

Session I

Challenges to East Asian Community Building

SUMMARY OF PRESENTATIONS

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When we talk about community building, very basic questions are whether we share common values, common threat perceptions, and/or similar governance. East Asians do not seem to share values, threat perceptions, or governance among themselves, and yet there cannot be any disagreement about the desirability of community building in this region. Clearly, it is well understood and agreed that the establishment of a common community in East Asia could benefit the region in terms of lasting peace and further economic prosperity. This issue should be approached from two angles—the vision of a future East Asian community and how this vision can be accomplished in the most effective and quickest way.

There are six baskets of issues that seem to be important for community building in East Asia. First is the question of threat, i.e., how to reduce tensions and convert hostile relationships in the region into friendly ones. Clearly, the Korean peninsula is where there is a potential threat to the region. Without addressing this issue, there could not be a community in East Asia. In this context, the Six-Party Talks formulation is a very important scheme, because it involves almost all parties having direct interest in the security of the Korean peninsula, without which anything lasting is inconceivable. This issue involves the questions of nuclear weapons, the existing nuclear program, missiles, and the abductions of Japanese nationals. Anything less than a total transformation of North Korean policies will not settle any of these issues. This, however, does not necessarily propose a change of the regime in the North. It might call for the collective security assurance and the support of North Korean energy development under

strict conditions. And, waiting at the end of the road, it is to be hoped, is normalization of relationships between North Korea and the United States and North Korea and Japan. Only then can we see a positive future for the region. Conversion of hostile relations into friendly ones and normalization of the relationships will provide immense security and political and economic opportunity in the region.

The China-Taiwan relationship is also an issue that needs to be attended to. In order for China to proceed to dialogue and Taiwan to restrain itself, discreet encouragement should be provided by Japan and the community as a whole. As for the question of fostering stability, China has a very significant role to play. China represents a significant opportunity for everyone in the region. The expansion of the Chinese market in an orderly way and the extremely positive attitude China has shown toward regional cooperation in recent years clearly serve the consolidation of the community in the region.

The second basket of issues has to do with the question of disparities among the member countries of the Association of Southeast Asian Nations (ASEAN). There are numerous disparities in the region, such as those among the original five ASEAN members and the CLMV (Cambodia, Laos, Myanmar, and Vietnam) countries. Addressing the disparity in the stages of development among the ASEAN countries will be particularly important. Since absolute poverty can become a source of instability, matters such as Myanmar, for instance, should be addressed. But the Myanmar issue also has a symbolic meaning for community building. The democratization process in Myanmar, although movement is taking place, is much behind schedule, particularly in the eyes of people elsewhere. This is the type of question that needs to be addressed in order to protect the credibility of ASEAN and show the world that East Asia is working on values, democracy, and governance issues. Other questions, including Aceh, Mindanao, and East Timor issues, will also become sources of instability. To forestall this, Japan is proposing what is called a peace consolidation process. This is an initiative to enhance the peace process not through direct intervention into the process but by providing future economic prospects so that parties concerned will have a better future opportunity.

The third basket of issues is the need to intensify functional cooperation. Functional cooperation lets us choose specific areas and build up cooperation in these areas among the countries concerned. This functional approach must be the initial path to building the East Asian community. In the economic field, for instance, it is extremely important to create a

network of free trade agreements. First we build a network of bilateral free trade agreements and, subsequently, move to the second stage in which we talk about regional free trade agreements, covering all countries that are willing to participate based on bilateral free trade agreement networks. Nontraditional security issues such as counterpiracy and counterterrorism are also targets for functional cooperation. In functional cooperation, it is important not to limit the participants. The sequence, therefore, should be to first focus on specific functions and start with bilateral, then trilateral, then multilateral regional networks in order to eventually achieve regional integration.

The fourth basket is capacity building and human resource development. To share common values and governance—which is indispensable for regional community building—capacity building and human resources development as well as institution building are key issues. It was with this awareness that Japan pledged US\$1.5 billion for capacity building and human resources development at the time of the ASEAN-Japan Commemorative Summit in December 2003.

