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## East Asia at a Crossroads

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Ten years have passed since the Asian economic crisis exposed the dark side of the region's growing interdependence. Since then, the region's economies and wellbeing have only become more interconnected, and regional leaders have embarked on a drive to build up a framework for greater regional cooperation and integration under the rubric of an East Asia community. This is not an entirely new movement; there have been a series of halting efforts to construct some sort of regional community since at least the 1960s. However, there has been a palpable feeling that these efforts have been infused with a greater sense of purpose over the last decade. The result has been the emergence of a complex set of overlapping multilateral forums and mechanisms in the region, complemented by a growing web of bilateral economic agreements.

While many of these arrangements are still nonbinding and fragile, they present a historic opportunity to reshape the region to better deal with the increasingly complex realities of an interconnected world and, hopefully, propel it toward a future in which war might be as unthinkable as it is today in Europe. In a sense, East Asia community building is now at a historic crossroads, where it can be further advanced and deepened or where it can succumb to the many disparities and emerging rivalries that characterize this rapidly changing region.

In this volume, leading experts from around East Asia, as well as from Europe and North America, analyze the dynamics of regional

community building, which they agree is still at a beginning stage. As they note, this round of community building started in Southeast Asia and has spread outward. In the mid- to late-1990s, ASEAN expanded to include all of the countries in Southeast Asia, and in December 1997, half a year after the onset of the economic crisis, the heads of government from China, Japan, and Korea gathered with leaders of ASEAN's member countries along the sidelines of the annual ASEAN summit for what would be the first ASEAN+3 leaders meeting. In the ensuing years, its meetings have become regularized and ASEAN+3 has started to serve as an umbrella for a range of cooperative mechanisms in the fields of finance, trade, and cross-border "functional issues."

In 1998, the ASEAN+3 leaders established the East Asia Vision Group (EAVG) to develop a set of proposals for regional cooperation, and these recommendations were then debated by a committee of ASEAN+3 government representatives meeting as the East Asia Study Group (EASG). When it wound up its deliberations in 2002, the EASG selected 26 concrete proposals for priority, ranging from the promotion of nongovernmental networks and exchanges in the region to the establishment of an East Asia free trade area.

The process of building regional institutions was unexpectedly accelerated by the political maneuvering that led to the launch of the East Asia Summit in December 2005, which had been cited only as a long-term objective in the EASG final report. This new summit gained widespread attention, even if it was lacking in clearly delineated objectives, and nations outside of East Asia, such as Australia, India, and New Zealand, scrambled to be included.

The result has been two institutional tracks for regional community building: a narrow ASEAN+3 and the more expansive East Asia Summit. On the ground, though, the picture has been further complicated by the rapid proliferation of bilateral and multilateral economic partnership agreements and free trade agreements throughout the region, as well as the evolution of the Six-Party Talks into a more regularized forum in Northeast Asia. Meanwhile, however, over the course of the decade since the 1997 economic crisis that many came to associate with American detachment from the region, the track record for broadly gauged multilateral forums linking the world's one superpower—the United States—to the region has been mixed at best. One broader forum, the ASEAN Regional Forum (ARF), which involves the United States, the European Union, Russia, and 23 other countries, has become a useful

discussion forum on regional security issues. However, APEC, the main multilateral institution linking the United States with East Asia, has lost a great deal of its momentum.

## THE NATURE OF EAST ASIA COMMUNITY BUILDING

Underlying these varied efforts is a sense that it is important to forge a regional community not only to better reflect the economic integration that has been proceeding on its own but also to help manage the seismic shifts that are now underway in terms of the regional and global balance of power. In this volume's second chapter, Jusuf Wanandi places the community-building process in a historical context by explaining that, provided its economic ascendance continues, it is likely that East Asia "will indeed become the most important region of the globe" and that the balance of power between the United States, Europe, and Asia is bound to tip in the middle of this century, first in terms of economics and then perhaps politics and security. The uncertainties surrounding this power shift are intensified by rivalries within East Asia among regional powers, particularly China and Japan, and by the declining regional influence of a distracted United States. In essence, we seem to be witnessing simultaneous shifts in both the global balance of power and the regional balance of power.

