

The Role of Regional Powers in East Asian Community Building

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《Abstract》

After the 1997 Asian financial crisis there has been various effort of region-building across East Asia. In 2003, at the Bali Summit, the region's leaders announced their intent to create an East Asian Community (EAC), supported by three pillars: a security pillar, an economic pillar and a socio-cultural pillar. As these countries have sought closer collaboration they have encountered the difficult challenge of how to integrate their disparate states with different needs, capacity levels and worldviews into a coherent whole.

Undoubtedly, the shape of East Asian Community will be largely determined by the interaction of the policies of the regional powers such as Japan, the United States, and China. The aim of this paper is to examine the role of regional powers in East Asian Community Building. Different powers have their own national interests and policies, and hence have different impacts on the building of EAC. With the discussion of their roles in the process of building, the prospect and challenge of East Asian Community will also be presented.

The Role of Regional Powers in East Asian Community Building

After the 1997 Asian financial crisis there has been various efforts of region-building across East Asia. In 2003, at the Bali Summit, the region's leaders announced their intent to create a community, supported by three pillars: a security pillar, an economic pillar and a socio-cultural pillar.¹ As these countries have sought closer collaboration they have encountered the difficult challenge of how to integrate their disparate states with different needs, capacity levels and worldviews into a coherent whole.

Undoubtedly, the shape of East Asian Community(EAC) will be largely determined by the interaction of the regional powers such as the ASEAN, China, Japan, and the United States. The purpose of this paper is to examine the role of regional powers in the process of East Asian Community Building through the balance of threat theory. For East Asian countries, threat plays an important role in their attitudes toward the building of an East Asian Community. Different regional powers have their own national interests and policies, and hence have different impacts on the building of EAC. Since there are many different regional mechanisms proposed (including some Track II dialogues), this paper will just sketch up the general development of the proliferation of regional organization instead of detailed description of individual organization. The concept of East Asia comes from what East Asian Economic Grouping (EAEG) had defined in 1990. As for the part of regional powers, China, Japan, US, and the ASEAN will be under discussions. In this paper theory is employed just as a lens to examine the role of regional powers, hence it will be briefly sketched instead of detailed discussion.

This paper will start with the illustration of the balance of threat theory and its related hypotheses. Then, it will make a short introduction of the rise of regionalism in East Asia. Next part is the outlining of East Asian regional architecture. The fourth section will explore the role of the regional powers in the process of building. Finally, the conclusion will be presented by testifying the hypotheses in the first section.

Background and the Framework

The end of the Cold War didn't bring an end of Communism in Asia; however, it did help to foster the regional integration in this area. What contrasts Asia with other areas is its diversity not only in its local states but also in its regional developments. One can witness the bilateralism and

¹ Declaration Of ASEAN Concord II (Bali Concord II), <http://www.aseansec.org/15159.htm> (Feb.1, 2010)

and multilateralism, Asia Pacific regionalism vs. Asian regionalism, and various subregional architectures. Generally, when talking about integration, one may think of the integration theory or new institutionalism, and even the constructivism. However, in East Asia, upon the initial phase of regional integration, state still has its primary role in shaping the development of the integration. National interests rather than regional integration is the top priority of state. When national interest is under threat, a state will respond with necessary means to prevent its interest from being damaged.

In balance of power theory, balancing and bandwagoning are usually framed solely in terms of capabilities, but power is not the only one capability. In fact, “states tend to ally with against the foreign power that poses the greatest threat.”¹

Because balancing is more accurately to be viewed as a response to threats, the factors that will affect the level of threat are more important in this discussion. According to Walt, there are four sources of threat: aggregate power, geographic proximity, offensive power, and aggressive intentions.²

In East Asia, with the geographic proximity, various degree of conflicts happened all the time in history. Moreover, the diversity in culture, political regimes, and economy makes a sharp contrast among states. Especially after the rise of China, with its population, land, and markets, it brings the so-called “China threat”. Even if China proposes a peaceful rise, the neighboring states still concern about its intent. As a result, the author will try to utilize the following hypotheses³ from Walt to testify the role of regional powers in the East Asian Community building.

Hypothesis I: The greater the threatening state’s aggregate power, the greater the tendency for others to align against it.

Hypothesis II: The nearer a powerful state, the greater the tendency for those nearby to align against it. Therefore, neighboring states are less likely to be allies than are states separated by at least one other power.

By exploring the rise of East Asia regionalism and characteristic of East Asia, together with the general introduction of regional development, the interactions among regional powers can be examined through the approach of balance of threat theory to check the hypotheses proposed in this part.

¹ Stephen M. Walt, *The Origins of Alliances* (N.Y.: Cornell University Press, 1987), 21.

² *Ibid.*, p.22

³ *Ibid.*, p.32

The rise of East Asia regionalism

Compared to Europe and North America, East Asia stands out as an interesting exception in the second wave of regionalism because, before the mid-1990s, there is virtually no commercial agreement of any kind existing among East Asian states.¹ The catalysts to East Asian regionalism are multiple and interactive. Three factors can be attributed to the development in East Asia: the end of Cold War, the Asian Financial Crisis, and the rise of China. These factors not only trigger the development of East Asia regionalism, but also shape the attitudes of the regional powers toward the concept of East Asian Community building.

1. The end of the Cold War

The end of the Cold War and the moderation of ideological tensions that preceded it signified four important changes in Asia:²

1) East Asia's export-oriented economic dynamism replace the divisions of global ideological struggle as the focus of the political attention.

2) Some of the Cold War divisions in East Asia and the constraints on regionalism have been lifted. ASEAN's expanded its membership to include the previously excluded countries of mainland Southeast Asia is testimony to this.

3) In the post Cold War era, some Asian states concerns that the United States may not stay constructively engaged in East Asia but rather withdraw or significantly diminish.³

4) With the end of the Cold War, the United States, its allies, and former communist enemies are more willing to consider cooperative regional security arrangements as a supplement to the hub and spokes system.⁴

As a consequence, the end of the Cold War plays an important part in the process of the development of East Asian regionalism.

¹ Edward D. Mansfield and Helen V. Milner, eds., *The Political Economy of Regionalism* (New York: Columbia University Press, 1997), 322.

² Malcolm Cook, "The United States and the East Asia Summit: Finding the Proper Home," *Contemporary Southeast Asia* 30, no.2 (2008): 298.

³ E. Goh, "Great Powers and Hierarchical Order in Southeast Asia: Analyzing Regional Security Strategies", *International Security* 32, no. 3 (2007/08): 152.

⁴ D.C Blair and J.T. Hanley Jr., "From Wheels to Webs: Reconstructing Asia-Pacific Security Arrangements", *Washington Quarterly* 24, no. 1 (2001): 7-17; and E. Goh, "The ASEAN Regional Forum in United States' East Asian Strategy", *Pacific Review* 17, no. 1 (2004): 47-69.

2. The Asian Financial Crisis

Undoubtedly, the Asian Financial Crisis in 1997 and the subsequent role of the IFIs and the USA had profound influence on East Asian views about the global economy and the region's relationship.¹ In particular, the crisis highlighted the ineffectiveness of both APEC and ASEAN in their current forms. To seek an alternative, stronger pathway of regional economic cooperation became a must. Hence, the Asian Financial crisis served as an impetus for the later economic cooperation and the linking of the Northeast Asian powers with Southeast Asia in ASEAN+3. It generated far-reaching consequences for the restructuring of the political economy of this region.² The regional powers also adopted more positive attitudes toward the building of an East Asian Community.

3. The rise of China

Although the Cold War never ended completely or neatly in East Asia, the region has experienced a profound geoeconomic transformation in the post-Cold War era. China has been at the center of this transformation.³

As China became a leading market and production networks became more tightly integrated, the focus has been shifted to a stable and institutionalized solutions to cope with the problems of reducing transaction costs and strengthening the investment climate across the region. In the wake of China's economic, political, and military rise, it becomes urgent to build an East Asian community that could accommodate China a rules-based system at both the regional and global levels.⁴ With this, China, as a responsible regional power, may transform not only its foreign policy but also the geopolitical and geoeconomic landscape of Asia, especially Northeast Asia. "Within the wheel of emerging East Asian regionalism, China serves as the hub power and has managed to radiate a series of cooperative bilateral and mini-multilateral spokes."⁵

Characteristics of East Asia

Unlike the European integration, East Asia is distinctive in three aspects in the process of regional integration. They are diversity in this region, simultaneous development of bilateralism and multilateralism, as well as the rare coexistence of two regional powers.