Fifth is the question of existing institutions such as ASEAN, ASEAN + 3 (China, Japan, and South Korea), the Asia-Pacific Economic Cooperation (APEC) forum, and the Asia-Europe Meeting (ASEM). The functions of these institutions need to be reviewed. While cooperation between Japan and ASEAN should be a core aspect of East Asian community building, ASEAN + 3 must be a core entity for community building. It is conceivable that ASEAN + 3 may be converted into a more formalized East Asian summit. In order to ensure more substantive and meaningful cooperation, East Asia needs to have a certain secretariat function, which may be filled by the ASEAN + 3. On the basis of ASEAN + 3 as a core member, organizational functions can be built up gradually. Of course this does not mean that other countries should be excluded from the community. In order to make the East Asian community inclusive, the best way would be to promote various functional cooperation projects and invite relevant countries to these projects. An accumulation of these projects can eventually lead to institutionalization.

Sixth is the important element of the United States. We cannot realistically discuss community building in East Asia without addressing the question of the role of the United States in the region. The United States is the only superpower and, for the past 50 years, peace has been kept in Asia Pacific thanks mainly to strong U.S. deterrence, U.S. forward deployment capability, and various bilateral security arrangements with the United

States in the region, including the Japan-U.S. and Korea-U.S. security alliances. Today, however, the United States is talking about a global transformation of its military posture in light of the observation that threats have become nontraditional in nature, encompassing international terrorism and the proliferation of weapons of mass destruction. Therefore, there will be a certain transformation of the U.S. force deployment in Asia as well. But the departure of the United States from this region is unthinkable. Instead, East Asia needs to create a greater partnership with the United States, including security, political, and economic ties.

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Admitting the usefulness of a series of functional cooperation efforts toward the ultimate goal of community building, the big question remains how to jump from the empirical types of cooperation already evident in East Asia into real community building. Doing so will require a jump rather than an automatic smooth transition. Another critical factor East Asia must face in the future will be how to create a constructive relationship with the United States and make the East Asian community acceptable to it. It seems that this cooperation attempt in East Asia is not yet on the radar screen of the United States since it has been preoccupied with other things.

Regionalism supposedly requires some principles on which every member can agree. Because, from the beginning, East Asian countries are diverse in principles, political systems, and, to a certain extent, even in economic policies, we would like to structure our regional cooperation a lot more loosely than the integration of the European Union.

The future course definitely will be based on the functional approach. East Asia should also have the flexibility to reach out to others outside the immediate region in building the East Asian community. An example of functional cooperation in the region has been seen in health problems, such as severe acute respiratory syndrome (SARS), dengue fever, and other infectious diseases. Functional cooperation is becoming a reality in East Asia, and this will certainly make it easier to accomplish community building.

East Asia cannot be free from the problems of principles, that is, absolute sovereignty vs. limited sovereignty. Whether East Asia can transform the Chiang Mai Initiative into full regional financial cooperation depends on whether regional countries are going to be a little more intrusive in each

others' macroeconomic policies. Otherwise, the scheme cannot grow further than a scale of US\$1.5–US\$2 billion, which will be totally inadequate compared with what funds would be needed in case of another crisis.

Second, flexibility of the system should be maintained to ensure maximum cooperation. Democracy cannot be attained by all the countries in a short period of time. If the system can be flexible vis-à-vis this issue of political system, it could facilitate some kind of cooperation in the future.

Differences in stages of development and economic systems will also play an important role in community building. East Asia will have to look into this issue since Laos, Cambodia, and Myanmar cannot participate in the community if other East Asian countries do not reach out and increase their institutional and human resources capabilities.

Another problem that East Asia should overcome is the issue of historical legacy. Because China and Japan are definitely going to be leaders in this community building, the historical issues between them must be settled. Of course, there are many other problems in the bilateral relationships between Japan and other East Asian countries, but none of them is as serious as the historical problems between Japan and China and between Japan and Korea.