Such shifts tend to breed instability, and history warns that economic dynamism is often not enough to forestall conflict. The experience of Europe in the late 19th century and first half of the 20th century, until the European powers were drawn into an economic and security community, is an object lesson in this regard. One of the overarching rationales for East Asia community building is thus to help ease this transition by "complementing the new balance of power in East Asia and strengthening the stakes that every country has in preserving peace and stability in the future."

Of course, this regional community has to develop in a manner befitting East Asia's unique circumstances rather than along the path that Europe has successfully taken. As Wanandi notes, community-building efforts in the region are by necessity a work in progress. Realities on the ground dictate that, for the time being, cooperation can only move forward easily in certain areas—for example, on economics and

“functional issues”—and it is much more difficult where issues of sovereignty come into play. Meanwhile, the stakes that East Asia has in the global economy, as well as in the broader international system, compel it to pursue a very open form of regionalism rather than build up walls to the outside world.

These efforts to embed East Asia’s powers into a stable and cooperative regional order have to overcome an imposing set of obstacles, which are adeptly analyzed by Carolina Hernandez in the following chapter. She breaks these down into three categories: structural and historical, political, and socioeconomic obstacles. The most acute of the structural and historical obstacles involves the major powers in the region—China and Japan—which are potential rivals whose relations both with each other and with other countries in the region are tainted by lingering historical animosities. An intensified competition for regional predominance between these two countries has the potential to unravel many of the gains made to date in terms of East Asia community building.

The political obstacles to community-building efforts are equally pressing, ranging from the difficulty in finding effective leadership for the regional community-building project to the region’s diversity in terms of political systems and the difficulty East Asian governments have in mobilizing domestic political support for an East Asia community. Hernandez makes the case that ASEAN needs to be in the driver’s seat for any regional community-building effort because neither China nor Japan can accede to the other’s leadership. But internal dynamics in ASEAN itself make this challenging. Moreover, visionary personal leadership is still lacking; the fact is that “the region does not have the equivalent of a Monnet or a Schumann, who so successfully advocated the creation of a European Community.”

Hernandez reminds us that socioeconomic obstacles also cannot be overlooked, especially since they are closely interconnected with the structural and political obstacles. The stark differences within the region in levels of economic development, say between Japan and Lao PDR, are much wider than any seen in Western Europe when it started on its drive to build a regional community. Therefore, sustainable community building requires concerted efforts to narrow regional disparities in terms of human development by working on poverty, health, education, and other issues affecting the living conditions of the broad mass of East Asia’s populace because “community, in the final analysis, is about people.”

In the eyes of Qin Yaqing, these obstacles are ultimately rooted in the basic tensions concerning sovereignty and the role of nation-states in a globalized world. He argues that the key challenge to regional community building is the difficulty that East Asia faces in overcoming its Westphalian culture, or at least in reducing its intensity. Every nation in East Asia is highly sensitive to issues involving national sovereignty, yet regional cooperation is urgently needed, and not only in terms of economics but also to sufficiently meet the region's growing number of nontraditional security challenges—running the gamut from communicable disease and environmental degradation to terrorism and transnational crime.

Therefore, Qin asserts that moving forward on regional community building requires facing up to the limitations that the current Westphalian culture places on regional cooperation. It is natural for there to be numerous disagreements about the potential shape of an East Asia community and how it should be built. In the face of these limitations, it is important to accept that this Westphalian culture cannot be changed overnight and that the key to success is to “amass sufficient political will to at least maintain the momentum of regional cooperation and integration.”

In order to do this, Qin offers several recommendations that go to the heart of the nature of the East Asia community-building process. For one, it is important to recognize that, at this stage of community building, process is often more important than results since it is necessary to build habits of cooperation. In other words, “once nations are involved in the process, they are integrating and being integrated.” A continued emphasis on economics is key, since progress in this area is one of the most effective ways to push forward the regional process. Special care needs to be taken to avoid exacerbating major power rivalries in the region, particularly between China and Japan, by refraining from using community building as a tool to balance one another's influence and avoiding situations that encourage China and Japan to compete for regional leadership in the community-building process. And there is a need for greater efforts to build public awareness and popular support for regional community building among the region's citizens if the process is to be sustainable, for East Asia community building “cannot be an elite program forever.” The key to progress on all of these points, he argues, is the demonstration of strong political will on the part of the region's leaders.