¹ Mark Beeson, *Regionalism and Globalization in East Asia: Politics, Security and Economic Development*, (New York: Palgrave Macmillan, 2007), 229

² Samuel S. Kim, "Regionalization and regionalism in East Asia," *Journal of East Asian Studies* 4(2004): 47

³ *Ibid.*, 53

⁴ Naoko Munakata, *Transforming East Asia: The Evolution of Regional Economic Integration*, (Washington, D.C.: Brookings Institution Press, 2006), 12

⁵ Samuel S. Kim, "Regionalization and regionalism in East Asia," 52

First, the region’s diversity can be expressed in the categories of culture, political freedom, and economic development. For the cultural part, East Asia still embodies a high degree of historical and national animus because many bloody wars have occurred within this area. Those countries such as Singapore, Malaysia, and Indonesia (and also China), which promote the so-called “Asian values”, are multicultural, multireligious, and even multiethnonational. In fact, the defining feature of East Asia is linguistic, cultural, and religious diversity.

As for the political domain, the East Asian political regimes range from democracies to illiberal democracies, to states where a traditional monarch remains a political force, to outright authoritarian states. (see table 1) Freedom House’s latest (2010) annual survey and ranking spotlight an even distribution of sixteen East Asian countries on a “freedom rating”: five as “free” (Indonesia, Japan, Mongolia, South Korea, and Taiwan); seven as “not free” (Brunei, Burma [Myanmar], Cambodia, China, North Korea, Laos, and Vietnam); and four as “partly free” (Malaysia, the Philippines, Singapore, and Thailand).¹ With a region where actors are operating under such different assumptions about governance, reaching a consensus on regional institutions—particularly those that might have an impact on domestic rule—is certainly difficult.²

Table 1. East Asia and the USA: comparative data

Country	Area (000 sq km)	Population (million)	GDP (US\$ bn)	GDP Per capita (US\$)	Government	Main religion
Burma	676,578	59.981	26.52	442.193	Military dictatorship	Buddhism
Brunei	5,765	0.401	14.695	36,680.79	Constitutional monarchy	Islam
Cambodia	181,035	13.941	10.901	781.906	Constitutional monarchy	Buddhism
China	9,596,961	1,334.30	4,757.74	3,565.73	Communist	Atheist/Taoist
Indonesia	1,904,569	231.547	514.931	2,223.88	Democracy	Islam
Japan	377,915	127.576	5,048.63	39,573.49	Democracy	Shinto
South Korea	99,720	48.65	800.294	16,449.90	Democracy	Buddhism
Laos	236,800	6.376	5.721	897.34	Communist	Buddhism
Malaysia	329,847	27.761	207.35	7,468.99	Semi-democratic	Islam
Philippines	300,000	92.227	158.702	1,720.79	Democracy	Christian
Singapore	697	4.75	163.132	34,346.03	Semi-democratic	Taoism
Thailand	513,120	67.061	266.434	3,972.99	Democracy	Buddhism
Vietnam	331,210	87.211	91.764	1,052.21	Communist	Buddhism
U.S.A.	9,826,675	307.179	14,266.20	46,442.64	Democracy	Christian

Source: For area, government, and religion: CIA World Fact book. For population, GDP, and GDP per capita: IMF, World Economic Outlook, October 2009.

Massive disparity is also distinguished in wealth distribution. Just concentrate on current

¹ http://www.freedomhouse.org/uploads/fiw10/FIW_2010_Tables_and_Graphs.pdf (Feb.18, 2010)

² Samuel S. Kim, “Regionalization and regionalism in East Asia, “: 55

indicators of GDP and per capita incomes, it is apparent that there are significant differences among the region's members. The region encompasses the world's poorest countries (Burma, and North Korea, both with annual per capita GNP at or below \$500) and the world's richest economies (Brunei, Singapore, and Japan, all with annual per capita GNP at or above \$20,000). Five East Asian economies have made it into the IMF's World Economic Outlook classification of "advanced economies"—Japan in the major industrial countries (G7) subgroup and Hong Kong, South Korea, Singapore, and Taiwan in the advanced economies subgroup.¹

Next, the simultaneous development of bilateralism and multilateralism in this region contributes to the complexity toward the integration, even to the community building. Countries participate in bilateral agreements and multilateral arrangements so as to prevent or limit armed conflict, ease tensions, gain economic advantages, and raise standards for human rights.² East Asia is characterized with the proliferation of bilateralism accompanying the growth of regionalism. The diversity of East Asian regime types and economic situations seems to prefer bilateral agreements, with each country in the region becoming increasingly incorporated into a growing web linking all the countries of the region.³ In the meanwhile, the multilateral regional organizations, under the push by regional powers, also step towards the building of an East Asian Community.

Finally, for the first time, the rare coexistence of two great powers appears in East Asia. The two dominant powers, China and Japan, not only exist at the same time but also actively compete to assert themselves. How Japan and China interact with each other, and how they accommodate or adjust to the ambitions and development of each other has become one of the defining dynamics of the East Asian region in the twenty-first century.⁴ The Sino-Japanese rivalry in the political, military, economic, and technological domains will be the crucial factor to be taken into account in the attempt to forge an East Asian Community.⁵

East Asian Regional Architecture and the Building of an East Asian Community

The idea of an East Asian community has been an effort gathering momentum over the past

1 International Monetary Fund, World Economic Outlook (Washington, D.C.: IMF, October 2009), 170.

2 Dick K. Nanto, "East Asian Regional Architecture: New Economic and Security Arrangements and U.S. Policy", CRS Report for Congress, Congressional Research Service, United States of America, 2008: 6

3 Samuel S. Kim, "Regionalization and regionalism in East Asia," 56

4 Mark Beeson, Regionalism and Globalization in East Asia: Politics, Security and Economic Development, 227

5 Chung Min Lee, "East Asia Community and the United States: A Contrarian Perspective," in Ralph A. Cossa, Simon Tay, and Lee Chung-min, The Emerging East Asian Community: Should Washington be Concerned?. Issues & Insights. 5, no. 9, Pacific Forum CSIS, Honolulu, Hawaii, August, 2005: 31
http://csis.org/files/media/csis/pubs/issuesinsights_v05n09.pdf (Feb.1, 2010)

decade, particularly in the aftermath of the launching of the Asia Pacific Economic Cooperation (APEC) gatherings, the ASEAN Regional Forum (ARF), and ASEAN's expanded membership and corresponding roles. In addition, the growing "European identity" of the European Union (EU), and East Asia's own rapid economic rise have also contributed to increasing calls for an East Asian community.¹ However vague as the vision of such a community is, its realization is still a vital goal in this region. East Asian countries need institutions to cope with the region's unique problems on their own. Without mutual trust, it is difficult for such institutions to work. Even outside powers can act as a counterbalance in the region, but it would just intensify tension and rivalry. By contrast, greater regional cooperation can help dissipate the lingering distrust and antagonisms and turn East Asia into a more comfortable place to live.² This will contribute to the peace and prosperity to East Asia and also stabilize the regional order.