There also is the problem of the United States. Once it acknowledges the movement toward an East Asian community, the region will face the serious problem of obtaining U.S. endorsement. Some U.S. neo-conservative leaders have been heard warning that the United States would not take East Asian community building lightly now that the United States already has one problem in the form of the European Union. The United States is unlikely to allow East Asia to do the same as Europe did, i.e., to gang up against the United States, because its ultimate concern is maintaining its supremacy. This U.S. reaction could become a real problem for successful community building, and, therefore, East Asia will need all the creativity the region can muster to solve this problem. Here, Japan will have a pivotal role to play. One thing we should all understand is the depth of the trauma of the September 11, 2001, terrorist attacks, and how vulnerable the U.S. public feels vis-à-vis new threats.

Realistically, we should be aware that there still remain a great many obstacles to be overcome in order to make possible the jump from the variety of small-scale functional cooperation activities currently going on in the region to the reality that is community building.

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With so much effort, so much dedication, and so much commitment, one finds it difficult to accept that East Asian community building could fail. But "disparities" seem to be one key word that can be used to predict the future of community building in this region. Broadening this a bit, three kinds of "differences" seem worthy of special attention.

The first one is the different rates of change. Over the last 30 or 40 years, the differences in the rates of change among East Asian countries have been remarkable. Instead of countries drawing closer in rates of change, the disparity in their rates has actually grown over this period. There has been an extraordinary rate of change in China during the last 15 years that is almost alarming to its neighbors. How long this rate of change may last is something that we need to observe very carefully.

More importantly, though, the different rates of change in Southeast Asia have actually created conditions that have damaged confidence among its elites. It is obvious that most of the countries in this region are not growing at anywhere near the speed that they had hoped for. And further slowing down and falling behind would cumulatively bring great difficulties to the area, threatening the whole notion of a Southeast Asian region.

The second difference concerns the question of bilateralism. It is admittedly realistic and practical to start down the path toward community building with bilateral cooperation, because not all of the multilateral frameworks are expected to work well. And yet, if we focus too much on bilateral arrangements, the discrepancies are going to have cumulative effects as different bilateral combinations may operate against the potential future of a multilateral integrative community. It seems that the more bilateral arrangements are made, the more people would expect discrepancies to grow wider. There will be more bilateral cooperation between people who have much in common. Therefore, it is much more likely that genuine bilateral arrangements will be made between those that are doing well with others that are also doing well. Nobody wishes to have a bilateral arrangement with those who are doing badly. If a network is formed among these bilateral arrangements, it will be very patchy. It may be said that the more bilateral arrangements we have, the less regionalism there will be, particularly of the kind that ASEAN has been trying to build over the last 30 years.

Third, to assume that all regionalism is more or less alike seems to be a false assumption; there can be different kinds of regionalisms with the

circumstances surrounding each kind being very different. You cannot reproduce circumstances that are proven to be conducive in other regions in East Asia. East Asia has its own unique problems, and, therefore, East Asians must be quite imaginative and creative to think of how they can make this community building work in the given circumstances. It has to evolve from within.

It looks like East Asia itself has at least two regionalisms. The regionalism that Southeast Asia has struggled to build up for the last 30 years is beginning to look something like a region, so much so, in fact, that we are falsely led to believe that we have already got a regionalism going. However, the fact of the matter is that it is still a very weak alliance that has not really consolidated all the advantages that it is supposed to have after 30 years of experience.

Turning to the Northeast Asian region, if it can be identified as a region at all, this is a regionalism that did not happen. It will probably take a long time for it to take place. Even if it happens, it will be a different kind of regionalism altogether from what ASEAN has been struggling with for the past 30 years. And whatever has been achieved by ASEAN, which is not very much, will be used to help the Northeast Asian countries to overcome their own problems by turning toward a kind of East Asian community as a product of ASEAN. This may be the only way toward regionalism for Northeast Asia, but it certainly makes life very complicated for ASEAN.

