

East Asian New Institutional Regionalism : Who Will Drive the East Asia Summit, ASEAN, Japan or China ?

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Abstract

The focus of this paper is to use the East Asia Summit (hereafter EAS) as a case study to explain the development of new institutional regionalism in East Asia. It is divided into two parts. The first part analyses the evolution and the reasons for the creation of the EAS. The second part focuses on the Association of Southeast Asian Nations' (ASEAN), China's, and Japan's leadership roles in promoting the new institutional regionalism in East Asia. The main thesis of this paper is to argue that the trilateral collective leadership of ASEAN, China and Japan is critical in determining the shape and direction of East Asian new institutional regionalism in the 21st century.

The trilateral collective leadership model with ASEAN as the *primus inter pares* (first among equals) supported both by China and Japan is likely to continue in the immediate and intermediate future. As long as both China and Japan support this 'trilateral equilibrium' model, ASEAN can continue to drive the EAS, as it is a positive sum model which will contribute to the maintenance of regional systemic stability and order in East Asia. Thus it can be argued that the present trilateral collective leadership model is best suited for the East Asian circumstances. The hegemonic stability model of the North American Free Trade Area (NAFTA) under the tutelage of the US and the power-sharing co-leadership model (France and Germany) of the European Union (EU) cannot be replicated in East Asia. However, in the long term, China has the potential to replace ASEAN and Japan as the *primus inter pares* in shaping the international political and economic order in East Asia, as with the growing economic power of China and India, the center of economic gravity will not only shift from the West to the East, but also from Southeast Asia to Northeast Asia.

Key words : Summit, regional, leadership, trilateral, institution

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Introduction

The theoretical and methodological underpinning of this paper is to show possible linkages between ideas and institutional change. Many great ideas spurred the formation and transformation of the global economy throughout history. The idea to reach out by Christopher Columbus and Vasco da Gama in the 15th century fundamentally changed the global political and economic order since they discovered the Americas and Asia, giving birth to the global expansion of European capitalism and imperialism in the 19th century. The revolutionary ideas of Marx, Lenin and Mao brought about profound revolutionary change to the global political economy in the 20th century.¹⁾ The roles played by these leaders were critical in bringing about the great transformation in both Russia and China, and so was the idea of a united Europe envisioned by the founding fathers of the EU²⁾ which brought a war-torn Europe permanent peace.

Mark Blyth³⁾ has presented the following five hypotheses as conceptual tools for studying the correlation between economic ideas and institutional change :

1. In periods of economic crisis, ideas (not institutions) reduce uncertainty
2. Following uncertainty reduction, ideas make collective action and coalition - building possible
3. In the struggle over existing institutions, ideas are weapons
4. Following the delegitimization of existing institutions, new ideas act as institutional blueprints
5. Following institutional construction, ideas make institutional stability possible.

This paper analyses the rise of new East Asian 'institutional regionalism.' Studies of regionalism can be analyzed from the financial, security, strategic, political, environmental and institutional perspectives.

Since East Asian new institutional regionalism is driven mainly by states, i. e. through inter-governmental projects, studying institutional regionalism is important because institutional ideas shape institutional behaviors. Thus the study of institutional regionalism can help us, for example, understand the different member states' motivations to participate in the regional grouping. In the case of East Asia, the idea of achieving wealth and power has been the central concern of East Asian states since World War II. For China, the idea of 'enrich the nation and strengthen the army' has always been the central tenet of the ruling elites since

the onslaught of the Western powers during the Opium Wars (1839-1842).

Furthermore, institutional regionalism can create new norms, rules and identity for community building and economic integration. These can be the bases for governance and legitimacy of a regional grouping in a particular region. Institutionalization of norms and rules provide the parameters for states to follow and interact, thus minimizing erratic behavior by member states. Moreover, from the development perspective, one can argue that without regional institutions, there can be no long-term regional sustainable development. Besides, regional institutions provide goals and visions to aspire states to work together for the common good and welfare of people in a particular region. In the longer term, institutions provide stability for regional order and thus minimize conflict and anarchy in that particular region.

The focus of this paper is to use the EAS as a case study to explain the development of new institutional regionalism in East Asia. It is divided into two parts. The first part analyses the evolution and the reasons for the creation of the EAS. The second part focuses on ASEAN's, China's, and Japan's leadership roles in promoting the new institutional regionalism in East Asia. The main thesis of this paper is to argue that the trilateral collective leadership of ASEAN, China and Japan is critical in determining the shape and direction of East Asian new institutional regionalism in the 21st century.