Currently, the East Asian regional architecture, as figure 1 and table 2 shows, consists of two distinct legs. The economic leg is strong and growing more intense. In contrast, the political and security leg remains relatively underdeveloped. In East Asia, the remnants of the Cold War framework still exist and influence state security thinking and behavior, so that the concept of regionalism provides less explanatory power in this domain.³

The proliferation of regional organizations is continuing together with two overlapping regional bodies developing at the same time in Asia. One is based on Asia-Pacific architecture including the United States, with APEC as its premier regional body, and the other is an narrower East Asian one excluding the only global superpower with the decade-old APT process as its primary regional body.⁴ East Asian governments prefer to pursue trade liberalization through unilateral policies and measures, under the APEC open regionalism and the WTO regulations. By means of this strategy, free trade agreements (FTA) with other Asian economies can facilitate the creation of the political and diplomatic environment needed to set up a regional community. The proliferation of regional FTA makes East Asia a distinctive region for economic integration and interdependence.⁵

As for the political and security domain, the most progress has been made with ASEAN playing the central role of convener and has taken the form of the ASEAN Security Community and ASEAN Regional Forum (ARF). In Northeast Asia, the six-party talks aimed at resolving the North Korean nuclear program have been operating and starts on an ad hoc basis. In Asia, rather than through regional institutions, military relations tend to be conducted on a country-to-country basis. Foreign

¹ Chung Min Lee, "East Asia Community and the United States: A Contrarian Perspective": 29

² Naoko Munakata, *Transforming East Asia: The Evolution of Regional Economic Integration*, 2-3

³ Samuel S. Kim, "Regionalization and regionalism in East Asia": 40

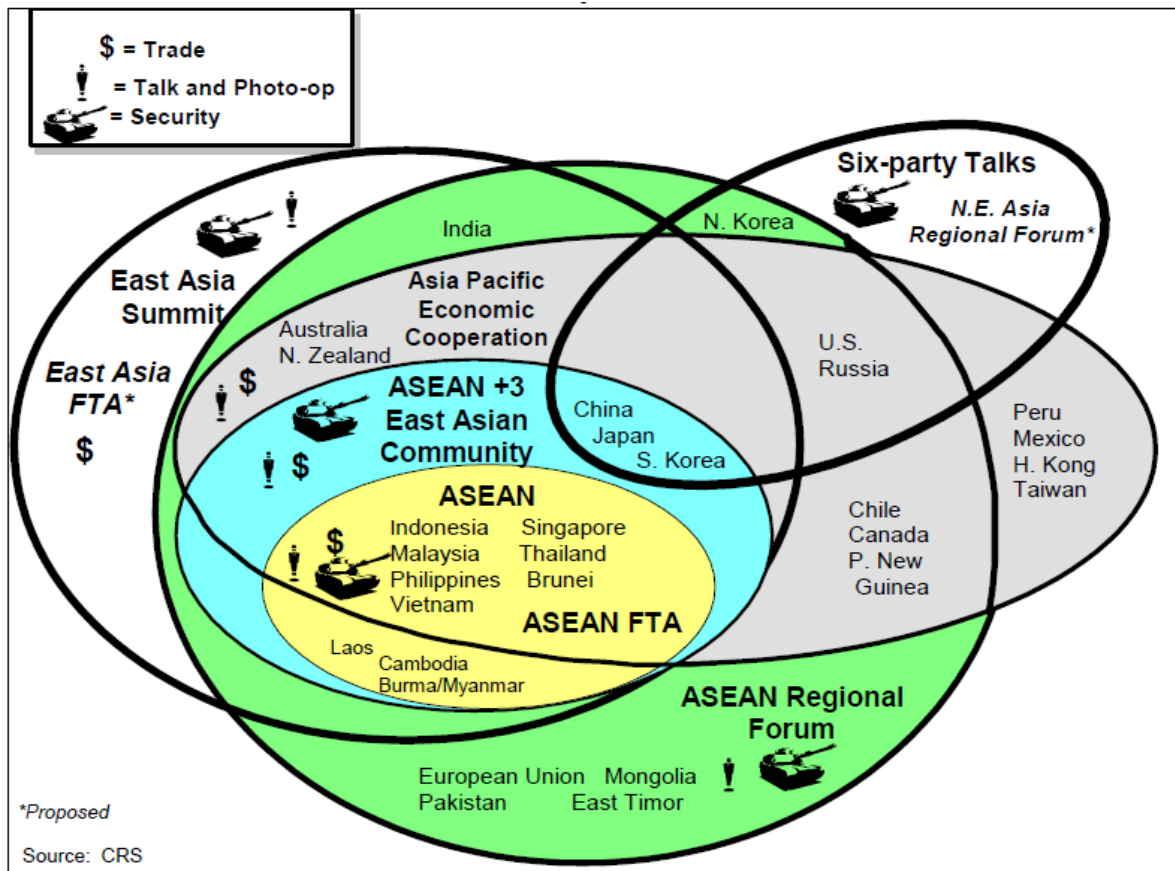
⁴ Malcolm Cook, "The United States and the East Asia Summit: Finding the Proper Home": 295

⁵ Philip Yang. Northeast Asia Security Cooperation: International Relations Theory and Embedded Regionalism, Paper presented at the Third Meeting of the CSCAP Study Group on Future Prospect for Multilateral Security Framework in Northeast Asia Beijing, China, 28-29 April 2006, 17

<http://club.ntu.edu.tw/~yang/Yang-280406.pdf> (Feb. 1, 2010)

affairs ministers or their representatives

Figure 1: East Asian Regional Architecture



Source: Dick K. Nanto, “East Asian Regional Architecture: New Economic and Security Arrangements and U.S. Policy”, CRS Report for Congress, Congressional Research Service, United States of America, 2008, p.21

instead of defense chiefs attend the regional security meetings, and this often results in “talk and photo-ops” rather than in actual problem solving or confidence building. Still, the boom in economic interchange and its concomitant requirement for political stability bring the pressures for greater security cooperation. Also, the transnational character of nontraditional security threats, and a need to replace the Cold War structure with something more cooperative and less prone to generating hostility all lead to a call for establishing a political/security organization less process-oriented and more directed toward functions which can achieve concrete results.¹

Nevertheless, what complicates the situation is the three Great Powers in the Asia Pacific are each putting their region-building efforts behind three different regional bodies. As the major force behind the APT process, China funds its Track-II arm and also the study for an East Asian Free Trade Area. Japan, as the major force behind the East Asia Summit, is funding its Track-II arm and the

¹ Dick K. Nanto, “East Asian Regional Architecture: New Economic and Security Arrangements and U.S. Policy”: 2

study for an EAS wide trade deal. The United States has

Table 2 List of East Asian regional architecture

	ASEAN	APEC	ASEAN FTA	ARF	ASEAN + 3	Six-Party Talks	ESA
Established year	1967	1989	1992	1994	1997(*)	2003	2005
No. of members	10	21	10	25	13	6	16
Indonesia	V	V (1989)	V	V	V		V
Malaysia	V	V (1989)	V	V	V		V
Philippines	V	V (1989)	V	V	V		V
Vietnam	V	V (1998)	V	V	V		V
Singapore	V	V(1989)	V	V	V		V
Thailand	V	V (1989)	V	V	V		V
Brunei	V	V (1989)	V	V	V		V
Laos	V		V	V	V		V
Cambodia	V		V	V	V		V
Burma	V		V	V	V		V
China		V(1991)		V	V	V	V
Japan		V (1989)		V	V	V	V
South Korea		V (1989)		V	V	V	V
US		V (1989)		V		V	
North Korea				V		V	
Russia		V(1998)		V		V	
Australia		V (1989)		V			V
New Zealand		V (1989)		V			V
India				V			V
Chile		V(1994)		V			
Canada		V (1989)		V			
P. New Guinea		V(1993)		V			
Peru		V(1998)					
Mexico		V(1993)					
Hong Kong		V(1991)					
Taiwan		V(1991)					
EU				V			
Pakistan				V			
Mongolia				V			
East Timor				V			

Compiled by the author. * The process of APT+3 started in 1997

re-engaged with APEC and is pushing the idea of an APEC-wide Free Trade Area of the Asia

Pacific.1 How the East Asian community will evolve depends on the interaction among these great powers.

The role of regional powers

The building of an East Asian community will be determined by the interaction of the policies of Japan, the United States, and China. Japan has always been a supporter of US. Japan-US relations and have had a large impact on the evolution of East Asian community. While China, after joining the WTO, started to play an increasingly important role and created new competitive dynamics with Japan and the United States. Only by healthy Sino-Japanese relations and benign (if not positive) U.S. attitudes toward East Asian cohesion will East Asia integration make significant progress. At the same time, the policies of three powers are under the influence of the ASEAN countries, for they occasionally make ground-breaking proposals but acting mainly as a mediator.² Needless to say, their interests are not necessarily compatible, so the following discussion will focus on the interaction of these regional powers to explore the possibilities of building an East Asia community.

