

tions. This reinvigorated the notion of an East Asian Economic Group that excludes Australasia (Australia and New Zealand had different dynamics during the crisis, more closely aligned with the Americas than with Asia; this latter development has meanwhile suggested the viability of a link between NAFTA and the Australian-New Zealand Closer Economic Relations pact).

In seeking to create a regional economic framework for East Asia, the member economies face the issue of the region's many fault lines, including in geopolitical terms (especially the differing relations of the USA to Japan and China), regional politics (the lingering historical mistrust of Japan and the plethora of regime types), culturally (especially important in South-east Asia in the post-9/11 context) and economically (as evidenced by the mercantilist rivalries between China and Japan in particular). There is no counterbalancing regional institution with any power to bring a regional voice to the issue. This raises the question of who is to lead?

Until recently, there would have been no question that Japan would be in the best position to lead. The situation has changed, however, with the rise of China and Japan's decade-long economic malaise. The result appears to be a renewed competition between the two, rather than the formation of a partnership. Thus, while both China and Japan have traditionally eschewed regional arrangements, both are now vying to conclude such agreements.

Japan has been talking about new trade arrangements to, *inter alia*, Singapore (with which an agreement was recently concluded<sup>14</sup>), Korea, Australia, and New Zealand, and advocating still greater integration in the region.<sup>15</sup>

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<sup>14</sup> The Japan-Singapore Economic Partnership Agreement (JSEPA) was signed in January 2002. See: Ramkishan S. Rajan and Rahul Sen, "The Japan-Singapore "New Age" Economic Partnership Agreement, May 2002, [www.economics.adelaide.edu.au/rrajan/pubs/JSEPA\\_brief.pdf](http://www.economics.adelaide.edu.au/rrajan/pubs/JSEPA_brief.pdf)

<sup>15</sup> See, for example, "A Sincere and Open Partnership", speech by the Prime Minister of Japan, Junichiro Koizumi, Singapore, January 14<sup>th</sup>, 2002, proposing the establishment of an economic community linking North Asia, ASEAN and Australia/New Zealand