

CHAPTER 5

Mainland Southeast Asia, ASEAN and the Major Powers in East Asian Regional Order

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The twists and turns of East Asia's elusive regionalism

Region-building endeavours in East Asia have thus far made little headway. Despite their common interests, East Asian countries have been unable to organise themselves into any meaningful vehicle. Various attempts at regional organisation have been seen as generally problematic, sometimes unilateral imposition, and invariably as lacking sufficient broad-based political will. In the World War II era, Japan's promotion of "Asia for Asians" by way of a "Greater East Asia Co-Prosperty Sphere" was thwarted and ultimately defeated by the force of arms. The ideologically driven Cold War from the late 1940s to the late 1980s divided East Asia along the fault lines of communist expansionism. This period witnessed the formation of the Association of Southeast Asian Nations (ASEAN), in 1967, partly as a bulwark against communism.¹ ASEAN has proved resilient, and remains the only coherent regional institution in the region, although it does not cover Northeast Asia. No Asia-wide regional cooperation and integration effort has thus come to fruition.

After stalling during the Cold War, attempts at East Asian regionalism were revived in the late 1980s, underpinned by a new international environment enabled by the demise of communist Eastern Europe and the break-up the Soviet Union. During the late 1980s and early 1990s, inspired by regional economic success, East Asian countries actively touted intra-regional cooperation efforts once again. The first key institution that arose from this period was the coalescence of the Asia-Pacific Economic Cooperation (APEC) in 1989, peddled by Australia and the United States.² In promoting cooperative security in the region, this period also gave rise to the ASEAN Regional Forum (ARF) in 1994, building on ASEAN's inner-workings and diplomatic processes

¹ See, broadly, Sharon Siddique and Sree Kumar (eds), *The 2nd ASEAN Reader*, Singapore: Institute of Southeast Asian Studies, 2003.

² See, among others, John McKay, *APEC: Successes, Weaknesses, and Future Prospects*, Southeast Asian Affairs 2002, Singapore: Institute of Southeast Asian Studies, 2003.

and anchored around ASEAN itself.³ The advent of both APEC and the ARF were seen at the time as crucial regionalisation in the Asia-Pacific on both economic and security pillars.

This period also saw the further institutionalisation of ASEAN by way of the grouping's free-trade area (AFTA) in 1992.⁴ It was reinforced by a handful of sub-regional economic cooperation vehicles.⁵ Stellar economic performance in East Asia, reflected in the World Bank's study titled *The East Asian Miracle*⁶ instilled the regional states with a growing sense of confidence to also come up with their own cooperative body to the exclusion of Western countries, focusing on the economic strength of Japan, the four Newly Industrialised Countries (NICs – South Korea, Taiwan, Hong Kong and Singapore), and the ASEAN Four (Indonesia, Malaysia, the Philippines, and Thailand), with China rounding out the pack. This led to what is now known as the "Asian values" debate, in which East Asian proponents of so-called Confucian values and culture as the underlying drivers of economic growth took the West (especially the United States) to task for its criticisms of East Asia's lack of human rights and democracy.⁷

East Asia's exuberance was short-lived, rudely halted by a region-wide economic crisis during 1997-98 that first beset Thailand before contagion effects afflicted its vicinity.⁸ The economic crisis dealt a debilitating setback to the region. Suddenly, the values and cultural attributes and the pre-1997 regional institutions, such as APEC and AFTA, that had seemingly propelled East Asian economic success with bright prospects on the horizon were seen on their flip side as collusion, corruption and cronyism. Nevertheless, the Asian economic crisis did not put an end to East Asia's regionalism. The crisis engendered new moves towards regional cooperation in finance. The initial and ultimately futile attempt was the proposal for a Japan-sponsored Asian Monetary

³ See, for example, Michael Leifer, *The ASEAN Regional Forum*, London: International Institute for Strategic Studies, 1996.

⁴ Pearl Imada and Seiji Naya (eds), *AFTA: The Way Ahead*, Singapore: Institute of Southeast Asian Studies, 1992; Hadi Soesastro, *The ASEAN Free Trade Area (AFTA) and The Future of Asian Dynamism*, Jakarta: Centre for Strategic and International Studies, 1991.

⁵ Edward Chen and C.H. Kwan (eds), *Asia's Borderless Economy: The Emergence of Subregional Economic Zones*, St.Leonards, NSW, Australia: Allen & Unwin, 1997.

⁶ World Bank, *The East Asian Miracle: Economic Growth and Public Policy*, Oxford: Oxford University Press, 1993.

