

## INTRODUCTION

Regionalism in East Asia has gained momentum since the end of the Cold War. Rapid economic development, deepened economic interdependence and increased regional cooperation within the region have driven the trend. Obviously, regional economic integration is the basic element of the East Asian regionalism, as David Shambaugh notes that the feature of the evolving Asian system is oriented not around security affairs or major power relations, but around an increasingly thick web of economic, technological, cultural, social, educational and other ties being forged among Asians in an era of accelerating globalization.<sup>1</sup>

Southeast Asia is the only region that has proposed and initiated to form a regional cooperative mechanism in East Asia. In fact, the member states of ASEAN (Association of Southeast Asian Nations) initiated ASEAN Joint Industrial Project in 1970s, agreed to create ASEAN Free Trade Area (AFTA) in late 1980s, and then Prime Minister of Malaysia Dr. Mahathir Mohamad proposed to establish East Asian Economic Group (EAEG) in 1990. ASEAN also established the ASEAN Regional Forum (ARF), a multilateral cooperative mechanism including external powers to promote confidence building by enhancing political and security dialogue and hold the first ARF meeting in 1994. It is also a venture into multilateralism, at a time of critical post-Cold War transition aimed at promoting stable relationships among the major powers in the region.<sup>2</sup> The ASEAN member states adopted the Declaration of ASEAN Concord II at the ninth ASEAN Summit held in 2003. The document contains an ASEAN declaration to establish an ASEAN community including the concept of an ASEAN Security Community, an ASEAN Economic Community and an ASEAN Social and Cultural Community. Through these efforts, it is expected that ASEAN can reach a closer and mutually beneficial integration among the member countries as well as to promote regional peace stability, security, development and prosperity.

Furthermore, ASEAN Plus Three (China, South Korea and Japan) mechanism was set up by the request of then Prime Minister Mahathir after the onset of the Asian financial crisis in 1997. The establishment of ASEAN Plus Three (APT) is a new trial of ASEAN toward the development of East Asian regionalism. Affected by the serious financial crisis, the ASEAN nations felt the need to develop self-reliant regional device to better cope with future crisis cooperating with the East Asian economic powers; Japan,

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<sup>1</sup> David Shambaugh, "Asia in Transition: The Evolving Regional Order," *Current History*, April 2006, pp. 153-159.

<sup>2</sup> Chin Kin Wah and Leo Suryadinata, ed., *Michael Leifer: Selected Works on Southeast Asia*, Institute of Southeast Asia, 2005, p. 89.

China and South Korea. The ASEAN's distrust of the United States, IMF as well as APEC was the main reason for the establishment. The United States could not extend any specific assistance to ASEAN and other crisis-hit nations and rejected the establishment of the Asian Monetary Fund (AMF) proposed by Japan. The IMF, deemed by ASEAN as a puppet of the United States, placed a strict and wrong conditionality along with the financial assistance which further deteriorated their economic conditions of the crisis hit nations. APEC's liberalization process of trade regulation, especially in agricultural sector, has been stalled and APEC was not able to hammer out any assistance measures. What is worse is that APEC has politicized and decided to deploy multilateral forces to East Timor led by Australia in later years.

The major results of the APT were the expansion of a currency-swap facility among the APT member countries, so-called the Chiang Mai Initiative which was adopted in May 2000, and also the proposal of the Asian Bond Markets Initiative in 2002. With the establishment of APT, concluding a free trade agreement (FTA) has become a fashion in East Asia as well. Japan concluded the Economic Partnership Agreement (EPA) with Singapore, which includes not only free trade but also more broader economic cooperation such as liberation of investment and free movement of people, and it became effective in November 2002. This is the first free trade agreement in East Asia. Since then, Japan has started bilateral and multilateral negotiation with ASEAN states. Inspired by Japan-Singapore EPA negotiation, China also signed multilateral FTA with ASEAN in November 2002 to establish China-ASEAN free trade area within ten years. South Korea also started negotiation with the ASEAN states recently. However, none of the FTA negotiation was concluded in Northeast Asia and it is hardly predictable when the East Asia-wide free trade area will be set up.

