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Consolidating East Asia Cooperation: A New Role for Northeast Asia

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THE BALANCE OF POWER in East Asia is shifting, presenting new risks to regional stability. In order to mitigate these risks and maintain and strengthen regional peace, stability, and prosperity, it is critical that regional cooperation be consolidated. East Asia has seen a proliferation of multilateral forums, primarily through the ASEAN-led processes, but consensus building and principles of noninterference have often dominated at the expense of deeper cooperation. It is time for East Asia to reinvigorate regional cooperation. To this end, ASEAN must be encouraged to take measures to strengthen its role, especially in addressing domestic governance issues, and the three big players in northeast Asia—China, Japan, and South Korea—should take a more proactive approach, providing greater input and substance to East Asia regional cooperation.

The Shifting Balance of Power

The need to consolidate East Asia regional cooperation is all the more urgent today because of the shifting balance of regional power taking place in both the economic and military spheres. Most significant is China's

rise. China has shown phenomenal rapid economic growth, averaging an annual GDP growth rate of greater than 10 percent over the last decade and almost quadrupling its GDP per capita from US\$949 in 2000 to US\$3,744 in 2009. This impressive growth meant that last year China overtook Japan as the largest economy in Asia and the second largest economy in the world after the United States. With its increasing wealth, China has also increased its military spending. Over the last decade, China's military spending has more than tripled from US\$32 billion in 2000 to more than US\$114 billion in 2010. This increase in military spending has seen China's share of world military spending more than double over the same period from 3 percent in 2000 to 7 percent in 2010. China is now second only to the United States in its military expenditures.

China's rise is in contrast to what is happening in the United States and Japan. The United States is still the largest economy and military spender in the world; however, it is in relative decline. The global financial crisis has depressed US growth. Japan's GDP has been stagnating for more than a decade, its annual GDP

growth also posting negative figures in the wake of the financial crisis and averaging less than 1 percent over the last decade. Public debt has become a problem for both countries. US public debt has soared in recent years and become a major political issue, while Japan's debt-to-GDP ratio is roughly 200 percent, the largest for any advanced industrialized country.

In terms of military spending, the United States accounts for more than 40 percent of the total world share. However, military budget cuts have already been announced, and some consider this to be only the tip of the iceberg if the United States is to bring its spending to sustainable levels. Japanese military spending remains less than 1 percent of GDP. Since the Japanese economy has been stagnating, its military spending has also remained virtually unchanged for the last decade. As other countries have continued to increase their spending, Japan's share of total world military spending has decreased from 5 percent in 2000 to 3 percent in 2010. Compared with 10 years ago, Japan has dropped from the third to the sixth largest military spender in the world, trailing the United States, China, France, the United Kingdom, and Russia.

While the balance of power has been shifting, China has also shown a more assertive attitude toward regional security affairs. This has clearly been demonstrated by China's approach to the Senkaku Islands and Spratly Islands vis-à-vis Japan in the case of the former and the Philippines and Vietnam in the latter.

ASEAN's Challenges

Given the need to manage the shifting regional balance of power by consolidating regional cooperation, there is no one obvious candidate to take the lead. Historically, ASEAN has been given the driver's seat to lead East Asia regionalism. This arrangement has suited the ASEAN countries well as it helps mitigate their sense of vulnerability resulting from their historical experience of colonial subjugation. For China and Japan, too, this arrangement was considered beneficial, as it allowed them to circumvent their rivalry for regional leadership, while still channeling their input through ASEAN from behind the scenes. Using its position in the driver's seat, ASEAN has been instrumental in creating processes and establishing many

multilateral forums—including ASEAN+3, the ASEAN Regional Forum (ARF), the ASEAN Defense Ministers Meeting+8, and the East Asia Summit (EAS), to name some of the more prominent ones. However, simply continuing the proliferation of multilateral forums misses the underlying objective of their establishment: to promote regional integrity through deep regional cooperation. What is needed now is not the establishment of new forums. East Asia already has a forum with all the right players. The crucial step that must be taken now is to reinvigorate cooperation and give it real substance.

ASEAN currently faces many challenges that undermine its ability to lead East Asia regionalism. First, ASEAN's soft approach and principle of nonintervention have proven incompatible with the task of managing disputes effectively among its own members. This has been demonstrated by the ongoing Cambodia-Thailand border dispute and continuing difficulties surrounding Myanmar.

Second, the strength of ASEAN's leadership is dependent on which country happens to occupy its annually rotated chairmanship. The destabilizing potential of this practice was recently highlighted by concerns over the possibility of Myanmar's assuming the chairmanship in 2014.

Finally, and crucially, many ASEAN states, including some of its more democratic members, have not achieved adequate standards of good governance. For instance, while Indonesia has made great progress in managing its democratic transition, it is still plagued with widespread corruption and ethnic tensions. Malaysia and Singapore are both tentatively taking steps to move from developmental dictatorships toward somewhat more democratic governance. While they show some encouraging signs, this is still a volatile process and whatever small gains they make are easily reversible. In Thailand, tensions between the pro-Thaksin populist Red Shirts and the pro-monarchist Yellow Shirts movements, rooted in the deep economic and social divide between Bangkok and the Thai countryside, remain on a knife's edge. The recent election of a new prime minister, Yingluck Shinawatra (a surrogate for her brother Thaksin who was ousted in a coup in 2006), has given optimists cause for hope, but

it remains to be seen whether the frail institutions of democracy will come of age or continue to be undermined by royalists, the military, the judiciary, and the bureaucratic elite.

With ASEAN countries facing such difficulties, it is still not clear if ASEAN will indeed be able to achieve its goal of creating a joint security community by 2015. If one looks beyond the immediate subregion toward the wider East Asia, it is evident that ASEAN is not operating from a position of strength in the quest to further consolidate East Asia cooperation.