⁷ The chief spokesmen of Asian values featured Lee Kuan Yew and Mahathir Mohamad, the respective leaders of Singapore and Malaysia at the time. This period also saw the leading lights of Singapore's diplomatic corps expounding Asian values in Western publications. See, for example, Kishore Mahbubani's "The Dangers of Decadence" in *Foreign Affairs*, September/October 1993, and Bilihari Kausikan's "Asia's Different Standard" in *Foreign Policy*, Fall 1993.

⁸ Marcus Miller, David Vines, and Axel Weber (eds), *The Asian Financial Crises: Causes, Contagion, and Consequences*, Cambridge, UK: Cambridge University Press, 1999; Stephan Haggard, *The Political Economy of the Asian Financial Crisis*, Washington, DC: Institute for International Economics, 2000.

Fund.⁹ Regional financial cooperation amidst the Asian economic crisis later made progress under the Asia Bond Fund and the Chiang Mai Initiative, the latter comprising a series of bilateral swap agreements.¹⁰

Just as East Asia recovered from the crisis, the terrorist attacks of 11 September 2001 took place, putting the region and the world at large in a tailspin. America's launch of the "war on terror" that began with the invasion of Afghanistan in late 2001 and Iraq 18 months later placed East Asia's regional cooperation in a bind, superseded by US foreign and security policy objectives. Only when the war on terror lost momentum and legitimacy in the years following the US's invasion of Iraq have East Asian countries begun to think anew and renew efforts in earnest about how to promote and realise their elusive regionalism.

The aftermath of the economic crisis witnessed the meteoric rise of the ASEAN Plus Three (APT) process that subsequently led to moves toward institutionalising an East Asian Community (EAC), symbolised by the inaugural East Asian Summit (EAS) in December 2005.¹¹ These have been significant regionalisation efforts because they bring together Northeast and Southeast Asia under one unifying roof for the first time. The APT and EAC also allow for the cooperation between the region's two powerhouses, namely Japan and China, two countries burdened by historical hostility. China's inexorable rise and Japan's economic power can be accommodated within the EAC with sufficient political will from both sides. Moreover, the EAC as currently configured excludes the US and Australia, although the latter was included in the EAS along with New Zealand. Hence it has the appearance of "Asia for Asians". It is still early days, but East Asia at least can now see the promised land of its long elusive regionalism if it is able to get its act together and overcome latent conflicts and divergent national interests in favour of unprecedented cooperation, perhaps ultimately integration.

Having provided a brief overview of East Asia's yet-unrealised regionalism, this chapter homes in on the subject at hand, namely mainland Southeast Asia, ASEAN and the major powers in the context of East Asian regionalism. Mainland Southeast Asia – comprising Myanmar, Thailand, and the Indochinese countries of Cambodia, Laos and Vietnam – is an apt focus as it includes Myanmar. Five dynamics are at play. The first is the glacial pace of the longstanding Greater Mekong Sub-regional (GMS) development,

⁹ Yong Wook Lee, "Japan and the Asian Monetary Fund: An Identity-Intention Approach", *International Studies Quarterly*, June 2006.

¹⁰ Injoo Sohn, "Asian Financial Cooperation: The Problem of Legitimacy in Global Financial Governance", *Global Governance*, October-December 2005.

¹¹ See Yoshimatsu Hidetaka, "Political Leadership, Informality, and Regional Integration in East Asia: The Evolution of ASEAN Plus Three", *European Journal of East Asian Studies*, September 2005; Richard Stubbs, ASEAN Plus Three, *Asian Survey*, May/June 2002; Mohan Malik, "The East Asia Summit", *Australian Journal of International Affairs*, June 2006.

initiated by the Asian Development Bank (ADB) under Japanese support. Second is the growing divide between mainland and maritime members of ASEAN. The third is Thailand's short-lived attempt under former Prime Minister Thaksin Shinawatra's initiative to turn mainland Southeast Asia into a Thailand-centred orbit. Fourth, China's growing dominance of mainland Southeast Asia appears inevitable. Finally, America's relative neglect of the sub-region plays into China's hand. This chapter argues that mainland Southeast Asia's is falling under China's growing dominance practically by default in view of Thaksin's political demise and the consequent abandonment of the Thailand-centred cooperation scheme, 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. China's growing weight in mainland Southeast Asia, in turn, will increase its leverage in the broader stage of East Asian regionalism, particularly the EAC.