1. ASEAN

ASEAN was established during the Vietnam war aiming to enhance economic, social, and cultural cooperation, but it was in fact a product of the Cold War and under the domination of the U.S. to contain communism. After the 1975 U.S. withdrawal from Vietnam, ASEAN increasingly became a vehicle for the Southeast Asian nations to resolve territorial and other problems through consensual and informal community building efforts.³

The end of the Cold War deepened the concerns within ASEAN about its continued relevance and the determination to be the driving force of Asian regionalism initiated at the same time. It completed the expansion to include all Southeast Asian countries. In order to deepen its own economic integration efforts through the negotiation of the ASEAN Free Trade Area agreement (AFTA), ASEAN positively strengthened its dialogue partnerships with external powers to help ensure the organization's future. After the Asian Financial Crisis, though under the criticism of its ineffectiveness and inaction, the importance of remaining as the driving force is something all ASEAN states agree on. The EAS, the APT process, and the Asia-Europe Meeting (ASEM) are the results of ASEAN' effort. At the end of 2008, trade agreements with all six non-ASEAN members of the EAS are expected to have been finalized, among them. China, Japan and South Korea have completed.

¹ Malcolm Cook, "The United States and the East Asia Summit: Finding the Proper Home": 295

² Naoko Munakata, *Transforming East Asia: The Evolution of Regional Economic Integration*, 22

³ Dick K. Nanto, "East Asian Regional Architecture: New Economic and Security Arrangements and U.S. Policy": 22

However, a trade deal with the United States seems further off.¹

The ten economies of ASEAN are only slightly larger than that of South Korea or Australia. However, ASEAN is assuming a leading role in moving the region toward organized and cooperative arrangements. This has undoubtedly been aided by the regional rivalry between Japan and China and these two Northeast Asian powers' image problems in the wider East Asia. ASEAN often can take the lead in building multilateral institutions because it is viewed as more neutral and non-threatening than China or Japan.²

ASEAN's vision for East Asia is to develop a counterpart to the European Union and NAFTA (and perhaps NATO) with ASEAN leading a prominent organizational role for regional institutions and providing venues for meetings.³ However, it still relies on the interaction with the regional powers -- China, Japan, and the United States.

ASEAN-China

The end of the Cold War initiated a new phase of development of ASEAN-China relations. Four key characteristics exist in the post-Cold War ASEAN-China ties. The first one is the disappearance of the ideological barriers paving the way for the restoration or establishment of diplomatic ties between China and all ASEAN states by 1991. The second one is the importance of economic links fostering both convergent and divergent interests for the two sides. The third feature is the salience of the Spratly territorial disputes in shaping the ASEAN-China interactions. The final one is the gradual emergence of multilateralism as a pattern of diplomatic interaction between the China and the ASEAN countries.⁴ Though the ASEAN states may prefer to deal with China as a group, they still rely on their bilateral relationships regimes – and these are deeply influenced by history and culture.⁵ In ASEAN-China ties, one can witness the interweaving of bilateralism and multilateralism.

For ASEAN, China means both a challenge and an opportunity. For fearing constraining the role of other Great Powers in the region, ASEAN has to avoid becoming a subordinate to the PRC's Asia strategy. At the same time, it needs to take advantage of China's burgeoning economy to strengthen the ASEAN states' own development.⁶ As the first major power to accede to the non-aggression pact, China's accession to the Treaty of Amity and Cooperation in Southeast Asia (TAC)

¹ Malcolm Cook, "The United States and the East Asia Summit: Finding the Proper Home": 300

² Sheldon Simon, "Whither Security Regionalism? ASEAN and ARF in the Face of New Security Challenges," in A. Acharya and E. Goh, eds., *Reassessing Security Cooperation*, (London: MIT Press, 2007), 113-34.; Dick K. Nanto, "East Asian Regional Architecture: New Economic and Security Arrangements and U.S. Policy": 22

³ Dick K. Nanto, "East Asian Regional Architecture: New Economic and Security Arrangements and U.S. Policy": 31

⁴ Kuik Cheng-Chwee, "Multilateralism in China's ASEAN Policy: Its Evolution, Characteristics, and Aspiration," *Contemporary Southeast Asia* 27, no. 1 (2005):102-103

⁵ Martin Stuart-Fox, "Southeast Asia and China: the Role of History and Culture in Shaping Future Relations," *Contemporary Southeast Asia* 26, no.1 (2004): 136

⁶ Sheldon Simon, "ASEAN and Multilateralism: the Long, Bumpy Road to Community": 282

in 2003 moved the relationship to a new level, a security understanding that presumably limited China's freedom to employ military force. Nonetheless, the PRC remains unwilling to compromise its sovereignty claims because China's strict insistence on sovereignty over Taiwan will be undermined by such a compromise over the South China Sea.¹ The challenge remains. With the increase of the energy requirements, the territorial disputes in the South China Sea had reappeared. Sporadic armed conflicts persisted in spite of a variety of codes of conduct and territorial boundary agreements between China and Vietnam, and China and the Philippines.² ASEAN and China need further cooperation on the disputes in South China Sea.

ASEAN-Japan

The wartime memory of Japan's role as an aggressor makes Japan a bad image in the public in Asian states. With Japan's active and committed engagement of ASEAN during the Asian Financial Crisis years, it does help to strengthen Japan-ASEAN relations. But as ASEAN recovers from the crisis and regained its confidence, it also has to deal with the rise of China whose economy is increasingly linked to the ASEAN economies. Therefore, while appreciating Japan's support during the crisis, ASEAN also tries to strike a balance by increasing its ties with China.³ One of the characteristics of the new ASEAN regionalism is that ASEAN intends to include external powers, especially Japan, as a safeguard against actual and latent regional problems. In a way, ASEAN depends upon Japan both economically and politically for containing the North-South relationship.⁴

ASEAN is a beneficiary from the Sino-Japan rivalry. Due to its strategic and geopolitical significance for both Japan and China, ASEAN maneuvers to encourage Japan to play a bigger role in the region without damaging its relations with China. ASEAN hence need to get ready for facilitating and deepening regional cooperation and bring both Japan and China on board the regional scheme.⁵

ASEAN-US

Avoiding U.S. withdrawal from the region and preventing a Chinese challenge to U.S. superpower dominance in the region have been the core aims of Southeast Asian balancing strategy. Even if China's economic, political, and even military influences have been rising in Southeast Asia for more than a decade, the ASEAN states never lose interest in the United States for fear of China's becoming Southeast Asia's regional hegemony. Southeast Asian countries value the United States as an major trade and investment partner and, perhaps more importantly, still view it as Asia's key

¹ Ibid., 283

² Ibid., 282

³ Yeo Lay Hwee, "Japan, ASEAN, and the Construction of an East Asian Community," *Contemporary Southeast Asia* 28, No. 2 (2006): 268

⁴ Sueo Sudo, "ASEAN at the Third Transition: Groping for a NEW Regionalism in East Asia," Economic Research Center, Discussion Paper, No.153, (March 2005): 24 <http://erc2.soec.nagoya-u.ac.jp/DP/paper153.pdf> (Feb.5, 2010)

⁵ Yeo Lay Hwee, "Japan, ASEAN, and the Construction of an East Asian Community": 269

off-shore balancer.¹ Hence, Southeast Asian states have tried to avoid mutual coercion between China and the United States; to deter a potential Chinese hegemony by preserving U.S. forces in the region; and to draw in the other major regional players to diversify sources of influence in the region.²

Apart from relations with external powers, ASEAN also encounters the challenges from within. At first, the central role established after the Cold War in all the Asia-Pacific and East Asian regional bodies has highlighted internal divisions in ASEAN and their contribution to the development of competing Asia-Pacific and East Asian regional ideas. Malaysia has always been the strongest advocate of the East Asian regional idea and Asian Value. It was the only ASEAN member to resist the inclusion of Australia and New Zealand in the 1988 Japanese report for an Asia-Pacific free trade area that foreshadowed the formation of APEC in 1989.³ On the other hand, Indonesia and Singapore have been the strongest and most influential supporters within ASEAN for the idea of the Asia-Pacific region and Asia-Pacific regionalism.⁴

Next, ASEAN's expanded membership in the 1990s has led to increased internal disparities in terms of political and economic systems, levels of economic development, and governmental policy, all of which were seen by several of the Association's original members to have substantially undermined the organization's coherence and unity. Additionally, coping with terrorism in the new century has also led to some erosion of the non-interference norm. Many threatening nontraditional issues need transnational cooperation beyond the limits of sovereignty.⁵ ASEAN's new November 2007 Charter constitutes an effort to move beyond sovereignty protection to economic, political-security and socio-cultural communities by 2020. The Charter also commits its signatories to democracy (for the first time) and human rights.⁶ It still remains to observe whether the concept of pooled sovereignty can prevail in ASEAN or not.

