving connectivity and promoting cooperation on trade, economic investment and people-to-people exchange.
9. Nevertheless, fearing the rise of a regional hegemon, no country in East Asia would wish to see a single power such as China or Japan using East Asian economic integration to gain domination of the region.
10. Sub-regional integration in Southeast Asia has witnessed much progress as reflected in the implementation of the ASEAN Economic Community. However, the same could not be said of Northeast Asia where there is an apparent lack of mutual trust between the major powers of China and Japan.
11. Achieving such goals depends on East Asian countries establishing a climate of mutual trust and a shared vision of the political, economic and security future for the region.