



## RIVAL REGIONS? EAST ASIAN REGIONALISM AND ITS CHALLENGE TO THE ASIA-PACIFIC

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This chapter addresses new patterns of multilateral cooperation in Asia, focusing on new sets of connections emerging between what have traditionally been distinct sub-regions. In particular, it addresses the burgeoning linkages between Southeast and Northeast Asia that have crystallized in the ASEAN + 3 (APT) process. The chapter is in three parts. The first section reviews recent developments in East Asian regionalism and examines the motivations behind this new track of institutional cooperation. The second section critically examines the prospects for success, particularly whether APT will be able to overcome the political and strategic obstacles that stand in the way of some of its more ambitious goals. The third section considers the extent to which new East Asian institutions will prove to be complementary to, or competitive with, the existing Asia-Pacific framework.

### THE RISE AND FALL OF THE ASIA-PACIFIC

The old saw about the Asia-Pacific was that it was a region without regionalism. With the exception of the ill-fated SEATO and the largely inward-focused ASEAN, for the duration of the Cold War the region had no important or effective governmental multilateral institutions. The most important security arrangements were the bilateral 'hub and spokes' alliance ties across the Pacific between the United States and its Asian partners. Despite countless proposals for a regional economic organization, as the Cold War drew to a close the Asia-Pacific region still lacked any effective region-wide governmental institutions.<sup>1</sup>

The 1990s changed all that. This was a decade of remarkable institutional creativity and growth. At the track one or inter-governmental level the process

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<sup>1</sup> Aaron Friedberg, 'Ripe for Rivalry: Prospects for Peace in a Multipolar Asia', *International Security*, vol.18, no.3 (Winter 1993-94) pp.5-33; Barry Buzan and Gerald Segal, 'Rethinking East Asian Security', *Survival*, vol. 37, no.1 (Summer 1994); Richard Betts, 'Wealth, Power and Instability: Prospects for Peace in a Multipolar Asia', *International Security*, vol.18, no.3 (Winter 1992/93) pp.32-75.

of Asia-Pacific Economic Cooperation (APEC) began in Canberra in 1989 and was strengthened after 1993 with the creation of an annual Leaders Meeting.<sup>2</sup> ASEAN grew from its five founding members to include all ten states of Southeast Asia by the end of the 1990s. In 1994 it extended its model of regional security by leading the creation of the ASEAN Regional Forum (ARF), which brought together states from Southeast and Northeast Asia to discuss security issues with representatives from North America, Australasia, and Europe.<sup>3</sup> The ARF itself was soon augmented by inter-regional institutional ties with the creation of the Asia-Europe Meeting (ASEM) and the Forum for East Asia-Latin America Cooperation (FEALAC).<sup>4</sup>

Alongside these governmental linkages, track two or unofficial-level dialogues proliferated at a remarkable pace. While many non-governmental meetings were informal and essentially ad hoc arrangements, there were also attempts to add some institutional structure to these interactions. The first effort was the North Pacific Cooperative Security Dialogue (NPCSD), which ran from 1990 to 1992, with representatives from all eight North Pacific states, including North Korea. It was succeeded by the smaller and rather less successful 'track one and a half' Northeast Asia Cooperation Dialogue (NEACD), which has had only intermittent participation from North Korea.<sup>5</sup> In 1993, the track-two community formed the Council for Security Cooperation in the Asia Pacific (CSCAP) as a way of contributing to efforts towards regional confidence building and enhancing regional security through dialogues, consultation and cooperation.<sup>6</sup> These initiatives, governmental and non-governmental, shared a common, ambitious, goal of creating an Asia-Pacific community. They sought to create habits of dialogue to overcome security dilemmas and misperceptions and to forge closer political, economic and social ties between states on both sides of the Pacific.

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<sup>2</sup> Yoichi Funabashi, *Asia Pacific Fusion: Japan's Role in APEC* (Washington: Institute for International Economics, 1995).

<sup>3</sup> Michael Leifer, *The ASEAN Regional Forum: Extending ASEAN's Model of Regional Security*, Adelphi Paper 302, (London: International Institute for Strategic Studies, 1996).

<sup>4</sup> Christopher Dent, 'The ASEM: managing the new frame work of the EU's economic relations with East Asia' *Pacific Affairs*, vol.70, no.4, Winter 1997-1998. The 27 country FEALAC, formerly known as the East Asia-Latin America Forum (EALAF) held its first meeting in Singapore in September 1999. It was renamed in 2001.

<sup>5</sup> For a discussion of the meanings and etymology of terms like 'track one', 'track two' and 'track one a half', see David Capie and Paul M. Evans, *The Asia-Pacific Security Lexicon*, (Singapore: Institute for Southeast Asian Studies, 2002).

<sup>6</sup> Paul Evans, 'Building Security: The Council for Security Cooperation in the Asia Pacific', *The Pacific Review*, vol.7, no.2 (1994) pp.125-139.