In conclusion, ASEAN, as a regional body, adjusts its own role to the change of international environment (be it the end of the Cold War, the Asian Financial Crisis, or the rise of China). With the internal diversity and disparity among its members, ASEAN's role in the building of an East Asian Community needs to be examined under the context of the struggle and collaboration among other regional powers.

¹ Ian Storey, "The United States and ASEAN-China Relations: All Quiet on the Southeast Asian Front", October 2007, Strategic Studies Institute United States Army War College: 4

² E. Goh, "Great Powers and Hierarchical Order in Southeast Asia: Analyzing Regional Security Strategies": 153.

³ E. Krauss, "Japan, the US, and the emergence of multilateralism in Asia", *Pacific Review* 13, no. 3 (2000): 473-94.

⁴ Malcolm Cook, "The United States and the East Asia Summit: Finding the Proper Home": 301

⁵ Sedlton Simon, "ASEAN and Multilateralism: The Long, Bumpy Road to Community": 264

⁶ Charter of the Association of Southeast Asian Nations, Jan. 2008, pp..4-7
<http://www.aseansec.org/publications/ASEAN-Charter.pdf> (Feb. 5, 2010)

2. China

China has become a major economy in the world during the past decades. It replaced the U.S. as the largest trading partner for Japan and South Korea and ASEAN's collective trade with China also has multiplied several fold over the past decade. Thus, the main concern to the Asian states is what type of a China is likely to emerge over the next decades and how best the region can both accommodate the rise of China while minimizing the potential threat of more aggressive Chinese foreign and defense policies.¹

China places high priority on two primary goals at present. That is to pursue domestic development and to increase its geopolitical status, thereby achieving a favorable balance of power. Securing a peaceful and stable international environment allowing for development thus become necessary. Nonetheless, to become a great power and leader of Asia, China must gain the region's respect and admiration, which depends on whether it can play the role as a responsible power and bestow on its own people an attractive living environment with economic and political freedom. China still has a long journey ahead.²

China-ASEAN

China's response to the AFC shows China's integration into the global community as a responsible great power. Beijing's decision not to devalue the renminbi had demonstrated to the world China's formidable economic muscle. Besides, it also impressed its neighbors that it would not take advantage of others' misfortune, indicating its sense of responsibility for the stability of the world economic system.³ The AFC greatly enhanced China's leadership and winning the "hearts and minds" of people in many of the countries there owing to China's lack of a beggar thy neighbor monetary policy response.⁴

In 2002, China signed an FTA (Framework Agreement) with ASEAN that would create a zero-tariff market for China and the six original ASEAN members by 2010 and in 2015 for the other four members. China is a major force in the ASEAN Plus Three (APT) process. The APT's Track-II think tank network, called NEAT, is based in China, and China is also leading the study into an APT-wide preferential trading agreement, the East Asia Free Trade Agreement.⁵ The APT thus serves China's purpose for both political/security and economic issues are addressed. Additionally, China favors this organization over the East Asian Summit because it excludes other big powers such as India

1 Chung Min Lee, "East Asia Community and the United States: A Contrarian Perspective": 31

2 Naoko Munakata, *Transforming East Asia: The Evolution of Regional Economic Integration*, 23-24

3 Samuel S. Kim, "Regionalization and regionalism in East Asia": 50; Samuel S. Kim, "China's Path to Great Power Status in the Globalization Era," *Asian Perspective* 27, no. 1 (March 2003): 63

4 Dick K. Nanto, "East Asian Regional Architecture: New Economic and Security Arrangements and U.S. Policy": 30

5 Malcolm Cook, "The United States and the East Asia Summit: Finding the Proper Home": 302

With ASEAN, China's proposal for a free trade agreement and deepening its economic and trade ties has been welcome. On the security matters, the agreement on a Code of Conduct in the South China Sea and a generally more engagement with China in the ARF and other frameworks helped to lessen tensions that once marked the relationship, especially after the Mischief Reef episode.² On October 24, 2009, the 12th China-ASEAN Summit (10+1) was held in Hua Hin, Thailand. Chinese Premier Wen Jiabao of the State Council and the leaders of ASEAN countries attended the summit. It is reported that in April, the Chinese government announced a series of measures and initiatives to show the resolve and confidence of China and ASEAN to meet and overcome the challenges together, such as the establishment of China-ASEAN Investment Cooperation Fund totaling USD 10 billion, the provision of USD-15-billion credit support for ASEAN countries, and the provision of special assistance up to 270 million yuan for the less-developed countries in ASEAN. The leaders of ASEAN countries agreed with the new cooperation initiatives raised by Premier Wen Jiabao and hoped to maintain political dialogue and deepen mutual political trust with China.³

China-Japan

Sino-Japan relationship has become a focal point in East Asia. Based on the historical animosity and mistrust, China blames Japanese views of its history and the Taiwan issue, thereby repeatedly demanding Japan's apology, which in turn provokes Japanese nationalism and public resentment. China also worries about Japan's enduring reliance on the USA as its principal ally and security guarantor. The U.S.-Japan security alliance is regarded as part of a U.S. strategy to contain China.⁴ On the other hand, Beijing appreciates U.S. security presence in the region for preventing Japan's rearmament. Also, the scale and rapidity of their economic integration places major constraints on both governments.⁵

Since China longs for a position as an Asia's future leader, it has tried to check Japan's political leadership in the region as well as in the global arena. However, the danger is that hardliners in both countries may be tempted to use regional issues against each other. It seems that China is gaining an upper hand over Japan in expanding its influence in Asia. By trying to mediate the differences

1 Dick K. Nanto, "East Asian Regional Architecture: New Economic and Security Arrangements and U.S. Policy": 7, 13 & 22

2 Simon S. C. Tay, "An East Asia Community and the United States: An East Asian Perspective," in Ralph A. Cossa, Simon Tay, and Lee Chung-min, *The Emerging East Asian Community: Should Washington be Concerned?*. Issues & Insights Vol. 5 – No. 9, Pacific Forum CSIS, Honolulu, Hawaii, (August, 2005): 19
http://csis.org/files/media/csis/pubs/issuesinsights_v05n09.pdf, (Feb. 1, 2010)

3 Ministry of Foreign Affairs of the People's Republic of China, "Premier Wen Jiabao Attends the 12th China-ASEAN Summit", <http://www.fmprc.gov.cn/eng/zxxx/t623104.htm> (Feb.12, 2010)

4 Naoko Munakata, *Transforming East Asia: The Evolution of Regional Economic Integration*, 25; Mark Beeson, *Regionalism and Globalization in East Asia: Politics, Security and Economic Development*, 84

5 Naoko Munakata, *Transforming East Asia: The Evolution of Regional Economic Integration*, 25; Mark Beeson, *Regionalism and Globalization in East Asia: Politics, Security and Economic Development*, 84

between the US and North Korea by brokering the six party talks in 2003, China has initiated a host of Asian proposals. Most important among them are FTA negotiations and the actual signing of the Treaty of Amity and Cooperation with ASEAN in 2003, and the beginning of dialogues with the US on preserving the status quo in the Taiwan Strait. There is reason to believe that a clash is turning into Sino-Japanese rivalry over the issues of negotiating FTA. After Chinese Prime Minister Zhu Rongji proposed to form a China-ASEAN regional FTA in November 2000 and announced a negotiation plan in November 2001, Japan decided to negotiate a series of bilateral FTAs with Asian countries. In Northeast Asia, too, China proposed to form a regional FTA with Japan and South Korea in November 2002. Owing to the huge size of China, pending historical disputes, as well as the impact on agriculture, Japan is hesitant to accommodate this idea. While China set out to assert a leadership role in East Asia to ensure a peaceful environment that is a key to continuing the economic boom at home, the subsequent response of Japan demonstrates its anxiety of China's rise.¹

China-US

US has been a dominant hegemony in East Asia and has a significant influence in this region. As China's economy rapidly grows and becomes a leading regional power in East Asia, the relationship between China and US has been the focus of this region.