This implies that the smaller states of ASEAN have to try and find a way to help the Northeast Asian giants to think regionally. Japan has not paid too much attention to region in the past. In fact, Japan does not think regionally because it thinks globally. One may also wonder if China has ever thought regionally, either. It can be said that China is not really part of any one region. If China and Japan, thus, have never had to think regionally, can they do so now? It may be possible for Japan. But China could be seen as part of several regions, located as it is so centrally that it will have to be mindful of Central Asia, Russia, South Asia, all the Middle East, and the whole Muslim world on its other three sides. This makes it practically impossible or at least impractical for China to become part of an East Asian region alone. Thus China can only be partially involved in any kind of regionalism or East Asian community.

An exploration of the relative position of the concept of what is "regional" in East Asia would lead to the view that the people who are talking about regionalism today are in the elite groups. Such groups constitute, in the case of ASEAN countries, no more than 2 percent or 3 percent of their respective

populations. It can be said that these elites share some understanding of what common values might mean beyond their regional boundary with the rest of the world. But for the rest of their citizens, local and national problems remain uppermost and the word "regional" hardly ever appears in the consciousness of these people. Actually, the elites themselves are happier when they enjoy the global, international, and cosmopolitan values rather than worrying too much about the region. Thus, it can be concluded that "regional" is not real enough even for the elites and it hardly occurs in the thinking of ordinary people.

There are two recent dramatic changes that are global in their impact, although East Asia seems to be affected more than other regions. One is the rise of China, the impact of which is going to be immeasurable in the years to come. And if China is not going to be part of any single region, as suggested earlier, any regional community attempt that involves China can never really result in the kind of region that all of us are talking about.

The second dramatic change is the emergence of the war against terrorism. This is genuinely global in scope, but it defies any simple solution even by a great power like the United States. Superpowers do not have any great advantage in this war against terrorists. This means that, in addition to the coalition of the willing, even the unwilling will have to join in to fight this just for their own interest. All the elites of the world will have to unite on this one, because these cosmopolitan elites are the very targets of the new terrorism. In terms of the impact on regionalism, it is proven that region is meaningless where terror is concerned. This is a global phenomenon and its very global nature would make regionalism less and less meaningful in this very specific functional area, showing there are certain functional areas in which regionalism would be pointless. This and others appear to be new factors that are making the whole job of East Asian community building even more difficult.

SUMMARY OF DISCUSSION

Slackened Process toward Community Building

A veteran of ASEAN intellectual dialogue explained how actual community building is so slack that the region may have to go back to the drawing board in visualizing what kind of East Asian community we want to have and can have. In his review of documents to assess what has been achieved,

this participant was shocked to discover that the last ASEAN + 3 meeting in Bali in October 2003 suggested that there was nothing happening in the ASEAN + 3 process. Instead, real action is clearly centered on various ASEAN + 1s, demonstrating that the whole momentum toward regionalism for an East Asian community has been lost. This speaker offered three possible reasons for this phenomenon. One is the absence of a champion among the leaders in East Asia to push the process from the top. Second is that the movement toward the East Asian community seems to have lost vision. Governments in the region selected a few manageable programs from the East Asian Vision Group's recommendations, instead of looking at the most critical issues there and discussing the strategies. And third, while most of the activities are conducted at a non-official level, all of them are, nevertheless, too much government driven instead of regionally driven, and this discourages optimism.

Another veteran Asia Pacific observer expressed the opinion that ideas about regional cooperation, be it APEC, East Asian, or some other forum, have suffered because of almost too much optimism at the beginning and models that are not appropriate for the region. In order to get regional operations going, you have to promise that a lot of good things are going to happen. But once actual projects are launched, initial interest wanes and it is extremely difficult to sustain momentum. Thus it is crucial to start off with a realistic base. At the same time, however, this speaker believed that it is important to remember that community building is a long-term project. He pointed out that multilateralism in any form, whether globally or regionally, is a hard process through which to negotiate things, so much so that almost any negotiation will eventually become bilateral. This speaker did not think, therefore, that the bilateralism which seems to be prevailing in East Asia is necessarily a problem.