For all the creativity and euphoria of the mid-1990s, however, by the end of the decade there was a common perception that these Asia-Pacific regional institutions had either stalled or were in decline.<sup>7</sup> ASEAN, long criticized by some for its consensus-based norms, its insistence on informality, and its lack of European-style legalistic institutions, was increasingly regarded as stagnant, even by some of its admirers.<sup>8</sup> The addition of four new members since 1995 had led to creation of a two or even a three-tier organization. ASEAN proved incapable of taking collaborative action to address problems such as the 'haze', East Timor, the economic crisis, or the 1997 coup in Cambodia.<sup>9</sup>

These problems spilled over into the Asia-Pacific institutions that had been built on the normative foundations of 'the ASEAN way'.<sup>10</sup> Constrained by a lack of consensus and the refusal of ASEAN and China to modify the norm of non-interference in internal affairs, the ARF found itself unable to move beyond a confidence-building phase to tackle preventive diplomacy in any substantive fashion, let alone address the goal of conflict resolution. Despite the admission of India (in 1996) and North Korea (in 2000), the ARF developed a reputation as a talk-shop rather than a forum capable of offering practical solutions to the region's most pressing security problems.

The same proved true for APEC. In the wake of the regional economic crisis there was disappointment from some quarters that the organization had not been able to do more to prevent the collapse of the Southeast Asian economies. Its liberalization agenda lost steam following the crisis and notions of 'concerted unilateralism' and 'Early Voluntary Sectoral Liberalization' rapidly lost credibility.<sup>11</sup> Even those defending APEC's ongoing utility had to fall back on the relevance of the annual Leaders' Meetings to deal with

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<sup>7</sup> Douglas Webber, 'Two funerals and a wedding? The ups and downs of regionalism in East Asia and Asia-Pacific after the Asian crisis', *The Pacific Review*, vol.14, no.3 (2001) pp.339-372.

<sup>8</sup> Amitav Acharya, *Constructing a Security Community in Southeast: ASEAN and the Problem of Regional Order*, (London: Routledge, 2001) pp.194-208.

<sup>9</sup> C. Fred Bergsten, 'The New Asian Challenge', Institute for International Economics Working Paper No.4 (March 2000) 7, available online at <http://www.iie.com/catalog/wp/2000/00-4.pdf>.

<sup>10</sup> Amitav Acharya, 'Ideas, Identity and Institution-Building: From the ASEAN Way to the Asia-Pacific Way?' *The Pacific Review* (1997).

<sup>11</sup> John Ravenhill, *APEC and the Construction of Pacific Rim Regionalism* (Cambridge: Cambridge University Press, 2001) pp.186-222.

‘surprise’ issues like East Timor, international terrorism, the North Korean nuclear program and the threat from SARS.<sup>12</sup>

It might have been expected that in the wake of these trials and tribulations, particularly those since 1997, the region’s institution builders would settle for a period of reflection and consolidation. However, the contrary has happened. There has actually been an expansion of regional multilateral activities, at a pace that is remarkably rapid by recent Asian standards. In particular, there has been an impressive rise in the last few years in multilateral contacts on an *East Asian* basis.

### **RECENT DEVELOPMENTS IN MULTILATERAL COOPERATION**

The most important recent developments in multilateral cooperation in Asia have been between states and non-governmental actors across the region coming to be known as East Asia. In particular, the last five years have seen the rapid rise of the APT process, bringing together leaders, ministers, and senior officials from the sub-regions of Southeast and Northeast Asia.

The APT began in very modest circumstances in 1996 when the foreign ministers of China, Japan and South Korea were invited to join their ASEAN counterparts for an informal lunch prior to a human rights meeting in Bangkok.<sup>13</sup> Heads of State soon became involved and met in Kuala Lumpur in 1997 as part of the celebrations marking ASEAN’s thirtieth anniversary. They came together again in Hanoi in December 1998. At that meeting, South Korean president Kim Dae-jung proposed the establishment of an East Asian Vision Group (EAVG) to develop a road map for regional cooperation on an East Asian basis. A third APT leaders meeting was held in Manila in November 1999 under the banner of ‘East Asian Cooperation’ and addressed for the first time eight fields of functional and economic cooperation. It issued a ‘Joint statement on East Asian Cooperation’ that set in motion a series of meetings between foreign, finance and economic ministers. By the time of a fourth meeting in Singapore in 2000 two broad trends were becoming evident. The first was the possible development of formal institutional links between Southeast and Northeast Asia. The second was the potential development of an East Asian free-trade area. Reflecting a cautious optimism about the future of East Asian regionalism, Singaporean Prime Minister Goh Chok Tong said,

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<sup>12</sup> Brad Glosserman, ‘SARS – An Opportunity for APEC’, *PacNet Newsletter*, no.17, 23 April 2003.