As regarding to the regional issues, because the regional agenda of issues that concern to both China and the United States is lengthy and varied, it underlines the complexity of the relationship. Besides, that Beijing and Washington do not see eye-to-eye on every issue, and there are divergence and uncertainties of their interests and policies with regard to a number of topics. Finally, their interests and policies converge on the majority of issues. Although this argues well for Sino-American cooperation on a range of issues in the years ahead, important divergences and uncertainties still remain. The divergences include U.S. military support for Taiwan and China's increasingly close ties with Myanmar, Russia, and South Korea; the problem of North Korea; and China's opposition of the role for Japan's Self-Defense Forces in regional security and international peacekeeping activities, as well as any augmentation of its military capabilities.²

Even so, the China-US relationship remains the most important bilateral one, with truly regional consequences. Generally speaking, this complex relationship is characterized by substantial cooperation on bilateral, regional, and global issues. Sino-American cooperation is a significant feature of the current Asian order, although it is a full condominium of two-power domination, and occasionally displays traditional balance of power features. The absence of antagonism also plays an important part, for every country (except perhaps North Korea) seeks a stable, cooperative

1 Byung-Joon Ahn, "The Rise of China and the Future of East Asian Integration," *Asia-Pacific Review*. 11, no. 2, 2004: 27-28

2 David Shambaugh, "China Engages Asia: Reshaping the Regional Order," *International Security* 29, no. 3 (Winter 2004/05): 91 & 93

China-APT

In November 2002, ASEAN and China signed a Framework Agreement on Comprehensive Economic Co-operation, which provides for an ASEAN-China Free Trade Area (ACFTA) by the year 2010 between China and the more industrialized ASEAN-6,18 and by 2015 for Cambodia, Laos, Myanmar, and Viet Nam. The ASEAN + 3 nations have already established certain cooperative financial arrangements, which have resulted primarily from the adverse effects of the 1997-98 Asian financial crisis. What is more important, in May 2000, the ASEAN+3 Finance Ministers agreed to what is called the Chiang Mai Initiative, which aims to create a network of bilateral swap arrangements, by which short-term liquidity can be provided to support participating ASEAN+3 countries in need. This network of bilateral swap arrangements has been formalized among China, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore and Thailand — the major countries in ASEAN+3. Chinese foreign policy was thus becoming more open to taking an active role in regional institutions. China has accomplished this through skillful diplomacy, use of aid resources, and by presenting a more friendly stance, but it also has relied on formal trade and other agreements.² Trade and security arrangements and institutions help countries to take leadership roles and to spread their influence. China has been active in establishing FTAs with trading partners. China sees the formation of an exclusive Asian organization as an opportunity to pursue the position as the regional leader in Asia. As for the East Asian Summit, China used to play a strong role in promoting it because of it can serve as a balance of US influence. However, Japan and Singapore pushed for the inclusion of Australia and India for offsetting the feared dominance of China in the summit. Since then, Beijing has been less enthusiastic about the EAS and more willing to dedicate to the APT concept in which it has a more central position.³ The center of gravity for economic regionalism has already shifted away from the U.S.-dominated APEC toward ASEAN+3.⁴

To sum up, China's strategy is maintaining balance among competing priorities for its national economic development and maintaining the type of security environment within which such development can occur. The rivalry among the balance of powers as well as pursuing a growing economic environment shape Beijing's concept of "comprehensive national power" to evaluate and measure the country's national standing in relation to other nations and regional organizations.

3. Japan

The United States' continuing to provide a nuclear umbrella for the region and Tokyo reliance

1 Ibid.: 97

2 Dick K. Nanto, "East Asian Regional Architecture: New Economic and Security Arrangements and U.S. Policy": 13 18, & 30

3 Ibid.,: 24

4 Samuel S. Kim, "Regionalization and regionalism in East Asia": 51

on its economic power to exercise leadership have been Japan's vision for East Asia. Before the rise of China, Japan characterized the countries of East Asia as flying in a wild geese migrating pattern with Japan playing the role of the lead goose.¹ Facing the challenge of China, Japan, however, would like to maintain its leadership in Asia, accommodate China's rise, and continue to advance in economic and financial affairs.

Japan-ASEAN

Though Japan has been engaged in the region for decades through trade and development assistance, Japanese policy towards Southeast Asia has been ambivalent. As a former wartime adversary, it was impossible for Japan to play an active role in formulating the postwar world economic order or in formulating regional frameworks in Asia until recently.² The Japanese response to the idea of East Asian regionalism in the form of an East Asian Economic Caucus (EAEC) advanced in early 1990s by Dr Mahathir was non-committal and unenthusiastic. Japan was concerned that East Asian regionalism would impede Japan's objective of maintaining good relations with the United States. The 1997 Asian financial crisis served as the turning point in Japan's engagement of ASEAN and participation in East Asian regionalism. Although Japan has strengthened the relations with ASEAN, its poor economic performance has constrained its efforts. More importantly, Tokyo is not sure of what kind of role it should play and often faces a dilemma as to how to balance its relations with Southeast Asia against those with its allies -- mainly the United States and Australia. A revitalized, integrated, and cohesive ASEAN will be a more effective partner to Japan in the construction of an East Asian Community. Besides, it can facilitate Japan's "return" to Asia. Similarly, strengthening ASEAN should be Japan's policy priority. While the increasing rivalry between Japan and China would in the long run damaging the stability of the region, and would definitely impede the shared vision of creating an East Asian Community, in the short term, ASEAN enjoys a unique position to play a leading role in the process of regional integration and serve as the binding force for institution-building.³

Japan-China

China's rise as the world's manufacturing center and its role in contributing to the hollow out of Japan's economy has always been a shadow among Japanese policymakers and the public.⁴ China's rise has challenged Japan's role as the most powerful and influential country in East Asia. The uncertainty brings about: 1) the fear of a China-Japan condominium in Washington; 2) the fear of a Japan-United States axis against China in Beijing; 3) and even the fear of a United States-China

1 Ibid.: 31

2 Naoko Munakata, *Transforming East Asia: The Evolution of Regional Economic Integration*, 24-25

3 Yeo Lay Hwee, "Japan, ASEAN, and the Construction of an East Asian Community": 267-268

4 William W. Grimes, "Japan's International Relations: The Economic Dimensions." In Samuel S. Kim, ed., *The International Relations of Northeast Asia* (Lanham, Md.: Rowman & Littlefield, 2004), 171-199.

agreement that cuts out Japan in Tokyo.¹ In order to compete for political and economic leadership of in East Asia, Japan seeks to counter China's power projection and limit its influence. As a non-hegemonic state, Japan is not willing to become a subordinate under a China-dominated regional hegemonic order. Japan is unable to pursue the internal balancing option (full-scale military modernization) for the powerful constraints (normative, fiscal, legal, political and regional] on its rearming as an offensive power with comprehensive deterrence capabilities.² Hence, Japan's new strategy in Asia should keep the United States in but also work with the Chinese to bring the region up.³ Nevertheless, because Beijing was quicker than Tokyo to embrace AFC generated East Asian regionalism, Japan felt obliged to join a leadership race for fear of being left out. Particularly within the process of the ASEAN+3, China's joining pushed the pace of Japan.⁴ The rivalry and animosity from the wartime memory between these two still remains and it certainly will have significant impact on the building of an East Asian Community.

