



Session I: Regional Architecture

Great Powers and the Regional Architecture in Asia Pacific

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The Asia-Pacific regional architecture has been evolving constantly and rather dramatically since the late 1980s. The past two decades have witnessed the emergence of the Asia-Pacific Economic Cooperation (APEC), ASEAN Regional Forum (ARF), ASEAN+3 (APT) and the East Asia Summit (EAS). In addition, we have had the proposed East Asia Community (EAC), Asia Pacific Community (APC) and the suggestions about turning the ad hoc Six-Party Talks on North Korea into a permanent Northeast Asian security institution. Meanwhile, Japan, China and South Korea have had their trilateral leaders' summit since 2008.

Most of the regional institutions were not initiated by the three most important states in the region, the United States, China and Japan. These states nevertheless have played a key role in the emergence and development of the regional architecture represented by these institutions. Headley Bull distinguishes three kinds of order in world politics. They are 'order in social life' (essential elements of human relations) 'international order' (order between states in a system or society of states) and 'world order' (order among humankind as a whole). World order is more fundamental and primordial than international order. However, the regional architecture that we have been talking about is still largely based on international order. According to Bull, the responsibility for sustaining international order belongs to the great powers and is achieved by managing their relations with one another.

Great powers and the emergence of regional institutions

Historically, the Asia-Pacific region was particularly weak in terms of regional cooperation and integration, or regionalism. The 'institutional deficit'—the absence of institutionalised regional intergovernmental collaboration—was obvious and not surprising. After all, the two hot wars during the Cold War years were fought in East Asia and the great powers came to direct conflict in both of them. The Chinese, with the support of the Soviets, shed blood against the Americans in the Korean War while both the Chinese and Soviets supported the Northern Vietnamese against the Americans in the Vietnam War. The only area in the Asia-Pacific region where we did see regional intergovernmental collaboration was Southeast Asia. And their effort was to exclude external influence, mainly the influence of great powers.

Asia-Pacific regionalism gained momentum after the mid-1980s when Japan was forced to appreciate its currency Japanese Yen against US dollars. Sectors of

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Japanese industry feared that Japan would no longer be competitive internationally. It thus became necessary for Japanese companies to expand their investment in other Asian countries to obtain cost advantages. This contributed to the increase of the share of intra-East Asian trade in the total trade of East Asian economies – from 35 per cent in 1980 to close to 50 per cent in 1995. In Asia Pacific, the ration of intra-regional trade climbed from 57 per cent to 75 per cent in the same period. The increased economic interactions stimulated the interest of regional intergovernmental collaboration in coping with the problems arising from growing trade and investment flows.

Closer regional intergovernmental collaboration was necessary also due to the changes of US foreign policy in the wake of the end of the Cold War. With its clear military superiority and the absence of an overshadowing security threat on one hand and economic problems at home on the other, Washington became less interested in maintaining open markets for its East Asian trading partners after the end of the Cold War. The concerns of East Asian, and Oceanic, countries over their access to the US market deepened after the signing of the North American Free Trade Agreement (NAFTA) and the establishment of the single internal market in Europe, both in 1992. The governments of East Asia and Oceania perceived the new regionalism in other parts of the world as threat to their economic interests. They thus became interested in establishing institutions to promote governmental collaboration in the region, in particular, the launch of the APEC which was proposed by Australia. Other considerations included possible US withdrawal of its forces from the region. Increased enmeshment of the United States in the regional economy would encourage it to stay involved in regional security matters.

In the case of the ARF, its creation was a response to the perceived risks of the emergence of a regional power vacuum following the end of the Cold War and the desire to foster security cooperation. Possible reduction of US commitment to the region and the rise of China were key factors. China was historically a dominant power in the region. It has territorial disputes with a few ASEAN members over the South China Sea. Despite its cordial relationship with China, ASEAN remained wary of China's increasing influence in East Asia. The ARF was an effort to involve China in multilateral security arrangements in the region and to maintain a power balance by ensuring a continued US involvement in the region.

The ARF was also ASEAN's attempt to consolidate its role as a leading regional institution by expanding to the Asia-Pacific and beyond for security discussion. ASEAN members' political and security concerns were soon overshadowed by the 1997 Asian Financial Crisis. The crisis created a regional sense of 'us' and 'them'. The International Monetary Fund (IMF) did come to East Asia's rescue, but its role was controversial. Meanwhile, it appeared that the United States had 'deserted' the region. Such frustration and disappointment contributed to the emergence of APT. In December 1997, leaders of APT held their first meeting in Kuala Lumpur. APT is a forum that functions as a coordinator of cooperation between ASEAN and three Northeast Asian states China, Japan and South Korea.