The APT forms a foundation for the East Asian nations to promote region-wide cooperation, although the present cooperation is limited to economic arena. However, the security cooperation in the region has been developed in a specific field such as prevention of terrorism, and maritime piracy. Furthermore, the first ARF Security Policy Conference (ASPC) was held in Beijing in November 2004 proposed by China. The APT also paved the way to convene the first East Asian Summit in Kuala Lumpur in November 2005 with sixteen participating nations.<sup>3</sup> The Kuala Lumpur Declaration of the summit includes a provision of establishing an East Asian community. Although the vision of the community, scope of participating nations, road map, and the goal were still remain unclear. The demarcation of the roles of the APT and the summit is not decided by the deference of interest among nations.

The creation of an East Asian community is a long-term goal of the East Asia states,

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<sup>3</sup> Sixteen nations include ten ASEAN member countries, Japan, China, South Korea, India, Australia and New Zealand.

however, it would contribute to establish a new regional order in East Asia that ensures stability and prosperity of the region. A key challenge in the construction of Asian regional order is to forge a common understanding of the meaning and limits of sovereignty and associated norms.<sup>4</sup> Limitation of sovereignty is a hard task for member states in East Asia, because of the diversity of cultures, political and economic systems. Growing discussion, however, over the establishment of a region-wide community seems to be a sign of acceptance of such limitation of sovereignty, although it is a partial delegation. Further, the increase in the number of dialogues, groupings and multilateral mechanisms in Asia has also been the growing acceptance of common norms within the region.<sup>5</sup> It is clear that the common objective of the nations in East Asia is economic development and prosperity. Therefore, they eagerly facilitate establishing a regional free trade area by eliminating trade and non-trade barriers. Deepening interdependence in East Asia is also a facilitating element of the development.

The deepened economic interdependence has become a useful pathway to create a regional order, as Muthiah Alagappa notes that economic interdependence could be a prelude to an international order based on a transformed state identity or an integrated community.<sup>6</sup> He also adds that the pathway of economic interdependence and cooperation does not seek to alter or regulate security interaction directly, but indirectly seeks to mitigate the negative consequences of anarchy and eventually eliminate the source of international conflicts.<sup>7</sup> Since the end of the Cold War, economic relations have supplanted strategic dimensions as the main priority in relations between states. Creating a community based primarily on economic integration seems to be a suitable pathway for regionalization of diverse East Asia. Economic interdependence would also create a regional economic system consistent to international system that binds the conduct of the member states.

From geopolitical point of view, a rising China and India, a revitalized Japan as well as a pre-eminent United States are vying for power and influence in East Asia. The four powers are seeking for larger and more active role by approaching ASEAN. A rising China's approach toward ASEAN is remarkable in recent years and the United States also exerting more political influence over ASEAN for hedging China's growing clout in the region. Although its current presence is still limited, India is also stretching out its efforts to strengthen economic and political ties with ASEAN, China, and Japan. Japan is also trying to play more political and security roles in the region in combating

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<sup>4</sup> Muthiah Alagappa, *Asian Security order: Instrumental and Normative Features*, Stanford University Press, 2002, p. 82.

<sup>5</sup> David Shambaugh, "Asia in Transition: The Evolving Regional Order," *Current History*, April 2006, pp. 153-159.

<sup>6</sup> Muthiah Alagappa, *Asian Security order: Instrumental and Normative Features*, Stanford University Press, 2002, p. 59.

<sup>7</sup> *Ibid.*

non-traditional issues. The United States is the predominant nation, however, its clout is relatively declining due to the emergence of China and India. It is evident that the traditional hard power factors now interact with emerging soft power issues.<sup>8</sup> Whether China become a responsible stakeholder or not is unpredictable. East Asia or the Asia-Pacific will be the region where the big powers actively vying for power and influence in the future and it become more difficult to predict what kind of setting will be drawn after the power game.