Japan-US

As a loyal allies of the U.S. in Asia, Japan has always been keeping a solid bilateral alliance with the United States after World War II. At post-Cold War era, facing a rising China and the proliferation of East Asian regionalism, Japan is now in an acute dilemma. In the Cold War era, it was willing to play the role of No. 2 to the United States for various reasons, which is understandable. While for now, such a foreign policy will depict Japan as an unquestioning ally of the United States supporting all US policies unconditionally.⁵ Japan is attempting to establish itself as a normal advanced nation but not as a surrogate in East Asia for the United States.⁶

Adding to the uncertainties are anxieties that in the latter part of the Bush administration the United States tended to give priority to interaction with rising China rather than longstanding US allies.⁷ More recent discussion of a US-China "G-2" collaboration to cope with the economic crisis and related issues underscore a persisting Japanese concern that the United States may seek improved US-China relations at Tokyo's expense. Whether the China factor will influence Japan-US relationship depends on US attitude. How Japan may react will have an impact on not only Japan-US relation, but also on the consensus of an East Asian Community building.

Japan-ESA

In the domain of regional integration, Japan took the lead in expanding the membership of the

¹ Malcolm Cook, "The United States and the East Asia Summit: Finding the Proper Home": 297

² Aurelia George Mulgan, "Breaking the Mould: Japan's Subtle Shift from Exclusive Bilateralism to Modest Minilateralism," *Contemporary Southeast Asia* 30, no. 1 (2008): 60

³ Yeo Lay Hwee, "Japan, ASEAN, and the Construction of an East Asian Community": 271

⁴ Samuel S. Kim, "Regionalization and regionalism in East Asia": 51

⁵ Yeo Lay Hwee, "Japan, ASEAN, and the Construction of an East Asian Community": 266

⁶ Dick K. Nanto, "East Asian Regional Architecture: New Economic and Security Arrangements and U.S. Policy": 31

⁷ Robert Sutter, "The Obama Administration and US Policy in Asia", *Contemporary Southeast Asia* 31, no. 2 (2009): 199

EAS beyond the thirteen countries of the APT process to include Australia, New Zealand and India.¹ Compared to China's dominance in ASEAN+3, the Japan External Trade Organization and its think tank, the Institute of Developing Economies, have conducted the Track-II study into an EAS-wide preferential trade agreement, the Closer Economic Partnership for East Asia. Likewise, the Ministry has been the driving force behind the establishment of an EAS research institute, the Economic Research Institute for ASEAN and East Asia.² Japan's active role in ESA demonstrates its ambition to compete with China in another kind of battlefield.

In conclusion, Japan's East Asian policy is in a transition with facing the challenge from China and the traditional alliance relationship with U.S. and this will certainly affect its role in building an EAC.

4. US

The US remains the largest national economy, the issuer of the world's key currency, and in most years the leading host(and home) country for foreign investment. U.S. goals in East Asia include maintaining U.S. influence and alliance relations, promoting stability both with and within the region (particularly with China, across the Taiwan Strait, and on the Korean Peninsula), reducing the terrorist threat, working for fair trade and investment relations, protecting Americans from new threats (such as a human avian flu pandemic), and developing sufficient supplies of energy and raw materials needed for economies to grow.³

US-ASEAN

ASEAN has been a leader in shaping the normative foundations of Asian regional order. The United States has sought to work increasingly with Southeast Asian partners to encourage them to define their national and institutional interests in terms of universal values that will help countries continue building prosperous and stable societies and reinforce the openness of Asian regional integration.⁴

Americans sometimes wonder why they should bother at all to meet a group of 10 small to middle-size countries. Terrorism post-Sept. 11 has provided an explanation for U.S. attention to the region. The US-led global war on terrorism broadened and intensified US involvement throughout Asia.⁵ Southeast Asia for a time became the so-called "second front" in the US struggle against terrorism. Additionally, ASEAN plays a significant role in East Asian regionalism. Beside the A+3 process, ASEAN is also the hub for trade and economic ties. There are other separate spokes under

¹ Malcolm Cook, "The United States and the East Asia Summit: Finding the Proper Home": 302

² Ibid.

³ Dick K. Nanto, "East Asian Regional Architecture: New Economic and Security Arrangements and U.S. Policy": 29

⁴ Michael J. Green and Daniel Twining, "Democracy and American Grand Strategy in Asia: The Realist Principles Behind an Enduring Idealism," *Contemporary Southeast Asia* 30, no. 1 (2008):15-16

⁵ Simon S. C. Tay, "An East Asia Community and the United States: An East Asian Perspective": 26

negotiation to link it to China, Australia, New Zealand, and India, as well as discussions of links to Japan and to South Korea. What makes much of this possible is because of ASEAN's political acceptability in providing a relatively neutral and positive hub to many different states in Asia. What's more, some ASEAN member states like Singapore and Thailand are capable of taking initiative through bilateral agreements and then helping steer the rest of ASEAN in the same direction. In this regard, it would serve the U.S. well to engage ASEAN more fully. A free trade agreement with more ASEAN member states or with ASEAN as a whole would be one policy option for US. Another is an ASEAN-U.S. summit, regularly if not annually.

US policy choices in dealing with Asian multilateralism in Southeast Asia were complex, given the variety of regional groupings focused on ASEAN. Elsewhere in Asia, prevailing circumstances did not call for significant US policy action on multilateral groupings, because in contrast to other powers seeking closer ties with ASEAN, the United States did not agree to accede to the TAC. US remained ambivalent on participation in the East Asia Summit (EAS) meeting that required agreement to the TAC as a condition for participation. The principle of TAC insists on the non-intervention of internal affairs and this will definitely impede US effort on antiterrorism, and hence it is reluctant for US to accede to it.

US officials also mentioned they were not opposed to Asian regional organizations excluding involved powers like the United States, but US preferred to focus on regional groupings open to the United States and other concerned powers.¹

The Bush administration by 2006 developed US initiatives to individual Southeast Asian nations as well as to ASEAN and related regional multilateral groups. These initiatives were based on the US position as the region's leading trading partner, foreign investor, aid donor and military partner. US initiatives to ASEAN represented in part the Bush administration's efforts to catch up with ASEAN's free trade agreements and other formal arrangements with China, Japan and other powers.² In 2009, in the first ASEAN-U.S. Leaders' Meeting, the President of the United States expressed the U.S. policy of enhancing engagement with ASEAN and regards it as a key partner in the promotion of peace, stability and prosperity in the Asia-Pacific region. Two-way goods trade between ASEAN and US reached \$178 billion in 2008, and, ASEAN is host to U.S. foreign direct investment of \$153 billion, making it the favored U.S. investment destination in Asia.³

US-China

To the United States and the rest of the world, the major challenge from the rise of China is simply by virtue of its status as a new global economic superpower. The existing international order

1 Robert Sutter, "The Obama Administration and US Policy in Asia": 209 & 211

2 Ibid.: 210

3 The White House, Office of the Press Secretary, U.S.-ASEAN Leaders Joint Statement, 1st ASEAN-U.S. Leaders' Meeting, Singapore, 15 November 2009, <http://www.whitehouse.gov/the-press-office/us-asean-leaders-joint-statement> (Feb.1,2010)

may be disturbed and security as well as economic conflicts may prevail with the rise of such powers..¹ At the core of U.S. concern over the developing regional architecture in East Asia is the growing influence of China. Beijing aims to reclaim its position as the leader of Asia.