While China has been enthusiastic with APT, Japan became uneasy with China's growing influence in East Asia. In 1995, China imported goods valued at a modest US\$9.4 billion from the ASEAN 5. Japan imported almost five times more at US\$45 billion. However, between 1995 and 2000, Chinese imports from the ASEAN 5 grew at a rate six times faster than Japanese imports from the same group. Tokyo was concerned that China's growing influence in the region might eclipse Japan's influence. When China announced in November 2000 that it would negotiate with ASEAN for a free trade agreement (FTA), Japan was shocked to action and

subsequently jumpstarted its FTA talks with ASEAN. Since then, Japan has been aspiring to become Asia's 'thought leader'.

In the 2002 Joint Declaration of ASEAN-Japan Summit, Japan supported the idea of an ASEAN+3 FTA. Subsequently, it turned itself into a strong supporter of the EAC, arguably as a strategy to deal with the rise of China. The attempt became clear when Japan, with the support of some ASEAN states, insisted that the membership of the proposed EAS be extended to include India, Australia and New Zealand. It is believed that the underlying reason was the concern that under the APT arrangement, there was no potential counterbalance to China's physical size and projected growth. India had for many years viewed China as the 'No 1 enemy' and has a population close to that of China while Australia and New Zealand are believed closer to Japan in terms of values.

Great powers and the development of regional institutions

The United States

While APEC was partly an effort to ensure US continued commitment to the region, both economically and in terms of security, Washington initially expressed scepticism. However, when it became clear that the idea of forming a regional economic grouping was gaining momentum and the grouping was being formed, Washington decided to take leadership. Hence the first APEC summit in Seattle in November 1993, which was a major boost to the status of APEC. For Bill Clinton, who was known for his 'It's the economy, stupid', APEC was potentially important as US association with the fastest-growing economies of Asia would help to revitalise the US economy.

Security wise, the United States has been supportive of the ARF not only because the ARF would not affect its close alliances with South Korea and Japan but also because it would integrate these two key allies into a common cooperative framework. It is no secret that Japan and South Korea have disagreements over the history issue and that they still have territorial disputes. Furthermore, the ARF was seen as an appropriate way for the region to deal with the security uncertainties posed by reduced US commitment and the rise of China.

On the other hand, as the only superpower, US support for regionalism has been limited. The world could be divided into several important regions, including Europe, Middle East, East Asia, North America and South America. The United States plays a key role in all these regions. It does not want to be locked out of any region. In this sense, American policy can be anti-regionalism. Washington is more supportive of super-regional proposals such as APEC as such proposals would reinforce US presence and could undermine any serious local moves towards 'fortress' regionalism.

For that reason, the United States has been less supportive of or even opposed more local regional institutions such as EAS. The idea of EAS originated in Malaysian Prime Minister Dr Mahathir Mohamad's 'East Asia Economic Group' (EAEG) which was proposed in 1990. However, the idea of an East Asian grouping without the United States worried Washington. It urged Asian countries to embrace instead APEC. Years later, in his memoirs, US Secretary of State James Baker III revealed that 'In private I did my best to kill it [EAEG].'

Mahathir's idea of EAEG was later transformed into today's EAS. For some years, Washington showed little interest in joining it. This was partly because it was wary of the possible constraints as an EAS member. To become a member, the United States, like other countries, must first sign the ASEAN's Treaty of Amity and

Cooperation (TAC). Washing was concerned that the treaty might limit its naval movements in wartime. In the eyes of ASEAN members, however, this was just another example of US neglect of Southeast Asia. The new Obama administration decided to boost the US standing in the region, at least symbolically. Thus on 22 July 2009, Washington signed the TAC and paved the way for it to join the EAS.

China

China opened up in 1978 and decidedly transformed its socialist planned economy to an export-oriented market economy. It thus was a strong supporter of the APEC. The ARF was a different story however. Beijing was concerned about a range of issues, such as US dominance, the internationalisation of the Spratly Islands dispute and ASEAN's united stance against China on the issue, the inclusion of the Taiwan issue and the issue of military transparency. A Chinese perception was that the forum was created to check its power and limit its strategic choices. Beijing decided to join the ARF in the end mainly because it recognised the 'unstoppable trend' of multilateral security cooperation mechanism in Asia Pacific. Non-participation would result in China's isolation and increased suspicion from its neighbours while to participate in the forum would enable China to shape the development of the forum from within.

In terms of the EAS, China initially was reluctant to support extended EAS membership, particularly for India and Australia. Although it changed its position before long, Beijing continues to emphasise the core role of APT in building the EAC. Like its acceptance of the ARF, China's acceptance of extended membership of the EAS and its support for the EAC should be understood against the background that China had been painstakingly rebutting 'China threat' theories. China vowed not to dominate the EAS, saying it would support ASEAN in the driver's seat in the evolution of the EAC. Its decision to negotiate an FTA with ASEAN was part of its effort to address ASEAN's concerns over China's rise.