Concern over the predominantly governmental nature of the community-building process in East Asia was shared by several other participants. An ASEAN political scientist claimed that the East Asia Forum of December 2003 was heavily government driven, and that no participant said anything beyond what governments had authorized them to say. The inaugural meeting among think tanks in the region to establish a network among them was not at all a spontaneous gathering among like-minded institutions, because participants were picked by the respective governments.

Another ASEAN intellectual expressed his disappointment with the lesson that the region has failed to learn from the experiences of ASEAN. He expected that people by now would have learned that one cannot manage

regionalism through and by meetings of officials. Such meetings seem to be the predominant pattern so far in the case of East Asian regionalism.

Participants argued that East Asian community building at this stage seems to revolve around practical projects rather than the development of an overall vision. Some admitted that to ask a bureaucracy to come up with a vision is to ask that bureaucracy to contradict itself. According to one scholar, those who create a vision must be prepared to run the risk of becoming rather silly or even ridiculous because the process of arriving at a vision is not via calculation, which bureaucrats are good at, but through imagination.

Other participants, however, stressed the positive side of bureaucratic involvement in the process. One Japanese economist claimed that a bureaucracy might play an effective role when the market cannot achieve what it should achieve in terms of optimum resource allocation of the public goods.

Circumstances Facilitating Regional Community Building

A number of participants agreed with the panelists that East Asia is not endowed with too many favorable ingredients for effective community building. One participant admitted that "we do not have very much in common; when you want to have a community, you need to have certain things in common." In fact, this speaker commented further that "we have not thought regionally in the past and maybe this is going to be a hurdle." Another participant was more straightforward when he claimed that East Asia has an "anti-regional bias" to begin with.

Nevertheless, there was a consensus that there is now a heightened need for East Asian countries to integrate as a region. The same speaker who had earlier lamented the lack of regional orientation observed that there are many imperatives before East Asia that are pushing East Asians to think differently from how they thought in the past. One East Asian scholar claimed that some trends would eventually make it necessary for East Asians to think in terms of a regional community. He went on to enumerate those "ecological trends," including economic integration, which is moving toward mutual integration; information technology, which is breaking down the boundaries of territorial sovereignty; and a cultural mix, if not a fusion, to the extent that travelers from within East Asia can feel comfortable in any regional capital city without feeling any disadvantage owing to

cultural differences. He admitted that cultural differences do exist in the region, but he observed that these differences are being mixed with more integrated elements so that the “ecological environment” of regionalism is changing rapidly in East Asia.

Some of these elements seem to suggest that community building can be, to a certain extent, an autonomous movement regardless of policy actions or lack thereof. In fact, an ASEAN economist claimed that “regional solutions” to various challenges are already happening even without anybody doing anything intentional or special. Contrary to another panelist’s characterization of East Asian regionalism as a particularly elitist phenomenon, this economist felt that many common people recognize that regional solutions would be useful. He attributed this trend to several new factors, including (1) manufacturers’ need to cut production/distribution costs by establishing their own transborder production networks; (2) the need for regional financial cooperation to minimize the effects of the instability in today’s global finance; (3) the need to minimize the chances of transforming even local terrorism into international terrorism, a trend driven by the post-9-11 United States that makes it difficult for East Asian countries to deal with local terrorism locally; (4) renewed interest in political stability and in minimizing the risk of conflicts among East Asian countries that have been infected by territorial disputes as well as cross-border drug trafficking problems; and (5) the need for regional solutions to cross-border epidemics.

Role of ASEAN

The importance of ASEAN in the entire process of East Asian community building, including the ASEAN + 3 framework, was repeatedly stressed by participants. Some argued that ASEAN can serve the function of an honest broker to bring together Northeast Asian countries, among which reconciliation seems essential for East Asian community building. In the midst of these praises of ASEAN’s contributions, however, some participants from ASEAN countries pointed out that ASEAN is simply too overburdened with other, more immediate tasks, such as integration of ASEAN itself and countless ASEAN + 1 interactions, to continue molding the ASEAN + 3 into an East Asian community. One speaker suggested that ASEAN + 3 should be transformed into an East Asian movement so that it would no longer be driven by ASEAN alone. It would be important, according to this speaker,

that East Asian meetings thus transformed take place outside the ASEAN region, thus significantly lessening the burden on ASEAN.