Northeast Asia's Challenges

China's rapid economic growth and soaring military spending leaves no doubt that it is on the rise. But much of the regional debate on managing the transitioning balance of power in East Asia is based on suspicions that China aims to play a hegemonic role. Outside of China, nobody is willing to accept this outcome. Further, China must deal with its own domestic issues, maintaining economic growth while at the same time addressing inflation, corruption, and the intensifying rich-poor and urban-rural divides.

Meanwhile, Japan is suffering from a fatal lack of domestic political leadership, which is exacerbating the stagnation of its economy and the somewhat slow process of recovery from the March 11 earthquake and tsunami. The leadership void was already clear prior to the disaster, with Japan's inability to resolve challenges facing the US-Japan alliance or to show leadership in the international arena.

For its part, South Korea has made great progress in recent times. Economically, it has grown to become the 15th largest economy in the world, gained membership in the OECD and its Development Assistance Committee (DAC), and played an active role in the G20. Politically, South Korea has made the difficult transition from a developmental dictatorship to a mature democracy. This will undoubtedly allow South Korea to play a significant role in regional cooperation. But instability on the Korean Peninsula, as a result of North Korea's military provocations, nuclear development, and uncertainties regarding regime succession, means that managing the North Korean issue needs to be its primary agenda.

Joint Leadership in the Region

In order to consolidate East Asia cooperation and manage the shifting balance of power, we need a more refined approach, rather than searching for a single nation to take the driver's seat. To this end, a sophisticated network of regional partnerships should be established among the EAS members. The key features of this network should be dual pillars of a strengthened ASEAN on the one hand and China–Japan–South Korea trilateral leadership on the other. A stronger ASEAN and more proactive leadership by China, Japan, and South Korea will allow for more meaningful interaction to consolidate regional cooperation. China, Japan, and South Korea have made some significant progress in strengthening their cooperation. For example, rather than meeting on the fringe of ASEAN+3 summits they have started to hold independent trilateral summit meetings, and they are now creating a joint secretariat to coordinate trilateral cooperation. The three nations are likely to have more opportunities to consult, not just on trilateral issues but also on broader issues of regional cooperation.

Giving China a share of the driver's seat can be seen as a strategy for bringing it into the fold as a regional stakeholder while recognizing its rapid economic growth and increased military power. China would then be balanced by Japan and South Korea, both of which have strong alliances with the United States. For ASEAN, this approach balances its high stakes in Chinese markets with its disputes with China in the South China Sea. By having the three northeast Asian nations take joint leadership to give substance to inclusive regional cooperation centering upon the EAS—which the United States and Russia will formally join this year—we will be able to address various concerns brought about by the changing balance of power.

A Regionwide Approach to Resources Cooperation

Advocates of consolidating regional cooperation have debated various possible approaches. Of these, regionwide cooperation on resources is a practical and meaningful way forward that would allow the nations of East Asia to consolidate regional cooperation and mitigate the likelihood of conflict arising as a result of

the shifting balance of power. This cooperation would be centered on the EAS, given that its membership comprises all the right countries, and might entail collaboration in four areas: joint development of energy resources, guidelines for nuclear safety and energy-saving measures, food security, and safety of the sea lines of communication.

First, jointly developing energy resources can kill two birds with one stone: it not only helps address energy shortages, it also helps to build confidence among the nations involved. For instance, China and Japan were able to conclude a basic agreement for the joint exploration of natural gas in the East China Sea despite differences in their interpretations of international law. History has shown that when looked at through the lens of a bilateral issue, nationalistic tensions are liable to flare up on both sides, but if viewed through a multilateral lens and conducted as a regional project, the prospects become increasingly viable. For instance, Chinese and Japanese disagreements on oil pipeline routes from Russia might be managed more effectively if they are designed to meet regional needs rather than competing national interests.

Second, regional guidelines for energy safety and energy-saving measures should be developed. Reducing dependence on fossil fuels and fighting against climate change are challenges with implications that transcend borders. East Asia cannot survive without nuclear energy in at least the short term, so regional efforts should be made to strengthen international nuclear safeguards. At the same time, over-reliance on nuclear energy is also dangerous, as the Fukushima crisis has made all too clear, and regional efforts to develop new technologies to utilize renewable energy resources—such as wind, solar, and geothermal energy—should be developed to support the region's energy needs over the longer term. This will also help to mitigate future resource conflicts as fossil fuel resources become exhausted.

Third, cooperation is needed to ensure regional food security. The population of Asia is growing, especially the middle class, which already numbers more than half a billion people and within the next 20 years is forecast to climb as high as 2.5 billion. This newly emerging middle class will demand more and higher-quality food, which in turn necessitates improved food production technology and the liberalization of agriculture across the region to boost food production efficiency.

Fourth, anxieties over the safety of the sea lines of communication need to be managed to guarantee resource transportation. More than 80 percent of Japan's primary energy resources are imported from abroad, primarily through sea-based transportation. China heavily relies on energy resources, too, delivered through the Malacca Strait. Since the anxieties over maintaining the safety of the lines represent a shared interest in the region, it should be coordinated as a joint regional exercise.



The shifting balance of power in East Asia presents new risks to regional stability and necessitates the consolidation of regional cooperation. While ASEAN should continue driving, China, Japan, and South Korea should also share in the driving duties. Thus, by focusing on concrete areas of cooperation that will have widespread impact across the region, true multilateral cooperation should be able to overcome the challenges of competing national interests that often plague bilateral cooperation, particularly with and among some of the major powers in East Asia.

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