<sup>13</sup> Hadi Soesatro, ‘Asia at the Nexus: APEC and ASEM’, *Panorama*, 2001, no.4 , p.22.

'I see no problem in ASEAN + 3 evolving, if that's the desire of leaders, into some kind of East Asia Summit'.<sup>14</sup>

While its institutional evolution to date has been cautious and pragmatic, the APT has succeeded in establishing a number of concrete forms of cooperation between the members of ASEAN and the three Northeast Asian states. The most significant of these have come in the area of financial cooperation, most notably the Chiang Mai Initiative (CMI), established in May 2000 to establish a regional currency-swap mechanism to enable states to protect themselves better against any future financial crises. The initiative creates a network out of existing swap arrangements. According to one analyst, it is a 'modest but important step for regional currency stability, since committed support under the bilateral swap agreements [already in place] would not be enough to deal with another crisis like that which hit the region in 1997'.<sup>15</sup> The CMI may be a harbinger of greater financial or monetary cooperation among East Asian states. One financial writer has called it a 'watershed in a new regional financial architecture in East Asia'.<sup>16</sup> Dieter and Higgott see it as no less than 'the beginning of a new era of regionalism'.<sup>17</sup>

Monetary cooperation has also been accompanied by a host of proposals for bilateral and regional free-trade areas across East Asia. In November 2001, Chinese Premier Zhu Rongji proposed the creation of a free-trade zone with ASEAN within ten years, and created a negotiating committee to work on its implementation. Stung by China's initiative, Japanese Prime Minister Koizumi responded with a call for a 'Japan-ASEAN Comprehensive Economic Partnership' and announced the creation of a study group to look at creating a free-trade regime. The 2001 report of the East Asian Vision Group, *Towards an East Asian Community*, called for a region-wide East Asian Free Trade Area (EAFTA) made up of all thirteen states and Taiwan.<sup>18</sup> There have also been a plethora of proposals for bilateral free-trade arrangements, most notably three

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<sup>14</sup> Quoted in *Ibid.*

<sup>15</sup> Tsutomu Kikuchi, 'East Asian Regionalism: A Look at the 'ASEAN plus Three' Framework', *Japan Review of International Studies*, (Spring 2002) 1-23, p.8.

<sup>16</sup> Pradumna B. Rana, 'Monetary and Financial Cooperation in East Asia: A Survey', *Panorama*, 2002, no.1, pp.17-34.

<sup>17</sup> Cited in Webber, *op.cit.*, p.341.

<sup>18</sup> East Asia Vision Group, *Towards an East Asian Community: Region of Peace, Prosperity and Progress*, (October 2001) para 28.

between Singapore and Japan, Singapore and the United States and Singapore and New Zealand.<sup>19</sup>

These financial and trade projects have been augmented with more adventurous proposals such as former Filipino President Estrada's call in November 1999 for a common East Asian currency. While such ideas currently remain implausible, they are taken increasingly seriously, not just by academics and regional cheerleaders, but also by leaders and senior officials around the region.

### MOTIVATIONS FOR EAST ASIAN REGIONALISM

What has driven East Asian multilateral cooperation at a time when other regional institutions have been foundering? According to most analysts, the evolution of the APT process has been propelled by two distinct sets of motivations, some 'positive and even visionary,' others 'defensive and reactive'.<sup>20</sup>

First, from the perspective of neofunctionalist theory, the creation of East Asian political institutions is a natural accompaniment to growing levels of economic integration between Asian states.<sup>21</sup> A number of economists have stressed the value of deepening economic and political cooperation as a way to reduce transaction costs, sustain economic growth and manage the increasingly complex regional economy.<sup>22</sup>

Others, however, make the argument that APT cannot be seen as a simple response to greater interdependence. Intra-regional trade among East Asian states actually declined from the end of 1995 onwards, unlike NAFTA where the share of intraregional trade for members rose consistently and accelerated after the signing of the free-trade agreement. This leads John Ravenhill to suggest that closer political collaboration in East Asia has not been driven by

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<sup>19</sup> Mari Pangestu, 'China and Southeast Asian Regional Trade Cooperation', *Panorama*, 2002, no.2, pp.54-68, 63.

<sup>20</sup> Bergsten, *op.cit.*

<sup>21</sup> Jessie P H Poon, 'Regionalism in the Asia Pacific: is geography destiny?' *Area*, vol.33, no.3, (2001) pp.252-260. For a classic statement of the neo-functional perspective see Ernest B. Haas, *The Uniting of Europe: Political, Social and Economical Forces 1950-1957* (Stanford: Stanford University Press, 1958).