The GMS and ASEAN between the mainland and the archipelago

Launched in 1992, the ADB's GMS program took place in the post-Cold War environment. During much of the 1970s and 80s, economic cooperation in mainland Southeast Asia was stymied by the confrontation and bipolarity structured by the Cold War. The early 1990s offered an unprecedented opportunity for sub-regional cooperation among the six states in the mainland, consisting of Yunnan province in southern China and Thailand along with Cambodia, Laos, Myanmar, and Vietnam. This so-called hexagonal development program eventually became one of the ADB's primary and sustained operations. The mechanics of the scheme were obvious. With the Mekong River winding through them for 4,200 kilometres, the six GMS members constitute a population of 300 million with vast economic potential.¹² The GMS scheme enabled former ideological foes during the Cold War to become friends in mutual development. With poverty-reduction as its core mandate, the ADB was also interested in alleviating poverty in the poorer countries of the GMS region, particularly in Cambodia, Laos, and Myanmar. The Bank has set up a plethora of work programs, particularly in infrastructural "corridors" development for mutual economic progress, cutting roads from Yunnan to Thailand and from Thailand to Vietnam. It has allocated considerable staff, resident offices, and other resources to promote the sub-regional economic cooperation, and has placed priority on the Yunnan-Thailand axis to make the program

¹² The ADB has a wide-ranging website on the GMS's background, objectives, work programs and progress, and a range of other information. See <http://www.adb.org/GMS/>.

work.¹³ Hence substantial funding has been devoted to GMS development. The ADB is increasingly aiming for the GMS to become a regional market.

Yet the GMS region has fallen short of targets, and is facing unanticipated obstacles and unintended consequences. One obstacle has been China's exploitation of its geographical location in the upper Mekong, building dams that divert water from downstream countries. Another has been the dynamiting of the Mekong waterways to expand navigational depths for Chinese merchant shipping to ply the border trade. These moves have incurred grievances from the lower Mekong countries, and have given rise to potential conflicts between the riparian states. Moreover, the ADB's focus on creating a regional market and promoting a freer movement of goods, people and resources without due regard for their adverse impacts and without adequate institutional requirements for production and trade have also been criticised.¹⁴ The GMS has indeed become shrouded in controversy, and is increasingly seen as a misguided vehicle for regional economic integration being propelled by the ADB. Such critique is significant. The GMS plan has far-reaching consequences not just for the member economies but also for the ADB and, indirectly, Japan, which has been viewed as the Bank's primary sponsor, having poured enormous resources into the scheme from the outset. If the GMS region's natural resources and benefits are not shared more evenly, it appears that China will gain undue advantages at the expense of its neighbours, hastening its dominant role in mainland Southeast Asia. The ADB's GMS programs, in other words, play a key constraining role in keeping China in line in mainland development.

On the other hand, the developments in the GMS region mirror shifting priorities among the ten ASEAN countries. In some ways, the war on terror has split ASEAN along the priorities of US foreign policy and Islamic radicalisation. The countries caught up in the war on terror, with Southeast Asia seen in some quarters as the "second front"¹⁵ after the Middle East in view of Muslim insurgencies in Indonesia, the Philippines, and southern Thailand, stand in contrast to CLMV countries (i.e. Cambodia, Laos, Myanmar, and Vietnam) where the threat of Islamist terrorism is virtually invisible. The post 9/11 priorities put a new focus on maritime security for the ASEAN states, concentrated in the sea lanes in the Straits of Malacca.¹⁶ Mainland Southeast Asia, with the exception of southern Thailand, is much less at threat from the spread of militant Islam, which has claimed scores of victims in Indonesia and the Philippines to a

¹³ Siriluk Masviriyakul, "Sino-Thai Strategic Economic Development in the Greater Mekong Sub-region (1992-2003)", *Contemporary Southeast Asia*, 26, no. 2, 2004.

¹⁴ See, for example, Alfred Oehlers, "A Critique of ADB Policies Towards the Greater Mekong Sub-Region", *Journal of Contemporary Asia*, 36:4, 2006.

¹⁵ Zachary Abusa, *Militant Islam in Southeast Asia: The Crucible of Terror*, Boulder: Lynne Rienner Publishers, 2003.