It is still difficult to foretell the nature of the new regional order in the complex circumstances in East Asia. However, it is the consensus of the East Asian nations to create an order that ensures peace and prosperity. The member states of East Asia must forge means to facilitate China being a responsible stakeholder, and to cope with the other big powers' rivalry in the region. They have to make efforts to share common values and norms that are necessary elements for establishing an East Asian community as well.

How to cope with such power game and to ensure peace, stability and economic development are the major challenges of ASEAN. In addition, ASEAN involves internal issues, such as regional economic disparities, terrorism, separatist movements, and Myanmar's stalled democratization, which might split the unity of ASEAN 10. The establishment of the ASEAN Community would become reality by resolving those internal issues, which would enable ASEAN to take leadership in promoting regionalism in East Asia. As Japan and China, the regional powers in East Asia, are trapped by the historical issues, and few nations would support either country's leadership in fostering the East Asian regionalism. ASEAN would be the driving force to develop regionalism in East Asia.

Under this background, this book aims at presenting perceptions of the emerging regional order in East Asia from ASEAN 5 (Indonesia, Malaysia, the Philippines, Thailand and Singapore) and Japan. After Mr. Jusuf Wanandi's concise overview of the strategic development in the Asia-Pacific region as his introduction, their papers commonly deal with the challenges and the roles of ASEAN and Japan in establishing a regional order in the current complex regional situation.

The first chapter, authored by Dr. Tan See Seng aims to trace the evolution of concept on regional order in East Asia adopting theoretical approach. He assesses that regional order exists in East Asia is potentially suspect in the light of a host of potentially disturbing developments, namely the rise of Chinese power in the region, the resurgence of a normalizing Japan ready to recoup its strategic prerogatives, and the

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<sup>8</sup> David Shambaugh, "Asia in Transition: The Evolving Regional Order," *Current History*, April 2006, pp. 153-159.

rapidly deteriorating situation in the Korean peninsula raising serious questions over the stability and security of the region. On the other hand, regionalism is gaining momentum in East Asia: ASEAN seeks to develop a security community in Southeast Asia; and the ASEAN Plus Three plans to be a community by enhancing regional cooperation in East Asia. He assesses that existing regional multilateral cooperation frameworks have been an effective mechanism for facilitating confidence building among Asia-Pacific nations, but not a forum for creating a regional. He argues, however, the region-wide accession to the Treaty of Amity and Cooperation (TAC) as prerequisite for membership in the East Asian Summit would at least allow the existence of an embryonic regional order in East Asia. He concludes, admitting that the preeminence of the United States and inevitable rising China's influence in the region, the Asia-Pacific [including East Asia] will be a region that will exist somewhere between a balance of power and a community-based security order".

Dr. Noel Morada, in the second chapter, stresses the importance of institutionalizing regional order. He argues that community building appears to have been the chosen pathway for many countries in East Asia towards institutionalizing regional order. He points out, however, there are a number of realities, obstacles, and challenges that must be considered if one has to believe in the long-term plausibility of such projects. He views whether the US remains an important player in East Asia and what role it could play in building an East Asian Community is an important issue to consider even as there appears to be an emerging consensus that an American dominated order that has been in place since the post-war period is no longer viable. He also points out that China-Japan relations is an important pillar in ensuring peace and stability in the region and that their historical animosities must be overcome if the regional order based on balance of power and deterrence is to be transformed into a community of responsible stakeholders.

In conclusion, Dr. Morada notes that the political elites of East Asia have to pay attention to building a common regional identity based on developing a set of common values and norms of engagement in dealing with regional issues. East Asia is composed of countries with a wide range of variations in terms of political systems, level of economic development, and social-cultural norms. He states, however, the norms and principles are already enshrined in several declarations of ASEAN, the ARF, ASEAN Plus Three, and the East Asian Summit and the major task of the political elites is to internationalize these norms and principles for establishing ASEAN community and East Asian Community.