Another participant suggested that Japan might be able to play a more constructive and responsible role in East Asia, including in community building, in cooperation with ASEAN, China, and South Korea, if the Self-Defense Forces dispatched to Iraq can prove to the world that they are categorically different from the Imperial Army of the 1930s and 1940s and that, thus, Japanese forces can now contribute to peace and security.

Need for Institutional Core

One theme that was repeatedly pointed out during the session was the need for an institutional core in order to successfully build a community, including an East Asian regional community. A representative view was shared by an ASEAN intellectual who is weary of “hundreds of initiatives and thousands of meetings” yielding no results. He claimed that if we are serious about East Asian community building, from the outset the region needs a minimum number of strategically targeted institutions to help drive the process. Therefore, he suggested that there should be a secretariat as an organizational core of community building. On top of that, this speaker suggested that there should be three new institutions that can function as a small-scale Organisation for Economic Cooperation and Development (OECD) for East Asia, including an East Asian Institute of Fiscal/Financial and Monetary Affairs, an East Asian Institute of Development and Technical Cooperation, and an East Asian Institute of Trade and Investment. Most intellectual interactions in East Asia are one-off events that lack substance and, thus, do not reach the ears of policy makers, this speaker noted. He even suggested that the first institute to be set up be in Japan, the second in China, and the third in South Korea, and that ASEAN would be happy to manage the secretariat within ASEAN.

Other themes introduced during the session included the “perceptible, perhaps strategic shift” of emphasis from Asia Pacific to East Asia, and the expected difficulty in persuading the United States of the virtue of the East Asian community even for the United States.

Three panelists were given the opportunity to respond to these comments and discussions. In the face of repeated arguments on the difficulty of community building in East Asia, a panelist reiterated his emphasis on the utility of the initial emphasis on more pragmatic, functional approaches.

Presumably in response to discussions on the vision versus specific projects, this panelist clarified that groundwork/condition preparation through functional approaches can actually go along with vision making. He reiterated his basic point, which is that in order for East Asia to achieve regional integration, it should start working with pragmatic issues where there is a clear need so that countries can find common interests that much more easily. He believes the accumulation of these common interests can point the way to regional integration.

The same panelist continued that he was, in short, proposing a two-track approach. Based on pragmatic programs whose course of action would be dictated by specific future requirements, he envisioned the need for political leadership to deal with the myriad of accumulated vested interests so as to enable the region to attain a new and more meaningful stage. In order, in turn, to have this political leadership, this panelist stressed the importance of intellectual support.

While many participants expressed their skepticism concerning China's interest in becoming a member of an East Asian community, panelists claimed that the outlook for China to join regional integration is not entirely pessimistic. A panelist reiterated his emphasis on the importance of Chinese participation in the regional community, pointing out that this is one of the most important strategic objectives in this part of the world. Without Chinese participation, he concluded, a giant and powerful China could be a major headache for all the countries in the region. Absorbing China into a regional community is vital also in order to persuade the United States that China is a status quo power and not its global rival, and that the East Asian community will not be inimical to its interests. This panelist believed that, for once, China might need the region's help to cope with its future modernization process.

In response to voices lamenting the lack of political leadership in the building of an East Asian community since the exit of South Korean President Kim Dae Jung, one panelist stated that most probably Japan would be expected to take on certain leadership roles. Japan needs to create a much more precise vision of the community in order to make it clear to the rest of the region that Japan could take political leadership.

Finally, a panelist addressed the issue of an apparent shift of emphasis from Asia Pacific to East Asia in recent years. He claimed that such a shift would not only be unnecessary but also undesirable. In fact, this panelist believed it very important for Asia Pacific and East Asian community building to occur simultaneously, because East Asia must keep itself open

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to the Pacific coast of the Americas, including the United States, and must demonstrate the region's sincere desire for the continued presence of the United States in this part of the world.