¹⁶ Michael Richardson, *A Time Bomb for Global Trade: Maritime-related Terrorism in An Age of Weapons of Mass Destruction*, Singapore: Institute of Southeast Asian Studies, 2004.

lesser extent. ASEAN, of course, remains coherent, but the sustained Islamist radicalisation has driven a wedge into the region. The establishment and proliferation of Jemaah Islamiyah (JI), seen as the regional outpost of global terrorism perpetrated by al-Qaeda, is undoubtedly a growing threat in maritime Southeast Asia with tentacles potentially reaching into southern Thailand and the Philippines.¹⁷

The income disparity among the ASEAN economies also has created a sense of two regions existing in Southeast Asia between the relatively have and have-nots. The poorest countries of ASEAN, again with the exception of Thailand's middle-income status, are situated in the mainland, namely the CLMV. Although the CLMV countries are relatively new to ASEAN, the regional institution has not been able to bridge the widening income gap. The emergence and proliferation of bilateral free-trade agreements have been pursued by countries such as Singapore, Malaysia, Indonesia, and Thailand, whereas the CLMV economies appear neglected. Yet another wedge between the mainland and maritime states of ASEAN centres on the issue of Myanmar and its lack of political progress. The military junta's harsh rule, repression and suppression of Myanmar's opposition, especially the indefinite house arrest of National League for Democracy leader Aung San Suu Kyi, has been ASEAN's albatross vis-à-vis the international community. The maritime ASEAN states have recently overcome the institution's cardinal principle of "non-interference" to openly criticise Myanmar's lack of political dialogue and democratisation. No similar critique, however, came from Cambodia, Laos and Vietnam. This is partly because democratic rule has prevailed in maritime more than mainland Southeast Asia. Democratisation and genuine democratic rule is thus another wedge underpinning the ASEAN divide between the maritime and mainland states.

Thailand's short-lived plan in mainland Southeast Asia

Before former Thai Prime Minister Thaksin Shinawatra rose to power in January 2001, Thailand had been engaged in a multitude of international and regional vehicles geared towards the promotion of cooperation and the prevention of conflicts among states. Thailand had been a full-fledged member of the United Nations for more than five decades, having served in important posts in the past. Since 1967, ASEAN had figured centrally in Thailand's relations with the outside world. The country was a founding member and played an integral role in the organisation's institutional advancement since. In the early 1990s, the government of Anand Panyarachun, the then caretaker prime minister following a military coup in February 1991, was instrumental in establishing

¹⁷ JI's role in the Malay-Muslim insurgency in Thailand's deep south is alleged by Abusa in *Militant Islam in Southeast Asia* and Rohan Gunaratna, Arabinda Acharya and Sabrina Chua, *Conflict and Terrorism in Southern Thailand*, Singapore: Marshall Cavendish Academic, 2006.

AFTA, the region's premier trade cooperation pact. Similarly, Thailand had been a significant player in APEC and the ARF as well as the Asia-Europe Meetings (ASEM), to name but a few. More recently, when Malaysia's incapacitated East Asian Economic Grouping from the early 1990s was recast as the APT, Thailand also played a significant part. Thailand's role in these international and regional vehicles to promote cooperation and prevent conflicts among states changed when Thaksin came to power. He spectacularly set up his own schemes for statesmanship and sub-regional preponderance.

First, Thaksin created the Asia Cooperation Dialogue (ACD) as an Asia-wide cooperation vehicle. The ACD progressed rather quickly in a short time. Its *raison d'être* was to foster intra-regional cooperation in Asia, straddling Northeast Asia to the Middle East, and to mobilise the region's financial resources for its member economies, thereby relying less on the West. In its short life, the ACD held three annual ministerial meetings since the inaugural event in June 2002.¹⁸ Its membership expanded from 18 to 22 and, in the third ministerial meeting in Qingdao, to 25. Work programs were set up, and plans for a summit meeting was in the works prior to Thaksin's political descent and ouster in September 2006. The key feature and probably the most concrete measure of the ACD was the "Asia Bond" project, the idea that Asian economies should harness the region's massive savings for intra-regional use by governments and private corporations instead of depositing them in Western countries. Nevertheless the Asia Bond project showed limited results. The amounts of capital ACD governments were willing to put in the ante were limited, and the fund was denominated in the greenback rather than in regional currencies. Despite its shortcomings, the ACD represented Thailand's attempt under Thaksin to put itself at the centre of Asia. It was an unprecedented effort to maximise Thailand's strategic resources, including geographical centrality on the Asian landmass. As an inter-regional forum that brought together East Asia, South Asia and the Middle East, the ACD on the map of the globe positioned Thailand as the geographical epicentre.

However, because it was based so much on Thaksin himself and his popularity at home, Thaksin's political demise has left the ACD rudderless, even possibly abandoned.

