

A Symposium on East Asian Economic Integration: Progress & Business Opportunities

On March 3, JETRO organized a symposium on East Asian economic integration in Chicago, Illinois, U.S.A. This was the second such symposium held in Chicago; the first occurred three years earlier. Marshall Bouton, President, The Chicago Council of Global Affairs moderated the discussion of economic trends in East Asia and issues confronting the region. The 200 participants included experts from the Midwest in foreign relations, trade, economics and business. 16 organizations from 14 APEC member economies had tabletop displays to provide information and promote exchanges of views.

<Speakers from APEC member economies>

On March 3, JETRO held a symposium on East Asian economic integration, progress, and business opportunities in Chicago, the day after a similar conference in Washington, D.C.



Two hundred attendees fill the symposium venue.

Opening remarks were delivered by George Hisaeda, Consul General, Consulate General of Japan at Chicago. In his remarks the Consul General spoke about Japan's Free Trade Agreements (FTA) and other steps to promote regional economic integration and made a strong pitch for Japan's high-speed railway technology. Marshall Bouton, President of the Chicago Council of Global Affairs, said that the twenty-first century's highest hopes for economic integration are in the Asian region and stressed the importance of deepening relationships between the U.S. and Asian markets, which now offer numerous business opportunities. He particularly stressed the importance of continuing their partnership with JETRO.

Bouton was followed by JETRO Chairman and CEO Yasuo Hayashi, Michael Wesley, Executive Director of the Lowy Institute for International Policy in Australia, Vo Tri Thanh, Vice-President of the Central Institute for Economic Management (CIEM) in Vietnam, Li Xiangyang, Director of the Institute of Asia-Pacific Studies at the Chinese Academy of Social Sciences in Beijing, Minoru Tsukada, President of the Hitachi Research Institute in Tokyo, and Ellen Frost, a visiting fellow at the Peterson Institute for International Economics in Washington, D.C.

<Frost: Issues remain but high hopes for East Asia's economies>

Ellen Frost spoke as follows on four topics: the reality of economic integration, China's economic role in the region, policy of the Obama administration, and the implications for U.S. business.

With the expansion of trade and investment within Asia, the proportion of economic transactions between Japan and the U.S. has declined, while Japan and the Asian region, such as China, has expanded greatly. China has shifted from being a self-sufficient economy to becoming an open economy. As China shifts to the manufacturing center of the global economy, economic integration in East Asia has proceeded apace. As economic integration advances, particularly in ASEAN, Japan has a leadership role, despite China's close pursuit.



Dr. Ellen Frost addresses the symposium.

China's domestic production capacity in semiconductors, steel and other intermediary goods has increased dramatically, and capital goods, parts and components, account for a growing share of China's exports. The Chinese economy continues to grow at a rapid pace; but while a shift to domestic consumption offers opportunities to foreign suppliers, the dangers of inflation and a tilt to nationalism remain important issues.

The Obama administration has continued the policies of the Bush administration, assigning a high priority to construction of a regional framework for economic growth and resolution of security issues. It has announced participation in the Trans-Pacific Partnership (TPP).

East Asia is the world's fastest growing region, its markets are expanding, and U.S brand products remain popular. The global economic retreat has had only a small impact on China and Vietnam, making them both promising regions for business. Especially promising areas are water management, financial services and urban infrastructure. Before doing business, however, besides the incentives offered, local political leaders and other prominent individuals should also be carefully investigated. Danger from terrorist attacks, education and health are among other areas that should also be checked.

<Hopes for TPP raised in panel discussion>

The moderator opened the panel discussion with questions about regional currency and foreign exchange. The panelists commented on foreign exchange related issues: effects on the regional

economy and bilateral trade, Renminbi issues being raised in the U.S, and careful evaluation of currencies. Concerning the Renminbi, expectations for a flexible response from the Chinese government were voiced.

Questions were also asked about response to inflation. Given the existence of separate national financial systems within the region, what kinds of coordination between government policies and what sorts of fiscal policies is needed by central banks were among the issues raised. The panelists emphasized the importance of information-sharing among the countries as well as the necessity of an appropriate response based on country-by-country analysis of factors affecting inflation and deflation.

With respect to TPP, the question was raised whether, along with the desire to restrain the creation of an Asian economic bloc that excludes the U.S., there was also a security objective involving a desire to contain China. Frost replied that, since trade and security are separate issues, the U.S. has no such plot in mind. With the WTO Doha Round stuck, the U.S. simply wants to make some progress in constructing a region-wide economic framework. There are, of course, concerns about joining TPP, but since it offers large economic advantages to participating countries, expectations for its construction remain.

The closing remarks for the session were delivered by former U.S. Senator (Democrat) Adlai Stevenson III, who expressed concern about the current state of the international currency system and called for Asia, whose impact on the global economy is growing, to contribute to that system.

<Exchanges at tabletop displays>

Among the showpieces of this symposium were the tabletop displays by APEC member economies. Before, after and during breaks, the APEC members used their displays to present information and promote networking and mutual understanding among the participants. Here speakers and participants deepened their exchanges in a relaxed atmosphere.



APEC member tabletop displays

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