<sup>22</sup> Wendy Dobson, 'Deeper Integration in East Asia: Regional Institutions and the International Economic System', *The World Economy*, vol.24, no.8 (August 2001).

growing interdependence, but rather is a calculated response to the regional economic crisis that interrupted a trend of greater integration.<sup>23</sup>

In this view, East Asian regionalism is, at least in part, a defensive response or 'hedge' strategy to parallel developments in Europe and North America. With the expansion of the European Union to include former Eastern Bloc states in 2004, and the likely completion of a Free Trade Area of the Americas (FTAA), Asian leaders have been given a strong incentive to pursue closer relations to give the region balance against the possible development of an exclusive bloc elsewhere. In one view, the APT and its associated economic projects, represent 'counter-regionalism' and contain the potential for the creation of what Ravenhill has called 'a three bloc world'.<sup>24</sup>

Some of this 'counter-regionalism' is undoubtedly driven by resentment towards the West, in particular Washington's slow response to the East Asian economic crisis.<sup>25</sup> Fred Bergsten has said that 'most East Asians feel that they were both let down and put upon by the West' during the economic crisis.<sup>26</sup> Tsutomu Kikuchi has described a post-crisis sense of shared 'humiliation' on the part of Asians as an important motive for East Asian cooperation.<sup>27</sup> Asian regionalism is also being driven by a desire to reduce dependence on 'the [International Financial Institutions] IFIs based in Washington, the authorities of the United States, and the private (predominantly Anglo-Saxon) markets that took their cues from both'.<sup>28</sup> But while this approach has influential proponents (for example, Malaysian Prime Minister Mahathir) the 'balancing' argument need not have entirely negative connotations. As Paul Evans has argued, 'put in its more positive form, there is the argument that East Asia

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<sup>23</sup> Ravenhill, *APEC*, *op.cit.*, p.212.

<sup>24</sup> John Ravenhill, 'A Three Bloc World? The New East Asian Regionalism', *International Relations of the Asia-Pacific*, vol.2, no.2 (2002) pp.167-195. On 'counter-regionalism', see Naoko Munakata, 'Whither East Asian Economic Integration?' Center for Northeast Asian Policy Studies, Working Paper (Washington D.C.: Brookings Institution, 2002), p.2.

<sup>25</sup> Richard Higgott, 'The Asian Economic Crisis: A Study in the Politics of Resentment', *New Political Economy*, vol.4, no.1 (March 1998).

<sup>26</sup> Bergsten, 'The New Asian Challenge', *op.cit.*

<sup>27</sup> Tsutomu Kikuchi, 'East Asian Regionalism: A Look at the 'ASEAN plus Three' Framework', *Japan Review of International Studies*, (Spring 2002) pp.1-23, 2.

<sup>28</sup> Bergsten, *op.cit.*, p. 3.

needs to have a stronger voice in global institutions including the WTO and IFIs'.<sup>29</sup>

Richard Stubbs has argued that APT reflects a desire to advance a uniquely 'Asian' form of capitalism. This 'East Asian form of capitalism', he says 'emphasizes production rather than consumption, and results rather than ideology, and tends to place a premium on market share as opposed to short term profits. East Asian capitalism is also based much more on social obligation and social trust than the rule of law'.<sup>30</sup> A greater sense of solidarity among East Asian states has also emerged as a by-product of the loss of interest in APEC on the part of 'Western' regional players such as Australia and the United States.

A third impetus for East Asian regionalism is an embryonic sense of shared identity. In this view, it is only natural that Asians should come together to discuss matters of concern in the way that European or American leaders do. Pekka Korhonen has pointed to the much greater interest in Tokyo to developing relations with its Asian neighbors, a trend reflected in recent initiatives like the creation of the Miyazawa Fund, its push for an Asian Monetary Fund (AMF) as well as support for the APT.<sup>31</sup> Some writers argue there are common cultural foundations or shared norms that underpin the emerging East Asian region. The 2001 report of the East Asian Vision Group (EAVG) for example, refers to the 'many common historical experiences and cultural norms and values' among East Asian states, and asserted that East Asia is a 'distinctive and crucial region of the world'.<sup>32</sup>

### CHALLENGES FOR TEN-PLUS-THREE

In a very short period of time APT has moved from being an informal set of *ad hoc* meetings attended warily by some participants, to one of the leading forums in Asia. Richard Stubbs has described it as having 'the potential to become the dominant regional institution in East Asia'.<sup>33</sup> The Australian economist Peter Drysdale has gone so far as to call it 'the most important

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<sup>29</sup> Paul M. Evans, 'Between Regionalization and Regionalism: Policy Networks and the Nascent East Asian Institutional Identity', manuscript for a volume, edited by T. J. Pempel, *Remapping Asia* (forthcoming 2004) p.4.

<sup>30</sup> Richard Stubbs, 'ASEAN Plus 3: Emerging East Asian Regionalism?', *Asian Survey*, vol. XLII, no.3 (May/June 2002), p.445.

<sup>31</sup> Pekka Korhonen, *Japan and the Pacific Free Trade Area* (London: Routledge, 1994).

