

Economic activity within Asia is intensifying at both the regional and subregional levels. Changing economic circumstances and natural comparative advantages appear to be the driving forces behind this phenomenon. Cultural, linguistic and family ties also appear to be playing a role. The most notable point about emerging subregional economic integration/interdependence and the activities of the Chinese diaspora/business community is that they are based on almost pure economic interests rather than on a political agenda. Mini-blocs such as Greater-China, or mid-layer areas such as North Asia, while certainly contributing to closer ties among Asian economies, are primarily instruments for promoting economic interests through the exploitation of different factor endowments (land, labour, capital and entrepreneurialism). The process of economic restructuring going on in the NIEs naturally directs the attention of firms in those countries to the possibilities offered by their less developed, labour abundant neighbours, which in the case of North Asia is China.

Perhaps because this subregional phenomenon is generally recognized as a natural outgrowth of the interplay of market forces, and because Asian leaders see that tangible benefits can be gained, further integration is viewed quite positively. The benefits include employment and technology transfer, larger flows of foreign investment and increased infrastructural development. Increased economic interdependence at the subregional level may also be viewed as a step toward eventual integration on a larger scale. Moreover, as the subregions become more developed in terms of infrastructure, industry and employment, the effects of economic development could spread.

With more Asian economies seeking foreign direct investment to facilitate their economic development, intensified competition could lead to the formation of more subregional economic zones as groups of economies try to maximize their attractiveness to investors. Whether this competition will evolve into a force that works against regionwide integration or for greater specialization among the subregional zones is difficult to assess at the present time.