Mr. Bunn Nagara discusses in the third chapter the challenges faced by ASEAN in building the New East Asia. East Asia has evolved as an emerging region due to rapid economic development that accompanies increasing economic integration in the region. However, he warns that there can also be risks and pitfalls. For example, he states, there

is still no sufficient East Asian system to provide early warning of an economic crisis and risks and troubling differences remains between Japan and its immediate neighbors. Therefore, he continues, it is necessary to enhance building necessary East Asian Community for addressing the situation.

He views that ASEAN has been making great efforts to establish ASEAN Community and has acknowledged the objectives such as those of the Bali Concord II as a common goals, but ASEAN can do only so much; the rest depends on complementary and concerted action by countries in north-east Asia. As for ASEAN, he points out, reviewing of non-interference policy for dealing Myanmar issue is a major internal challenge. How to compete with the rise of China also poses a big challenge on ASEAN.

Dr. Rizal Sukma's paper in the fourth chapter examines the role and position of ASEAN in the context of the emerging new regional order in East Asia, with special reference to major power relations. He also discusses challenges and opportunities facing ASEAN in managing a regional order beneficial and acceptable to all regional states, including the major powers. He deems that there has been a process of power shift that defines and shapes an emerging new regional order in the region characterized by four main trends: the rise of China, the continued primacy of the US, the revitalisation of Japan's security role, and the arrival of India as a potential major actor. These trends would bring about strategic implications for major powers relations in East Asia, especially for the patterns of balance of power among them. Therefore, the role and position of ASEAN in the years to come cannot be separated from the complexity of East Asian strategic environment.

Under such complex environment in East Asia, Dr. Sukma assumes that ASEAN should take unified action for institutional building in multilateral cooperative frameworks in the region, such as ARF, in order to address uncertainties associated with the process of power shift that characterizes the new emerging regional order in East Asia. He regards that the East Asian community-building process constitutes one promising mechanism by which regional states can manage differences and promote common interests within the new emerging regional order in East Asia.

The fifth chapter, authored by Dr. Thitinan Pongsudhirak, argues ASEAN and the major power relations in mainland Southeast Asia. In this chapter, he notes that mainland Southeast Asia's is falling under China's growing dominance. He states that ASEAN's preoccupation with other pressing priorities, Japan's inability to convert its substantial economic muscle into greater political leverage, and America's lack of attention to mainland Southeast Asia have lead the trend.

Dr. Thitinan describes China is marching towards sub-regional dominance in mainland Southeast Asia and expresses concern that China's growing dominance of mainland Southeast Asia will, in turn, increase its leverage in broader Asia-wide cooperation vehicles, particularly the East Asian Community.

In the sixth chapter, Mr. Jun Tsunekawa discusses the role of Japan in establishing an East Asian Community. He is convinced that the creation of a community in East Asia would formulate a new regional order. He notes that Japan's strategy seems to construct a region-wide free business area that brings about larger economic interests for the region. Increasing economic benefits, however, is not always effective in changing the structure of power relations, political regimes and values of the peoples. Although ensuring regional stability and prosperity is the core goal of building a community, the arguments over how to construct such a stable regional order and what sort of order should be constructed are still insufficient in Japan. Such concept formulation may be defined by Japan's foreign policy toward East Asia. He believes that it is essential for Japan to formulate a comprehensive strategic policy toward East Asia in order to develop the concept of an East Asian Community.

The East Asian region is in transition today. Security concerns over North Korea's nuclear development issues, Taiwan issues and territorial disputes still persist in East Asia. The continuous rise of China's influence is the most critical geopolitical change in East Asia. While China provides a great opportunity for further economic development, it poses political and economic challenges on regional states. It is still uncertain whether China will be a status quo or a hegemonic nation in East Asia. East Asia is a diverse area and is a hard task for political elites in the region to create a regional community. Creation of a regional community would provide various institutions that could restrain self-centered behavior of a nation and might lead China to a responsible stakeholder. The regionalism in East Asia is an inevitable trend and the cooperative action of the states of East Asia in establishing a community is required for establishing peace and prosperous region.

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