## A VISION FOR MOVING FORWARD

The study's authors generally agree that a gradual, step-by-step process of expanding cooperation is the most effective way of moving forward the regional community-building process right now. In his chapter, Wanandi maps out one possible institutional framework for regional integration that can bring some order to the region's overlapping forums and mechanisms while better reflecting the actual balance of power in the region. He proposes that the East Asia Summit be converted into a kind of East Asia G-8, a concert of powers for the region that serves as a forum for discussing high-order strategic issues. For this to succeed, the inclusion of the United States in the East Asia Summit is integral. Meanwhile, in his view, ASEAN+3 should be the main institution for deepening economic and functional cooperation in the region, although it can still involve outside countries such as Australia and the United States on a case-by-case basis when tackling individual issues. Political realities necessitate that ASEAN remain in the "driver's seat" of regional community-building efforts for the time being, which means that ASEAN must find ways to strengthen its internal capacity. At the same time, the ARF can serve as an important vehicle for confidence-building measures and initiatives in the area of nontraditional security.

The authors of three other chapters call for deeper regional cooperation in particular issue areas. Jesus Estanislao argues that there are numerous opportunities for deeper cooperation in the field of economics that remain untapped. Considerable attention has been paid to the flurry of bilateral trade agreements recently forged between economies in the region, and there is a need for greater regional efforts to harmonize the wide array of conflicting rules associated with these. He also proposes regional initiatives to promote innovation by deepening exchanges of knowledge and technology through greater cooperation between research institutes and universities in the region. And he argues that regional financial cooperation should go beyond the limited steps we have seen so far to include joint work on risk management and greater efforts to strengthen the region's corporate bond markets. Combined, these steps can improve the conditions for what he describes as the market trinity of trade, innovation, and finance.

However, Estanislao also makes the case that there is a need to broaden the regional economic agenda beyond these areas. In light of East Asia's rapid urbanization, there is a growing need to continue

improving public governance in a farsighted manner so as to make the region's cities more livable and economically competitive. Meanwhile, steps need to be taken, particularly in terms of education, skills training, and social services delivery, to respond to rising income inequality. Also, it is important to continue to support the transition toward the rule of law that has been underway throughout East Asia in order to meet the challenges that corruption poses to the workings of the region's increasingly free and open markets. In Estanislao's eyes, these needs make a compelling case for prioritizing governance issues on the regional community-building agenda.

Rizal Sukma, meanwhile, focuses on the many opportunities for deeper cooperation on nontraditional security, particularly through the introduction of human security approaches to the growing number of cross-border problems in the region. States in East Asia face a widening array of human security threats—ranging from environmental degradation to piracy and transnational crime—and these can only be effectively countered through regional cooperation. By and large, East Asian leaders are increasingly receptive to efforts in the field of human security, which recognize the interconnectedness of the various causes of insecurity in peoples' lives and endeavor to protect them and empower them to better respond to these challenges. This, Sukma argues, leaves the region ripe for the mainstreaming of human security approaches and their institutionalization as a key component of the regional community-building effort. In the end, concerted joint initiatives to face these challenges would help build up habits of cooperation in a region characterized by insufficient mutual trust and low levels of institutionalization, and this can have positive spillover effects that add momentum to the broader community-building project.

Meanwhile, Hitoshi Tanaka, writing with Adam P. Liff, echoes Sukma's calls for greater cooperation on nontraditional security issues by proposing the establishment of an "East Asia Security Forum," which would focus on common threats such as piracy, terrorism, and communicable disease. This would be designed to supplement a regional security regime that, for the foreseeable future, should continue to necessitate active US involvement and be underpinned by the web of US alliances and security guarantees in the region.

Instead of just promoting dialogue on security issues, as the ARF currently does, an East Asia Security Forum would be designed to take specific, proactive steps to respond to nontraditional security threats

and, as states in the region become accustomed to working together, the institution's mandate could be gradually expanded to deal with threats that are more traditional in nature. They believe that in a region divided by the rise of nationalistic sentiments and a lack of common values, participation in rules-based institutions such as this forum and the other institutions that undergird an East Asia community would play an integral role in cultivating the trust, confidence, and interdependency that is needed to avoid an intensification of great-power rivalry.