<sup>32</sup> East Asia Vision Group, *Towards an East Asian Community*, p.9.

<sup>33</sup> *Ibid*, p.441.

political development in Asia in the last thirty years'.<sup>34</sup> But while the new East Asian regionalism has taken large strides in a comparatively short period of time, a number of significant obstacles stand in the way of deeper, more formalized cooperation.

First, there are ongoing political and strategic differences between some of the APT's members. For all the warm talk about a shared identity and common vision, there also remain deep suspicions and latent conflicts. Of these, what Nicholas Kristof has called the 'problem of memory' is especially important.<sup>35</sup> Many Asian leaders still clearly recall Japanese militarism and expansionism in Asia during World War II. They remain to be convinced that Japan has come to terms with its actions during the war and are suspicious about Japanese leadership ambitions in East Asia. Incidents like Prime Minister Koizumi's visit to the Yasukuni Shrine in Tokyo, where convicted war criminals are buried along with ordinary soldiers, only reinforce these perceptions and serve to undermine closer regional relations. Related issues like compensation for Korean 'comfort women' and revisionist school textbooks remain an impediment to Japanese-Korean and Sino-Japanese rapprochement.<sup>36</sup>

There are also suspicions across East Asia about the future role of China. These fears reached a peak in the middle of the 1990s when Chinese forces seized the disputed Mischief Reef in the South China Sea and the PLA lobbed missiles around Taiwan prior to the 1996 presidential elections. Since that time, accomplished Chinese diplomacy has seen its relations with Southeast Asian states improve significantly. Beijing has been a skillful participant in regional forums and, with its offer to conclude a free-trade agreement with ASEAN, has gone some way to assuage fears of a hegemonic China dominant over Southeast Asia.<sup>37</sup> But China's sheer size, its proximity and its authoritarian character make it hard for it to dispel all these fears.

A second problem standing in the way of more formalized multilateral cooperation is the extraordinary diversity of the region. Political systems range the entire spectrum from oppressive military regimes to robust liberal democracies, with the majority of states maintaining some kind of illiberal

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<sup>34</sup> Peter Drysdale, personal communication, Institute of Asian Research, University of British Columbia, Vancouver, 11 October 2002.

<sup>35</sup> Nicholas D. Kristof, 'The Problem of Memory', *Foreign Affairs*, November/December 1998.

<sup>36</sup> Gilbert Rozman, 'Flawed regionalism: reconceptualizing Northeast Asia', *The Pacific Review*, vol.11, no.1 (1998) pp.1-27.

<sup>37</sup> See generally, Evan S. Medeiros and M. Taylor Fravel, 'China's New Diplomacy' *Foreign Affairs*, November/December 2003

government. In terms of economic models, a similarly wide range is evident, with everything from centrally planned economies to free-market city-states. The presence of many weak states in the region, both in terms of lacking strong domestic economic and political institutions and accepted territorial boundaries, makes the process of region building extremely difficult.<sup>38</sup> All of these create obstacles when it comes to the pooling of sovereignty usually associated with even modest forms of regional cooperation. This is evident in the senior officials' East Asia Study Group report, which pushed almost all of the more ambitious proposals to come out of the track two East Asia Vision Group into the basket of 'medium and long term measures and those that require further studies'.<sup>39</sup>

This extreme diversity is further exacerbated by the failure of regional leaders to import new regional understandings into their domestic societies. So far there has been no attempt in any of the forms of Asian regionalism to take publics and populations along with government policies. Community building has been statist and socialization has been almost exclusively at the elite level. Even within a well-established regional institution like ASEAN, few Thais or Indonesians consider themselves 'Southeast Asians' in the way that Italians and Swedes consider themselves Europeans. There is as yet no reason to suppose that they will be more likely to consider themselves as East Asians, at least not any time soon. This permits parochial attitudes and prejudices about neighbors to persist, impeding closer regional ties.

A third obstacle concerns the topsy-turvy distribution of economic power and political influence within East Asian institutions. According to one estimate, the combined GDP of the three Northeast Asian economies totals more than thirteen times the GDP of the ten ASEAN states.<sup>40</sup> China is a nuclear power and a permanent member of the United Nations Security Council. Despite that, the APT currently assigns the much weaker ASEAN states a dominant, agenda-setting role in the process. This replicates the situation in the ARF, where ASEAN formally has the 'driver's seat', something that has left many regional states dissatisfied and one that is increasingly resisted by larger regional actors. Mari Pangestu notes that even within ASEAN economic cooperation has been difficult. Given these challenges, she says, 'it is difficult to see that ASEAN can be the focal point in expansion of

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<sup>38</sup> Kikuchi, *op.cit.*, p.15.

<sup>39</sup> East Asia Study Group, *Final Report of the East Asia Study Group*, 4 November 2002, p.4.