Second, within the ACD was Thaksin's scheme for mainland Southeast Asia's development known as the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS). The ACMECS was spawned when Thaksin met with his counterparts from Cambodia, Laos and Myanmar in April 2003. That initial discussion led to a leaders' meeting in Myanmar in November 2003. Significantly, the ACMECS sprung up at a time when Thaksin was riding high after his trip to Washington in June 2003 that cemented Thai-US relations and placed Thailand as a US major non-NATO ally. Thaksin was trying to succeed former Malaysian Prime Minister Mahathir

¹⁸ For a more comprehensive background on the ACD, see <http://www.acddialogue.com>.

Mohamad as the next regional leader.¹⁹ The advent of the ACMECS was not without precedent. In the late 1980s, then Prime Minister Chatichai Choonhavan tried to turn mainland Southeast Asia into a Thai-centred “Golden Land” or “Suvarnabhumi.” As an economic development plan for mainland Southeast Asia, the ACMECS called for Thailand to provide financial assistance to reduce the development disparity between itself and Cambodia, Laos and Myanmar. A Thai fund of Bt10 billion was pledged to this end, combining soft loans with 12-year repayment periods at three per cent interest with outright aid transfers. At the same time, Thaksin declared Thailand to be an aid donor and no longer an aid recipient, a stunning departure from Thailand’s past status as an aid recipient. It also marked the first time Thailand became a financial donor of a considerable sum. The Bt10 billion package did come with strings attached. The credit line for development projects in the three recipient countries was required to be denominated in Thai baht, and procurement contracts were required to be sourced with Thai firms. Using the Thai baht in this fashion was also reminiscent of Chatichai’s attempt to create a “baht zone”²⁰ in mainland Southeast Asia.

Thaksin’s political demise at the hand of the military coup on 19 September 2006 has practically put an end to ambitious Thai plans for mainland Southeast Asia. Post-Thaksin Thai foreign policy is likely to return to that of the pre-Thaksin era, with emphasis on international obligations, Thailand’s role in ASEAN, and key bilateral relationships with the major powers. Had ACMECS made more headway, despite Thaksin’s preponderant aims, it could have played a constraining role on China’s influence in the sub-region, as it would have likely provided a balancing role to China’s inexorable dominance in mainland Southeast Asia. Given the GMS’s rather ineffectual and controversial role, mainland Southeast Asia’s shifting priorities as compared to its maritime neighbours, and Thailand’s short-lived grand plans to harness the mainland economies, the role of the major powers in the mainland sub-region has become salient.

The major powers in mainland Southeast Asia

As mentioned above, East Asia – defined as the ten members of the ASEAN, along with China, Japan, and South Korea – has been in a state of flux. While the end of the Cold War afforded the region an opportunity to come together through constructive cooperation and institutionalisation, the regional states in East Asia have had limited success in promoting intra-regional cooperation. Despite AFTA, ASEAN still relies on extra-regional export markets for economic growth. APEC has lost steam compared to a decade ago when it was touted as a promising trans-Pacific trade liberalisation vehicle,

¹⁹ See “Thaksin asserts regional ambitions,” *Bangkok Post*, 16 July 2003.

²⁰ See “Regional role possible for baht,” *The Nation*, 26 January 2004.

and the ARF has suffered a similar loss of momentum during the same period. Once East Asia's paramount security cooperation platform, the ARF has lost much of its appeal and efficacy.

Several factors have underpinned the lack of progress in AFTA, APEC and the ARF. First, East Asia's economic crisis during 1997-98 dealt a blow to these regional cooperation ventures. Second, the post-1997 economic recovery in the region has been mixed and uneven. Certain crisis-afflicted countries, namely South Korea and Thailand, managed to move on whereas others such as Indonesia and the Philippines remained in the doldrums. Third, the terrorist attacks of 9/11 and the US-led war on terror further set the region into a tailspin. At the behest of the US, the war on terror soon engulfed national priorities in the regional states of East Asia. APEC became increasingly focused on defence issues, and the ARF was also redirected towards counter-terrorism measures. Already reeling from the 1997-98 crisis and its aftermath, ASEAN has appeared increasingly divided, its key members shifting trade and security strategies with an extra-regional focus. Singapore and Thailand, for example, beefed up security pacts with the US, and these two countries also went on a headlong pursuit of bilateral FTAs with partners outside Southeast Asia. Moreover, ASEAN has been divided from within, particularly on the issue of Myanmar, as noted previously.