China's active engagement with its neighbours also reflects a new trend in its foreign policy. While considerations of national interest and *realpolitik* still play a dominant role, Chinese foreign policy since the end of the Cold War has experienced major changes in a liberal direction. Evidence of these changes include the expanded number and depth of China's bilateral relationships, new trade and security accords, deepened participation in key multilateral organisations, widening acceptance of many prevailing international rules and institutions and efforts to help address global security issues. China is genuinely interested in being perceived as a responsible great power.

Japan

As indicated earlier, Japan was keen on regional economic cooperation in the late 1980s and early 1990s when North America and Europe substantially strengthened their economic regionalisation. APEC thus served Japan's economic interest. Indeed, it is observed that APEC was the product of Australian-Japanese cooperation.

Tokyo was also supportive of a regional security mechanism like the ARF. Due to its militant history, Japan is restrained on regional security issues. The ARF would help address its security concerns like Taiwan and North Korea issues and, more importantly, its strategic concerns about China. The forum would also enable Japan to deepen its political relationship with ASEAN.

However, Tokyo's vision of regionalism was often limited by its relations with the United States. Japan was sympathetic with Dr Mahatir's vision of an East Asian economic grouping but was reluctant to support it publicly mainly because of US

opposition. As late as 2006, while pledging to improve its relations with neighbouring countries, Tokyo continued to emphasise that its foreign policy guideline was 'US first, Asia second'. Japan's West-oriented foreign policy ran against the reality that its economy was increasingly linked with East Asia and the general belief that its future lied in East Asia. It also caused division among East Asian nations with regards to the future architecture of East Asia. Which should be the prime mover for creating the EAC, APT or the larger EAS?

An Asia Pacific Community?

In his 4 June 2008 address to the Asia Society AustralAsia Centre in Sydney, Australian Prime Minister Kevin Rudd declared that 'It's time to build an Asia Pacific Community'. The APC idea has its logic, rationale and value. It is based on the observations that the Asia-Pacific region today is 'in immense flux' and is becoming 'the center of gravity of global economic and strategic weight in the 21st century' and that 'many countries in the region are experiencing significant economic, social, and political change these days.' The region's 'biggest challenge' is, according to Rudd, 'to manage the inevitable stresses and strains these forces produce and their shifting economic and strategic contours.' A key pressure is the evolution of the US-China relationship. There are 'a host of other pressures', including increasing potential for regional competition over power and territory, and over scarce resources—such as oil and gas, water and food—and the challenges created by pollution and energy security.

Rudd has come a long way in promoting his idea in the region. Most importantly, he has become more nuanced and was careful not to sideline ASEAN. As demonstrated above, the three great powers are not necessarily initiators of regional institutions. Australia did play an indispensable role in this respect. Due to mutual distrust, the great powers were inclined to let ASEAN stay in the driver's seat. However, for any regional mechanism to move forward, it needs the support, active or passive, of the great powers.

Both the United States and Japan have kept silent about the proposed APC. In principle, Washington should feel reasonably comfortable with the proposal. As mentioned earlier, the United States prefers super-regional structures to local regionalism which may exclude direct US involvement. However, the proposal has the potential of restraining the only superpower. Washington therefore has adopted a wait-and-see stance. Even if Washington was fond of the proposal, it would not be wise for it to voice its strong support and enthusiasm at this stage as it would simply deepen Chinese suspicion.

Japan and Australia are often seen as 'natural partners' in the region and the APC idea is in line with Tokyo's strategic interest of dealing with the rise of China in a multilateral mechanism. However, Tokyo is sensitive to Chinese perceptions of Japan ganging up with its allies against China. Also, the proposal does not bode well with the new DPJ (Democratic Party of Japan) government's determination to have a more independent, Asia-oriented foreign policy. It is no surprise that Japan's new Prime Minister Yukio Hatoyama pushed the rival EAC at the fourth EAS in Thailand in October 2009.

China has stated that time is 'not ripe' for the APC. This does not necessarily mean that China is set to oppose the idea for the foreseeable future. As demonstrated above, in its attempt to soften other countries' perceptions of a rising China, Beijing has made a great effort to avoid being an isolated, stubborn obstacle to any regional mechanism. Yet, China's focus remains on APT. Beijing accepted, reluctantly, the inclusion of India, Australia and New Zealand in the EAS and has

been much less enthusiastic than Japan in moving the EAS. A much more inclusive regional architecture like APC is not of Beijing's real interest.

Australia is likely to continue to push for the acceptance of APC. However, the three great powers are unlikely to lend their strong support for the idea in the near future.

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