<sup>40</sup> Soesastro, *op.cit.*, p.24.

regional cooperation'.<sup>41</sup> For the time being, ASEAN's leadership probably helps matters in that neither China nor Japan have to take on an explicit leadership role. But ASEAN will have to give up influence in APT in the future to let Northeast Asian states play a role commensurate to their economic and political power. So far it has not shown any willingness to do so. Indeed, some ASEAN leaders have expressed concerns about the future of ASEAN within an East Asian framework. Singaporean Prime Minister Goh Chok Tong, for example, has said of the East Asian Summit idea, 'I myself would not recommend a hasty evolution. I would recommend a gradual move to that because it has impact on ASEAN'.<sup>42</sup> The November 2002 report of the East Asian Study Group (EASG) prepared by APT senior officials concluded that 'discussions have also revealed concerns that ASEAN may be marginalized if the transition towards an [East Asian Summit] moves too fast'.<sup>43</sup>

A final potential complication concerns the attitude of the most important non-member of the APT, the United States. While many Asian governments are putting greater emphasis on developing links with their neighbors, bilateral relationships with the United States remain the most important for most countries in the region. This is particularly the case in Northeast Asia where the US is the single most important relationship for China, South Korea and Japan. In Southeast Asia, the 'war on terrorism' has prompted closer diplomatic and military relations between Washington and several regional partners.<sup>44</sup> While new dialogue mechanisms are welcomed by regional leaders, all recognize that the bilateral alliance system remains the most important security structure in the region. East Asian states, including China, continue to defer to Washington for leadership in responding to regional security crises such as North Korea's nuclear program.

Washington's attitude to proposals for any East Asian regional institution will be critical in determining their prospects. The last time a plan for the creation of an East Asian institution was put forward was in 1990 when Prime Minister Mahathir advanced his vision of an East Asian Economic Group—a self-consciously 'Asian' group that excluded the United States by design. This was watered down and renamed after the United States objected to what

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<sup>41</sup> Pangestu, *op.cit.*, p.63.

<sup>42</sup> Transcript of remarks to the media by Prime Minister Goh Chok Tong, on the discussion of the ASEAN+3 Summit, 24 November 2000.

<sup>43</sup> East Asia Study Group, *Final Report of the East Asia Study Group*, 4 November 2002, p.5.

<sup>44</sup> David Capie, 'Between a Hegemon and a Hard Place: The "War on Terror" and Southeast Asian-US Relations', *The Pacific Review*, vol. 17, no.2 (forthcoming 2004)

Secretary of State James Baker called ‘drawing a line down the Pacific.’ Extensive US pressure on Japan and South Korea effectively killed the EAEG plan.<sup>45</sup>

To date, there has been little reaction from Washington to developments with the APT, despite the fact that the current Bush administration contains many of the same officials who opposed the EAEG in 1990. What comment there has been has been quietly supportive. In the words of one analyst the US has taken a position of ‘benign neglect’.<sup>46</sup> Assistant Secretary of State James Kelly has called APT ‘an interesting development’ and ‘a very healthy kind of dialogue within East Asia’.<sup>47</sup> US Trade Representative Robert Zoellick has said the US welcomes closer regional integration in Asia and ‘is not worried about exclusion’ from any East Asian economic institution.<sup>48</sup> Whether this cautiously supportive attitude continues remains to be seen. One regional survey concludes that ‘US policymakers seem wary of the potential for ASEAN +3 to become an anti-US bloc, on both political and economic fronts’.<sup>49</sup> Based on the stated views of some American officials it seems likely Washington would oppose any institution that provided China with a vehicle to dominate East Asian politics. If the US were to take a more disapproving attitude to East Asian regionalism it could certainly make it extremely difficult for allies like South Korea and Japan to move ahead with closer ties on an East Asian basis.

Whither East Asian regionalism? Is APT a harbinger for a new kind of economic and political order in Asia, or simply the creation of another regional talk shop? For the time being the prospects seem mixed. Some see ‘monetary regionalism’ as a sign that a more ambitious and formal political and trade agenda will follow. Others see the sheer number of competing Chinese and Japanese proposals for regional free-trade arrangements as a gloomy sign, noting ‘It is difficult to avoid the rather depressing conclusion that the name of the game is national rivalry and vying for regional influence rather than sinking

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<sup>45</sup> According to Ravenhill, Secretary of State James Baker told South Korean Foreign Minister Lee Sang Ock ‘Malaysia didn’t spill any blood for this country, but we did.’ Ravenhill, *APEC*, *op.cit.*, p.94.

<sup>46</sup> Drysdale, personal communication.

<sup>47</sup> ‘Dialogue’ Transcript of Assistant Secretary of State James Kelly’s statement on the Upcoming ASEAN Regional Forum, US Embassy, Tokyo, 18 July 2001.