From the perspective of the evolution of East Asian regionalism, the First, Second, Third and Fourth EAS⁴⁾ held in Kuala Lumpur, Malaysia, on December 14th 2005 and thereafter in Cebu, the Philippines on 15th January 2007, as well as in Singapore on 21st November 2007, and finally in Thailand on 25th October 2009 marked a significant development in the rise of new East Asian institutional regionalism.⁵⁾ The fact that the first EAS was hosted successfully by Malaysia was particularly meaningful as the EAS revived the original idea of the East Asian Economic Grouping (EAEG)⁶⁾ which was first initiated by then Malaysia's Prime Minister Dr. Mahathir bin Mohamad in 1990. Mahathir's EAEG idea did not take off due to strong US opposition, lack of support from both China and Japan, as well as skepticism by ASEAN (particularly Indonesia and Singapore). Subsequently, the EAEG became the East Asian Economic Caucus (EAEC) which was symbolically endorsed by ASEAN in 1993. Despite this initial setback, the idea of forming an EAEG continued to linger in the East Asian leaders' minds. In December 1995, ASEAN endorsed the idea of reviving the EAEG, and at the first 1996 Asia-Europe Meeting (ASEM) the idea of ASEAN Plus Three (China, Japan, South Korea) process became alive. The first ASEAN Plus Three Summit in 1997 marked a significant development in the rise of the new East Asian institutional regionalism. This was the first time in the history of East Asian development that the leaders of the thirteen states met to discuss common issues and problems facing the region. At the December 2004 ASEAN Plus Three Summit, the East Asian leaders decided to have the first EAS to be held in Malaysia in 2005. Viewed from this historical perspective, one can argue that the first EAS was a logical outcome of the East Asian states' desire to create a new developmental regionalism⁷⁾ in East Asia. The formation of the EAS was also an extension and the culmination of more than three decades of economic growth in East Asia.

Raison d'être for the Creation of the EAS

First, the EAS was a logical outcome of the East Asian states' desire to create a regional institution to promote common interests and share views on the future development of East Asia. They hoped the EAS will lead to deepened interdependence among the East Asian states so as to strengthen regional peace, development, stability and identity.

Second, the birth of the EAS could be interpreted as a response to the Asian Financial Crises (1997/1998), as the East Asian states recognized the need to pull their resources together to face future challenges and crises affecting their common interests.

Third, the creation of this East Asian grouping was partially a response to the challenges of a global trend toward regionalism. It can therefore be argued that the EAS is a mechanism to handle the dynamic changes of the forces of globalization, in particular economic globalization.

Fourth, the creation of the EAS could be regarded as a hedge against the failure of the Doha Round of Trade Negotiations since 2001.⁸⁾ It can also strengthen its economies of scale for trade bargaining vis-à-vis the EU and NAFTA.

Finally, the rise of China was an important driving force for the first EAS meeting.⁹⁾ The fact that China was the chief focus of attention during the meeting is a testimony to the above argument.¹⁰⁾

Goals of the EAS

The Kuala Lumpur Declaration on the East Asia Summit stated that its signatories had: 'First, —established the East Asia Summit as a forum for dialogue on broad strategic, political and economic issues of common interest and concern with the aim of promoting peace, stability and economic prosperity in East Asia.'

'Second, that the efforts of the East Asia Summit to promote community building in this region will be consistent with and reinforce the realisation of the ASEAN Community, and will form an integral part of the evolving regional architecture.'

'Third, that the East Asia Summit will be an open, inclusive, transparent and outward-looking forum — with ASEAN as the driving force working in partnership with the other participants of the East Asia Summit.'

'Fourth, that the 'focus, among others — will be — on the following :

'Fostering strategic dialogue and promoting cooperation in political and security issues to ensure that — their — countries can live at peace with one another and with the world at large in a just, democratic and harmonious environment ;

Promoting development, financial stability, energy security, economic integration and growth, eradicating poverty and narrowing the development gap in East Asia, through tech-

nology transfer and infrastructure development, capacity building, good governance and humanitarian assistance and promoting financial links, trade and investment expansion and liberalisation; and

Promoting deeper cultural understanding, people-to-people contact and enhanced cooperation in uplifting the lives and well-being of — their — peoples in order to foster mutual trust and solidarity as well as promoting fields such as environmental protection, prevention of infectious diseases and natural disaster mitigation.¹¹⁾

Thus the basic principles of the EAS follow the ‘ASEAN Way,’ i. e. equality, partnership, consultation and consensus. It is not based on the EU model of rule-based formal regionalism.