### EAST ASIA COMMUNITY IN THE GLOBAL CONTEXT

In the volume's final section, two authors from outside of the region, one from the United States and one from Germany, assess efforts to build regional community from a global perspective. Writing on the basis of his experience on Capitol Hill, Frank Jannuzi concludes that the deep-set resistance found in US policy circles to regional community-building initiatives is starting to soften, although American leaders continue to harbor considerable skepticism and are not prepared to invest heavily in new, untested regional organizations. He argues that it appears that "as time goes by, the United States seems poised to embrace regionalism in East Asia, first as part of a mixed strategy and perhaps eventually as a genuine alternative to the bilateral alliances forged during the Cold War." This shift is likely to be driven by a growing sense that although the American hub-and-spokes system of bilateral alliances needs to be maintained as the backbone of any US approach to the region, a narrow reliance on bilateral ties alone is increasingly out of touch with regional realities and the preponderance of new transnational security challenges. Instead, so long as the community remains an open one, US interests can be better served over the long term by the emergence of a regional community that can play a meaningful role in responding to transnational challenges and stabilizing the region, even if the United States is not a formal member. This means that it is likely that future US administrations will be increasingly inclined to play a more active and supportive role in regional forums, if only to ensure that US leadership is not diminished in a rapidly changing region.

Meanwhile, Karl Kaiser's closing chapter goes to the heart of one overarching question inspiring this volume—how regional community



building can contribute to better governance. He notes several ways in which regionalism helps improve governance in and among participating countries. The development of regional cooperation enhances states' capacity to better manage the type of heightened economic interdependence that is so prominent in East Asia, and it helps them respond more effectively to transnational problems and common domestic challenges. Ultimately, successful integration should help advance regional peace and stability through the creation of shared interests in preventing political crises from getting out of hand.

Kaiser explains that regionalism does not just help improve regional governance; it also can make important contributions to global governance. The most difficult challenges facing the world today tend to be those that cross national boundaries, such as terrorism, the proliferation of weapons of mass destruction, and global warming. Effectively responding to these issues requires multilateral action and global cooperation, and interregional cooperation is one important component of these responses. The development of regional institutions is crucial in this context because it can facilitate interregional cooperation and support global initiatives by mobilizing regional consensus and providing focal points for regions to interact with one another. In the end, stronger regional community in East Asia can provide a firmer platform for Asia-Europe and Asia-North America cooperation on key global issues.

## EAST ASIA AT A CROSSROADS

The changes unfolding at the regional level and the region's increasing weight in global affairs have brought East Asia to a crossroads where cooperation can be advanced through greater regional community building or its momentum can dissipate in the face of a host of deeply rooted obstacles. All of the contributors to this volume recognize that there is a natural speed limit built into this process; East Asian states inhabit a Westphalian world where they are generally loathe to cede even limited degrees of sovereignty to regional institutions. Yet East Asia's leaders increasingly see the utility of binding one another into cooperative mechanisms in order to help decrease the prospects of regional instability and more effectively respond to a growing number of cross-border and regional challenges. In this context, it seems that the best way forward is through a sort of strategic functionalism that

encourages the development of habits of cooperation in a gradually expanding number of key areas where states are willing to commit to regional action. The goal is to do this in a way that feeds a virtuous cycle that can ultimately strengthen the institutional framework of the regional order.

In the end, it is also important to recognize that a central aim of East Asia community building should be to contribute to better governance. Moves to build cooperation on a range of noncontroversial issues should help improve governance at the regional level, not just by continuing to encourage the consolidation of peace in the region but also by facilitating more effective responses to the challenges facing the people of the region. However, East Asia community building is not just about the region. With global power shifting toward East Asia, the region has a duty and obligation to take on a more active role in supporting global governance in cooperation with those outside of the region. It seems clear that the development of mechanisms to encourage regional cooperation can be one step to help strengthen global governance by enabling East Asia to participate more fully and effectively in responding to global challenges.

While the road toward a true East Asia community is bound to be an arduous and uncertain one, if handled well, the strengthening and institutionalization of regional cooperation should not only enhance peace, prosperity, and wellbeing among the states in the region but also enable East Asia as a whole to better live up to its growing responsibilities as a stakeholder in the international community.