<sup>48</sup> ‘Dialogue’ Transcript of USTR Robert Zoellick’s press conference, US Embassy, Tokyo, 11 April 2002.

<sup>49</sup> Brookings Institution, *Northeast Asia Survey 2001-2002*, (Brookings Institution, Washington DC, 2002) p.90.

national differences.<sup>50</sup> Even sympathetic regional scholars conclude that ‘the development of ASEAN + 3 will be modest in speed and scope, and warn that regional integration will be undermined by ‘the practice of talking regionally and acting unilaterally’.<sup>51</sup> Generally speaking, however, if opinions differ about the likely scope of the APT agenda and the pace at which it will proceed, there is widespread agreement that intra-Asian cooperation is here to stay and will only become more important in the future.

### **EAST ASIA AND THE ASIA-PACIFIC: RIVAL REGIONS?**

Assuming East Asian regionalism does continue to move forward, even at a modest pace, it raises the question of what these new dialogues will mean for the region’s existing ‘alphabet soup’ of trans-Pacific institutions. This means not only APEC and the ARF but also ASEAN itself.

Any analysis along these lines must remain largely in the realm of speculation. It is simply too soon to discern the form that regional cooperation will take in Asia in the future. There is certainly little agreement among the economists and political-economists over the likely direction of regional economic cooperation. Some see East Asia as propagating and defending a unique form of capitalism or moving towards exclusive regionalism without the United States, while others see the growth of cooperation as part of a natural adjustment to globalization.<sup>52</sup> Paul Evans has likened this literature to a ‘Rorschach test that tells us as much about the observer as the phenomenon’.<sup>53</sup>

Critical examination of the rhetoric of East Asian regionalism indicates that supporters have been careful to couch their goals in terms that sound open and engaged with the rest of the world and complementary to existing arrangements. In terms of economic cooperation, officials always stress that the agenda is consistent with earlier ideas about ‘open regionalism.’ Gone is the exclusive language of Prime Minister Mahathir’s EAEG proposal. There are no hints of a new Fortress Asia or of drawing a line down the Pacific. The EAVG report describes an East Asia pursuing the objective of ‘economic

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<sup>50</sup> Anthony Rowley, ‘Will it take a war to unite East Asia?’ *Business Times*, 25 July 2002.

<sup>51</sup> Kikuchi, *op.cit.*, pp.21, 22.

<sup>52</sup> Stubbs, ‘ASEAN Plus 3: Emerging East Asian Regionalism?’; Paul Bowles, ‘Asia’s Post-Crisis Regionalism: Bringing the State Back In, Keeping the (United) States Out’, *Review of International Political Economy*, vol.9, no.2 (May 2002) pp.230-256; Dobson, ‘Deeper Integration in East Asia’, *op.cit.*

<sup>53</sup> Evans, ‘Between Regionalization and Regionalism’, *op.cit.*, p.7.

integration through the liberalization of trade and investment'.<sup>54</sup> It urges the adoption of a liberalization agenda that is more ambitious than that laid out in APEC's Bogor Declaration including the creation of a region-wide EAFTA. While the report recognizes that 'growing regionalism elsewhere has created the need for East Asia to pay more attention to securing regional common interests in the multilateral trading arena,' it also recommends that any 'regional integration arrangement should be consistent with World Trade Organization (WTO) agreements'.<sup>55</sup>

The substance of the APT agenda to date also reflects this engagement. The Chiang Mai currency-swap initiative was structured in such a way as to be a regional supplement to the International Monetary Fund, and not a separate fund as some states—for example, Malaysia—had hoped.<sup>56</sup> Ninety per cent of any funds disbursed by the CMI are to be conditional on the acceptance of conditionalities imposed by the IMF.<sup>57</sup>

Similarly, whatever discontent exists towards the United States because of its perceived slow response to the Asian economic crisis, there have not been calls for an exclusive economic arrangement. As John Ravenhill has argued, if a 'greater sense of East Asian identity [exists] post-crisis, for many governments of the region such a development need not come at the expense of linkages with extra-regional partners. The potential for the development of a closed East Asian economic bloc is no greater five years after the crisis than it was before'.<sup>58</sup>

Proponents of East Asian regionalism are also conscious of the need to avoid duplication at the governmental level. In terms of competing with established institutions, the EAVG report calls for the creation of an East Asian Summit and 'the institutionalization of regional dialogues including regular meetings of foreign ministers'.<sup>59</sup> It says 'sub-regional security dialogues shall be encouraged where appropriate,' a subtle reference to the only Asian sub-region bereft of a dialogue forum—Northeast Asia.<sup>60</sup> But despite this, the report also notes that '[w]e must ... avoid duplication of the work of other

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<sup>54</sup> *Towards an East Asian Community: Region of Peace, Prosperity and Progress* [hereafter *EAVG Report*], p.13.

<sup>55</sup> *EAVG Report*, pp.13-14.

<sup>56</sup> Kikuchi, p.8.