Meanwhile, China's robust and sustained economic growth, accompanied by increased military capabilities and apparent ambitions, has thrown the Northeast Asian regional power equation into the open. China has spectacularly emerged as a superpower, serving as the vortex of trade ties within the region.²¹ Beijing's ongoing tussle with Taiwan in the context of the US-Taiwan security relationship is a sticking point in regional security and cooperation. On the other hand, Japan continues to be the leading locomotive of economic development in the region. However, Japan's historical record with the regional states, particularly China, and Tokyo's entrenched, solid alliance with Washington have thus far precluded a larger Japanese role in regional cooperation and an institutionalised regional order. South Korea, also a close US ally, has been preoccupied with North Korea and the latter's nuclear armament in view of patron-client ties between China and North Korea. The Northeast Asian status quo is thus plagued by security concerns over the Korean Peninsula and the China-Taiwan conundrum. In Southeast Asia, the status quo is no more promising for a coherent regional order. Apart from internal divisions over Myanmar, ASEAN countries such as Indonesia, the Philippines and Thailand are beset with sectarian strife, separatist violence, and global

²¹ See, for example, Chalmers Johnson, "No Longer the 'Lone' Superpower: Coming to Terms with China, *JPRI Working Paper No. 50*, Japan Policy Research Institute, March 2005; David Shambaugh, "China Engages Asia: Reshaping the Regional Order, *International Security*, Winter 2005.

jihadist concerns from within and environmental degradation and disasters and healthcare pandemic, such as bird flu, communally.

Given these dynamics, regional order in East Asia is a difficult proposition. The leading attempt to forge such an order is now centred on the EAC, a regional vehicle that traces its roots back to the early 1990s with the vision espoused by former Malaysian Prime Minister Mahathir who was the first regional leader to openly call for an intra-East Asian cooperation body. From the East Asian Economic Grouping to the East Asian Economic Caucus, Mahathir's vision never wilted in the face of scepticism and opposition from the outside world, particularly the US and Australia. Having weathered the past decade of intra-regional rifts and extra-regional concerns, the EAC is coming into its own. It held a first-ever summit of East Asian leaders in December 2005, rightfully hosted by Malaysia. Yet the EAC has already exhibited signs of reticence and uncertainty. Given the emergence of India as a heavyweight next door to East Asia, the EAS included New Delhi, along with Canberra and Wellington, in its milestone meeting among heads of states in December 2005. With Japan's preference, the EAC considered a role for Washington, but this has come to naught thus far. A regional coalition without the US caused unease in a number of East Asian capitals. Yet if it were to apply 'open regionalism' rules as seen under APEC more than a decade ago, the EAC would also risk dilution and irrelevance. The challenge for the EAC is to somehow engender sufficient trust from within to move forward confidently with a regional cooperation platform. Excessive expansion of the EAS at this early juncture could undermine the EAC's prospective coherence and solidity.

Yet the EAC will have to find ways to assuage mistrust among its members, particularly between China and Japan, and the EAC will have to face a reckoning vis-à-vis the US. Will Washington be included or will it have to sit this one out? Such a question may define the future direction and viability of the EAC. Equally important is the Japan-US alliance. Will Japan become a more normal country in pursuing its national interest? If so, will Japan's more assertive role be accepted within the region? Similarly, will China's emerging economic and political leadership be accepted within the region, especially by Japan and South Korea? At the same time, ASEAN will also have to do some introspection of its own. Will East Asia's preeminent regional organisation be able to overcome intra-regional divisions over Myanmar? Will ASEAN's bilateral tensions, such as those between Malaysia and Indonesia and Thailand and Malaysia, be contained? If ASEAN increasingly loses its relevance on the regional (and global) stage, regional order in East Asia would also be pushed further away.

However regional order in East Asia is conceived, it will have to pivot around the strategic triad of China, Japan and the US. First, if Washington is to be kept out of the EAC, for example, such exclusion would have to be palatable within the American

foreign policy establishment because the US and certain East Asian states have mutually beneficial relationships. Second, regional order is also hitched to the Japan-China relationship. If that relationship is unworkable, regional disorder would seem a more likely outcome. Third, China needs to ensure that its spectacular rise is indeed peaceful. This is an important component of any conception of regional order, as a China-dominated sphere would be unacceptable to others in the region. Fourth, Japan would have to be more independent of the US in its strategic calculations. If Tokyo is perceived as doing America's bidding, regional order would be more difficult to come by. Fifth, the North Korea question must be adequately addressed. As long as the nuclear stalemate continues, the atmosphere necessary to achieve any kind of order is difficult. Sixth, cross-straits ties between China and Taiwan must be manageable. A declaration of Taiwanese independence and/or a Chinese invasion of the island would likely rule out regional order in the near term. Finally, ASEAN can and should play a role, as Malaysia appears to be doing with the EAC, in fostering regional order in East Asia by acting as a potential broker for Northeast Asian cooperation and as a bridge between Northeast and Southeast Asia.²² But to do so, ASEAN must first get its own house in order.