Issues and Challenges

The exact evolving pattern of the future of the EAS is at the moment not yet clearly defined. Many questions can be raised. For example, what is the nature and features of the EAS? Is the EAS a forum of a talking club, or ‘norm brewery’¹²⁾ or a ‘community brewery’? Will the EAS become the most important regional institutional mechanism, and replace ASEAN in dealing with East Asia’s most pressing international political and economic issues in the region? Does the EAS need to have a permanent secretariat? How can a viable EAS organizational structure be created? What is the formal and informal relationship between the East Asian states and their dialogue partners? How important and relevant will the EAS be in the context of the global political economic architecture? Can the EAS create a successful model for Third World developing countries to emulate?

What will be the optimum membership for the EAS? Will the EAS include the US and Russia? Can the EAS mechanism function effectively without US participation? What will be the future leadership roles of the US since the Obama administration had acceded to the Treaty of Amity and Cooperation in Southeast Asia (TAC) on 22nd July 2009?¹³⁾

In geographical terms, the EAS goes beyond East Asia and includes South Asia and Oceania. In terms of membership, its size is likely to fall between ASEAN Plus Three and APEC.¹⁴⁾ ASEAN adopted an open approach as it believed that US membership is important because it can serve as a useful counter dominance strategy to rising China. However, some argued that with its inclusion, the EAS might become a US dominated Asia-Pacific grouping and would thus undermine the East Asian identity of the EAS. Thus the EAS would then be subsumed under the US-Japan-Australia-led APEC grouping. The inclusive school of thought prevailed over the exclusive school of thought, as the final 2005 Declaration of the EAS stated that it will be an ‘open, inclusive, transparent and outward-looking forum’ — with ASEAN as the driving force working in partnership with the other participants of the East Asia Summit.¹⁵⁾ In the words of China’s Premier Wen Jiabao ‘The EAS should not be closed, exclusive or directed against any party.’¹⁶⁾

One of the challenges for the EAS is how to coordinate ASEAN’s related institutions and their multiple networks, that is ASEAN Ten Plus One and ASEAN Plus Three in such a

way that their various functions are not duplicated. The ASEAN Regional Forum (ARF) for instance can focus on security issues whereas the EAS can concentrate on community building.¹⁷⁾ The challenge for ASEAN is to ensure that the creation of a centrality of any future structure will not shift from Southeast Asia to Northeast Asia, and to set the pace and keep the momentum of the EAS summits. The strategy is to move from ‘confidence building’ to problem-solving and finally to community-building for East Asia.

Leadership

What is regional leadership?¹⁸⁾

To be a regional leader, one needs to fulfill the following conditions :

1. have a strong belief, desire, political will and determination to lead the region
2. have leadership vision and intellectual leadership capability
3. be the largest power and have the most affluent economy in the region
5. be the chief paymaster
6. command respect and acceptance by other member states and the international community.

Leadership is an important factor in the shaping of the EAS’ future and the building of an East Asian Community (EAC). If leadership is analyzed from the realist perspective, one would conclude that it would eventually be the rising powers in Northeast Asia who would take centre stage in setting the agenda for the EAS.

However, if we analyze leadership from the issues perspective, it is possible that a particular state can be assigned to be the leader of a certain urgent issue irrespective of the size and strength of that state. The EAS, can for example, reach a consensus to accept Japan as a regional leader in the areas of technology and the environment since Tokyo is the most advanced country in these fields compared to other East Asian states. Similarly, China can assume leadership in setting the agenda for trade bargaining on behalf of East Asia vis-à-vis other trading blocs, due to its immense strength and clout garnered from its status as the “World’s Factory.”

If we consider the principle of equality, then any of the EAS participants would have an equal chance to be the chairman of the EAS. Thus the idea of a ‘rotational leadership’ can apply to the situation in East Asia, as was the case for ASEAN when from the very beginning of the ASEAN Declaration in Bangkok in 1967, the principle of equality and partnership¹⁹⁾ has always been practiced.

Who should then provide leadership for the EAS? Should ASEAN, Japan or China be the EAS driver or will another potential sublime contender emerge?