<sup>57</sup> *Ibid.*

<sup>58</sup> Ravenhill, 'A Three Bloc World?', p.193.

<sup>59</sup> *EAVG Report*, p.20.

<sup>60</sup> *Ibid.*, p.21.

related organizations and regional frameworks and instead complement their contributions.<sup>61</sup>

Traditional national security issues, however, seem to be one area where existing arrangements will retain their importance. There is no doubt that security dialogue will be a part of any future East Asian regional institution, even if it does not formally appear on the agenda. Indeed, according to some regional officials, the quality and intensity of discussions on the margins of APT is already equivalent to discussions that take place at the annual APEC Leaders Meeting.<sup>62</sup> Despite this, the architects of East Asian regionalism have focused predominantly on a non-traditional security agenda, urging cooperation and consultations on mechanisms for addressing ‘piracy, drug-trafficking, illegal migration, smuggling of small arms, money laundering, cyber crime, international terrorism and other issues affecting human security’.<sup>63</sup> There has been a great deal of caution about expanding beyond a non-traditional security agenda. Regional sensitivities among members of the APT are one reason, but others have expressed the concern that including security discussions might provoke Washington or undermine the US presence in the region.<sup>64</sup>

This attitude may change slowly over time, as regional states develop a level of comfort in their interactions. It was noteworthy that China and ASEAN agreed to conclude their November 2002 agreement on a Code of Conduct for the South China Sea at the APT meeting in Phnom Penh.<sup>65</sup> This despite the fact that such agreements had been explicitly ruled out as a topic for discussion under the rubric of the APT only a short time earlier. However, it seems likely that for the time being at least, the ARF, for all its limitations, will remain the focus of hard security dialogue in the region. Proponents of East Asian regionalism recognize this and the EAVG report actually urges governments to ‘strengthen the ASEAN Regional Forum so that it can serve as a more effective mechanism for cooperative security’.<sup>66</sup> However uneasy some East Asian states may be about a more assertive and unilateral United States in the wake of the war in Iraq, there is nothing in the APT process that suggests the development of any mechanisms that could rival the importance of the bilateral alliances.

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<sup>61</sup> *Ibid.*, pp.11-12.

<sup>62</sup> I am grateful to Paul Evans for sharing this insight with me.

<sup>63</sup> *EAVG Report*, p.21.

<sup>64</sup> Kikuchi, *op.cit.*, p.13, fn11.

<sup>65</sup> John Ruwitch, ‘China expects sea code of conduct with ASEAN’, Reuters, 28 October 2002.

<sup>66</sup> *EAVG Report*, pp.20-21.

## CONCLUSION

This chapter makes three broad arguments. The first is that intra-Asian regional cooperation is a new and significant component of the region's security and economic architecture. A common theme in almost every analysis of the emerging East Asian regionalism is that it is too soon to know for sure what form East Asian regional arrangements will take and how they will be institutionalized. What is not disputed, however, is that intra-Asian regionalism is here to stay. Whether organized as APT or an East Asian Summit, with or without Australasian membership, regional interactions among the states of East Asia are certain to continue and seem likely to develop further.

Second, while interactions among East Asian states will increase, progress will be evolutionary rather than revolutionary and political and strategic obstacles will prevent the fulfillment of the more ambitious goals that have been set for the process, at least in the foreseeable future. If a shared East Asian identity is emerging through interaction and socialization, then it remains extremely fragile. Even leaving aside the extraordinary number of practical challenges in the way of forging deeper economic integration between East Asian states, the problem of memory and deeply established regional norms against formal institutionalization will make pooled sovereignty or a more structured political community impossible in the short and medium term. As it tries to progress beyond dialogue towards greater regional functional cooperation, APT is encountering the same challenge that ASEAN has confronted in Southeast Asia since 1997: how to reconcile norms of 'soft institutionalization' and non-interference with effective and wide-ranging regional cooperation. ASEAN's inability to successfully create a formula to do just that does not auger well for the larger and more diverse APT.

Finally, while there is some potential for duplication in the tasks performed by new East Asian institutions and their Asia-Pacific counterparts, the former is unlikely to eclipse the latter for some time to come. Partly, this is because East Asian institutions will only develop slowly. Also, despite their problems, Asia-Pacific institutions such as APEC and the ARF remain attractive and useful for many East Asian states. In particular, trans-Pacific multilateral institutions will retain their comparative advantage in the area of security. While dialogue on the margins of the APT will continue and intensify, it is unlikely that its formal agenda will reflect hard security issues for some years. Rather, the APT process seems content for the time being to address the significant number of non-traditional security threats that trouble the region. As a result, what we are likely to see in the next few years is not the creation of

rival regions in East Asia and the Asia-Pacific, but the development of a set of multiple and overlapping regional arrangements which will help build confidence, but which will not dramatically transform the existing regional order.