The fluid and dynamic relations among Beijing, Tokyo and Washington spell far-reaching implications for mainland Southeast Asia. Japan has played an instrumental role, but it is being eclipsed by China. With the GMS at a snail's pace and Thailand's ACMECS plans in ruin following Thaksin's departure, China is likely to be the preponderant power in mainland Southeast Asia. This is all the more so since American foreign policy in Asia is adrift in the aftermath of its quagmire in Iraq. Preoccupied with its post-9/11 paradigm of fighting global terrorism, America has hardly paid attention to mainland Southeast Asia. Its main engagement has been to impose sanctions on and launch acerbic criticisms against the military regime in Yangon. Where US foreign policy objectives in ASEAN are concerned, they have mostly focused on bolstering relations with the maritime states in view of the war on terror and maritime Southeast Asia's habitat of the largest Muslim population in the world. The US also has preferred to deal with ASEAN countries individually on a bilateral basis rather than collectively as a grouping. The exception for mainland ASEAN states' relations with the US is Thailand, which has been a US treaty partner and more recently a major non-NATO ally. However, US relations with the Indochinese states of Cambodia, Laos and Vietnam to a lesser extent have seemingly been put on the backburner. Such neglect of mainland Southeast Asia partly stems from the latent "Vietnam syndrome", a failed military misadventure that has yet to be fully internalised by American public opinion, although

²² See Jian Yang, "Sino-Japanese Relations: Implications for Southeast Asia", *Contemporary Southeast Asia*, August 2003.

the normalisation of trade ties between Washington and Hanoi has ameliorated this long-prickly bilateral relationship. Unless the US places a higher priority and unless Japan can reassert itself in mainland Southeast Asia, the unintended beneficiary will be China.

As far as Thailand is concerned in the context of ASEAN and the EAC, the issue of China's role is paramount. To be more specific, the US only has seven functional mechanisms with ASEAN over 30 years of relations, but China already holds 48 such mechanisms with ASEAN over a much shorter time span (Japan, by comparison, has 33 such mechanisms with ASEAN over 25 years). It was as recent as March 1995 that China locked horns with ASEAN over Mischief Reef in the South China Sea, but Beijing has since taken on a new approach emphasising personal connections and diplomatic nuances. Accordingly, the US should be concerned about its absence in the EAC because of China. Beijing's preponderant role since 1997 has been remarkable at a time when US leverage has waned. Both APEC and the ARF no longer carry the weight they once did in the early and mid-1990s. The Shanghai Cooperation Organisation (SCO) that groups the Central Asian republics with Russia and China also has increased Beijing's regional weight. To be sure, the US remains out in front in East Asia's (excluding China) collective global outlook, but Beijing is catching up fast. The East Asian region is China's top priority, but not the same can be said from Washington's standpoint. America's absence from the EAC is thus far critical because it may force the East Asian region to gravitate towards China.

A common Thai view posits three ways of constraining China in the context of the EAC – coalition, balancing and community-building. Of the three, community-building holds out the most promising prospects. Community-building can be multi-layered and inclusive. Moreover, East Asian regionalism may not be the best way to contain China when the US is most concerned about the dilution and weakening of its security arrangements in the region. With strong bilateral relationships with a number of EAC members, the US is reluctant to undertake multilateral approaches. Washington is also concerned that multilateralism could further heighten and accentuate China's growing regional strength. As the merits of bilateralism and multilateralism in the handling of China are still unclear, ASEAN has played this uncertainty to its benefit by viewing the US' role as a counterweight to China. A regional arrangement such as the Helsinki Framework could be formulated and introduced for East Asia to forge a regional order. This would be a way forward for all parties concerned.

From Washington's viewpoint, China's growing regional dominance, if solidified, may not be palatable to US policymakers. However, current US policy still relies on past multilateral frameworks such as APEC and the ARF. For example, the US is attempting to rejuvenate APEC at the summit in Canberra in late 2007. Part of Washington's relative indifference to China's role in the EAC thus far stems from its emerging

partnership with India. India, for example, has been seen as a proxy for American policy on Myanmar, but this view has proved misplaced since New Delhi has actually accommodated Yangon. The same could be said of Japan's surrogacy, which has come to naught, as Tokyo has openly dealt with the military regime in Myanmar. Washington would be well-advised to rethink its "hub-and-spokes" approach towards East Asia, with its overt and excessive reliance on treaty alliances and bilateral relationships rather than dealing with the region as a whole in multilateral frameworks.