Chinese recent successes, however, should not be over emphasized. The United States still is the world's preeminent military and economic power, and while many global supply chains include China, they also include the United States — particularly in product design, technology, and marketing. Although Asian nations are seeking to broaden international options with major powers, they also engage in a continuing round of hedging and maneuvering for advantage and against possible Chinese dominance. In this process, they are seeking closer ties with each other and also with the United States. The United States still is seen as the region's security stabilizer and economic partner of choice.²

During the first decade of the twenty-first century, US-China relations seem to evolve towards a positive equilibrium likely to continue into the near future. Having become preoccupied with other issues, both the US and Chinese administrations appear reluctant to exacerbate tensions with one another. What reinforces each government's tendency to emphasize the positive and pursue constructive relations with one another is the increasing economic interdependence and cooperation over key issues in Asian and world affairs, which provide a basis for greater cooperation over economic and security interests and issues. First, both governments gain from cooperative engagement — including beneficial economic ties, as well as cooperation over North Korea, terrorism, Pakistan and even Taiwan. Besides, there is smaller progress on Iran and even less on Sudan and Myanmar. Second, on account of ever closer US-China interdependence and other major policy preoccupations they both have, US and China Beijing recognize that placing an emphasis on negative aspects in US-China relations would be counter productive to their interests.³

Underscoring the American commitment to a region increasingly dominated by China, now the world's third-largest economy and a growing political and military player, Obama in 2009 APEC announced Washington's interest in joining the Trans-Pacific free-trade partnership.⁴ US still pursues a multilateral approach to deal with the issues in Asia, but, needlessly to say, it will be more willing to engage with China in both regional and global issues.

US-Japan

The end of the Cold War undermined the existing rationale for the US-Japanese Security, and

¹ C. Fred Bergsten, Charles Freeman, Nicholas R. Lardy and Derek J. Mitchell, *China's Rise: Challenges and Opportunities*, Peterson Institute for International Economics (Washington D.C.: Peterson Institute for International Economics, 2009), 10

² Robert Sutter, "China's Rise: Implications for U.S. Leadership in Asia. East-West Center Washington," *Policy Studies* 21, (2006): vii-ix. <http://scholarspace.manoa.hawaii.edu/bitstream/10125/3511/1/PS021.pdf>

³ Robert Sutter, "The Obama Administration and US Policy in Asia": 201-202

⁴ "APEC urges new growth model, climate pact progress", Monday, November 16, 2009 By ELAINE KURTENBACH, AP

seemed to offer an opportunity in which this question might get a decisive answer. Nevertheless, the 911 strengthened the alliance relationship between US and Japan for countering terrorism. With Japan, the United States enjoys the closest relations in a generation.¹

A report submitted by Armitage in 2007 mentioned: the United States and Japan should strengthen military and security cooperation through a number of specific measures; the U.S.-Japan global alliance remains a constant and positive force; the most fundamental aspects of US-Japan security commitments should be reiterated and underscored by our senior-most officials; and the United States and Japan should declare intentions to commence negotiations on a comprehensive free-trade agreement.²

With great technological achievement, modern and capable armed forces, Japan remains to be second largest economy in the world. US leaders count on Japan to work with the United States on the issues such as dealing with the economic crisis, managing and reducing the threats posed by North Korea's nuclear weapons and other provocations, and sustaining regional peace through contingency plans guarding against possible assertive actions by a rising China and other potential sources of regional instability.³ As a result, the U.S.-Japan alliance will continue to shape Asia's future.

US-APEC

In East Asian regional architecture, the United States plays a central role in APEC and the six-party talks, and is a major participant in the ASEAN Regional Forum. The United States also would be a key member of the proposed Northeast Asia Regional Forum and could join the East Asia Summit.⁴

U.S. policymakers generally believe that Asia-Pacific multilateral organizations such as the ARF and APEC are useful vehicles for promoting greater political and economic cooperation and for enhancing regional security.⁵ As long as APEC provides a useful venue not only for the promotion of free trade but also for fighting the war on terrorism, it is expected that Washington will continue to be an active player.

At the 2006 Leader's Meeting of the Asia-Pacific Economic Cooperation forum, the APEC members decided to study the possibility of a Free Trade Area of the Asia Pacific (FTAAP). The same

¹ White House, *The National Security Strategy of the United States of America*, (March 2006), 40

² Richard L. Armitage and Joseph S. Nye, "The US-Japan Alliance: Getting Asia Right through 2020," Pacific Forum CSIS, Honolulu, Hawaii, (Feb. 2007): 22-23. http://csis.org/files/media/csis/pubs/070216_asia2020.pdf (Feb. 5)

³ Robert Sutter, "The Obama Administration and US Policy in Asia": 196

⁴ Dick K. Nanto, "East Asian Regional Architecture: New Economic and Security Arrangements and U.S. Policy": 21

⁵ White House, *The National Security Strategy of the United States of America*, March 2006, 40

proposal appeared in 2009's meeting.¹ This trans-Pacific FTA was promoted by the United States and would encompass the 21 APEC members. A strategy that the United States has been pursuing is for the FTAAP to begin with a few willing nations on both sides of the Pacific to form a nucleus FTA that can be extended to include other APEC members later.²

The final question for the policy consideration on trade and security arrangements in East Asia is what form the architecture will take. This includes whether to merge the economic and security organizations, how to group countries, where to locate the center, and how to accommodate different opinions of each participant. So far, U.S. policy has been to allow the Asian nations to take the lead in proposing various organizations.³ The vision of an East Asian Community still has a long way ahead.

Conclusion

By exploring the interaction of regional powers in East Asia, one can find that the current trend of regional integration, under the wave of regionalism, was influenced by the systematic, regional, and national factors. On the systematic level, the end of Cold War brings major changes in geographical strategy. Not only does the regional architectures flourish, but also the regional powers have to take necessary means to meet the challenges following up. On the regional level, the Asian Financial serves as an impetus to reinforce the development of East Asian regional integration, and also helps to reshape the image of China and Japan in this area. And for national level, the rise of China challenges the dominant positions of US and Japan in East Asia.

Based on different regional powers attitudes, there are two features found in their effort to build an East Asian Community. The first one is the struggle between Asia Pacific regionalism and Asian regionalism. While U.S.-led groups prefer an Asia Pacific architecture, the Asian countries (especially some in ASEAN) opt for Asian architecture. The U.S. and its allies all want U.S. to stay in this area and maintain its influence here, but the Asian countries welcome the US presence without the intervening the process of regional integration. With the bilateralism and multilateralism proceed at the same time, whether they will have counteraction upon each other still deserves further observation. Besides, most East Asian regional organizations are in lack of

¹ Asia Pacific Economic Cooperation. "14th APEC Economic Leaders' Meeting, Ha Noi Declaration." Ha Noi, Viet Nam, 18-19 November 2006. http://www.apec.org/apec/leaders__declarations/2006.html; (Feb. 5, 2010)

Asia Pacific Economic Cooperation. The 17th APEC Economic Leaders' Meeting, Singapore 14 - 15 November 2009. http://www.apec.org/apec/leaders__declarations/2009.html

² Dick K. Nanto, "East Asian Regional Architecture: New Economic and Security Arrangements and U.S. Policy": 5

³ Ibid.

institutionalization, it is still hard to say which way (Asia Pacific or Asia) will prevail, not to mention an East Asian Community.

The second feature is the state-centric sense(sovereignty) surpasses the concept of pool sovereignty and this may impede the construction of an community in East Asia. Given the nonintervention of internal affairs principle in ASEAN or the Treaty of Amity and Cooperation (TAC), the related regional bodies set the limit to a further integration for the absence of pool sovereignty. State is still the primary agent in East Asia. Does Asia can find a way to form a community without pool sovereignty? No one knows for sure. Since Asia is totally different from Europe, maybe it will find its unique approach some day.

According to the above analysis, it is quite clear that why regional powers will take a certain stance is based on the threat they perceive. In terms of aggregate power and geographical proximity, the rise of China definitely poses a threat to the neighboring states. It can explain why Japan is hesitant in signing FTA with China while at the same time trying not to fall behind China in the process of regional integration. Japan also balances China's threat by keeping maintaining alliance relationship with U.S. Compared to a nearby threat, to ally with a superpower faraway is less threatening. As for ASEAN, China's rise means the potential role of leadership in the regional issues, which may hamper its influence in this area. That's why ASEAN hopes to accommodate China in institutionalized regional bodies and keep US presence in this area as a counterbalance to China's rise. To the status quo superpower U.S., in addition to maintain its alliance with Asian allies and demonstrate the willing to its presence in this area, under the banner of multilateralism, it attempts to keep China under the Asia Pacific regional framework. As an offshore balancer, US needs to play a more constructive role in Asia to meet the challenge from a rising China and Asia.

The vision of an East Asian Community is still in its initial stage, what form it will take depends on the recognition and cooperation of the regional powers.

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