While the EAC's future directions are as yet uncharted, they are certain to lean in China's way in view of the EAC's hitherto progress. The historical animosity between China and Japan has thrown a spanner into the EAC mix, but China's growing weight is inevitable as long as the US stays out. Thailand prefers a hedging policy stance with regard to China and the EAC. Hence Thailand did not oppose the EAS and would not be opposed to the expansion of the EAC's constituent makeup and its broadened directions in future. There are even functional areas of cooperation between ASEAN and Thailand on the one hand and the US on the other in the context of China and the EAC. US demands for the revaluation of the renminbi, for example, are a tangible benefit to the ASEAN economies, which compete with China's on export price competitiveness in world markets. Ultimately, it may boil down to the US' worldview and policy outlook. China sees the EAC as "Asian Regionalism", whereas the US' emphasis is on 'Pacific Regionalism'.

Broadly put, ASEAN as a whole is institutionally challenged by the EAC. As with larger forums such as APEC and ARF, ASEAN is intent on taking a leading role. Yet it is unclear which countries now provide leadership for the ten-member grouping. Thailand traditionally played a leading role, but this changed under former Prime Minister Thaksin. His foreign policy platform placed priorities on new regionalisation fronts, namely the ACD and ACMECS as mentioned earlier, to the neglect of the broader ASEAN. The Thaksin foreign policy era thus diluted Thailand's leverage within ASEAN. Consequently, the grouping is increasingly led by Indonesia, a traditional stalwart, and Singapore as well as by Vietnam of late. ASEAN's leadership dynamics are significant in the development of the EAC and regional order in East Asia. A Thailand-led ASEAN may be more inclined towards greater US participation in the EAC's future, but it is as yet undetermined how other leading ASEAN members perceive and are likely to treat America's role.

A sticking point in all of ASEAN's external relations is the thorny Myanmar issue. On this front, China has a conspicuous edge. Beijing is Yangon's largest trading partner, while Washington has slapped countless sanctions and blatant criticisms on Myanmar's military regime. Beijing has few qualms about Yangon's human rights abuses and its lack of democratic progress, whereas Washington refuses to deal with the military junta, otherwise known as the State Peace and Development Council. The issue of Myanmar is

thus a non-issue where ASEAN-China relations are concerned, but the opposite seems to be the case with ASEAN-US relations. For ASEAN, one major threshold for the US to cross in Southeast Asia is Washington's accession to the Treaty of Amity and Cooperation. This is a tough line to cross for Washington, but it would go a long way in making ASEAN feel it has America's "acceptance". It would also allow Washington to deal with ASEAN as a whole much more effectively, and thereby exert greater leverage on the formation of the EAC and East Asian regional order.

Conclusion

This chapter has made the case that East Asia's elusive regionalism is attributable to internal dynamics and external imperatives. When East Asian regionalism began to progress in the early 1990s, it was halted by the Asian economic crisis and later the post-9/11 war on terror. Yet the APT and EAC offer new prospects to realise regionalism in East Asia if these coalescing schemes can overcome historical discord and distrust and if they can organise from within without alienating and posing a threat to extra-regional powers such as the US and Australia. The interplay among Beijing, Tokyo and Washington will be decisive to the EAC's development and the formation of East Asian regional order. Such fluidity puts Japan at centre stage between Beijing and Washington. If Japan can reassert itself in Southeast Asia in conjunction with China's growing influence without adversely altering the Northeast Asia status quo and with America's acquiescence, the EAC's prospects will brighten. If relations between Japan and China sag and deteriorate on past mistrust and fresh fissures, the EAC is likely to lose momentum and become adrift, adding uncertainty to regional order.

Although it has an instrumental role to play in East Asian regionalism, ASEAN is increasingly split between the interests of its mainland and maritime states. Mainland priorities are relatively unrelated to maritime states' post-9/11 concerns with global terrorism. The ADB's slow progress in the GMS and Thailand's virtually abandoned plans for sub-regional preponderance also will enable China to assert itself in mainland Southeast Asia through trade and investment ties, such as Beijing's increasing aid and investment in Cambodia and Myanmar. China, in other words, is marching towards sub-regional dominance in mainland Southeast Asia practically by default because Japan has been unable to punch at its weight and the US has been neglectful. China's growing dominance of mainland Southeast Asia is likely, in turn, to increase its leverage in broader Asia-wide cooperation vehicles, particularly the EAC. Unless Japan can reassert itself and the US willing to step up its engagements in East Asia (particularly with ASEAN), China is likely to have the most influence over the ordering of East Asia's shape, makeup and future directions.