The Asia-Pacific Regional Institutions: Stalemate or Transformation?

Ekaterina Koldunova

Moscow State Institute of International Relations, the MFA of Russia
(MGIMO – University)
119454, Prospekt Vernadskogo, 76,
Moscow, Russia

e.koldunova@inno.mgimo.ru

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Abstract

Despite several lines of potential conflict which still remain in the Asia-Pacific for the past two decades the regional actors have not only managed to avoid any kind of open confrontation but have also enhanced the scope of regional cooperation. Activities of the Association of Southeast Asian Nations (ASEAN), Asia Pacific Economic Cooperation (APEC), ASEAN Regional Forum (ARF) and other mechanisms have created a network of consensus-based institutionalized regional interactions.

Noting this paradox the majority of studies have sought to explain the success of “soft institutionalism” practiced by the East Asian states and the reasons why the region has enjoyed relative stability considering the latent antagonism between its main actors (China and Japan, the USA and China, etc.). Yet little effort has been made to explore what the reactions of regional institutions might be if these latent antagonisms between key regional players were to become overt. The proposed paper seeks to analyze how these antagonisms are changing regional cooperation institutions and what might keep these institutions working in the current situation.

Introduction

For the past two decades the Asia Pacific region\(^2\) has been witnessing three major trends: a rapid economic rise of the Asian part of the region based on the industrial production shifting to this part of the world, remaining latent antagonisms between key regional players (China and Japan, China and India, Japan and South Korea, China and the USA) and remarkable growth of regional institutional network. The regional cooperation was developing despite existing unresolved territorial disputes and dividing lines remained after the Cold War\(^3\). The majority of studies saw the reasons of successful regional cooperation in the Asia-Pacific, and especially East Asian part of it, in East Asian regionalism and “soft

\(^1\) Work in progress. Please do not cite or circulate.

\(^2\) With the term ‘Asia Pacific’ the paper indicates the region comprising China, Japan, South Korea, North Korea, Mongolia, Russia, Indonesia, Malaysia, Singapore, the Philippines, Thailand, Myanmar, Vietnam, Laos, Cambodia, US, India and Australia. The term ‘East Asia’ indicates the macro-region which include China, Japan, South Korea, North Korea, Mongolia, Russia and ASEAN Member States.

\(^3\) With the exception of South-North Divide on the Korean peninsula.
institutionalism” which became the hallmark of regional institutionalized cooperation (Acharya 2001, Yuen Foong Khong and Nesadurai, 2007).

The global economic crisis seemed to have intensified regional cooperation in the Asia Pacific even further. The necessity to search for regional mechanisms to cope collectively with the crisis spurred new forms of cooperation, first and foremost between China, Japan and South Korea, on the one hand, and between these three states and ASEAN, on the other hand (Koldunova 2012). However just several years after the crisis the growing contradictions between the states in the region, first and foremost the US and China, came to the forefront overshadowing previous success of cooperative efforts. The regional institutions merely reflected and reproduced this conflict trend seeming to be unable to propose any remedy to it.

This contradiction once again highlighted the fact that the theoretical debate concerning the regional cooperation focused mainly on explaining the success of ‘soft institutionalism’ practiced by the East Asian states and the reasons why the region has witnessed relative stability considering the latent antagonism between its main actors. Yet little effort has been made to explore what the reactions of the regional institutions might be if these latent antagonisms between key regional players were to become overt. The proposed paper seeks to analyze how these antagonisms are changing regional cooperation institutions and what might keep these institutions working in the current situation.

Conceptually the paper compares three approaches to regional cooperation which diverge in defining the driving forces of regional cooperation in the Asia Pacific and defines what mechanisms these approaches see as a means of regional cooperation self-sustaining in times of turbulence. Empirically the paper analyses the recent regional developments and the challenges they pose to the institutions of regional cooperation, first of all ASEAN and ASEAN-related institutions.

The driving forces behind regional cooperation: main explanations

The students of the region have been debating the features of East Asian regionalism and peculiarities of regional institutions and regional integration for almost several decades. The majority of studies tend to agree on the existence of two types of regional cooperation processes in the region. One can name the first type a de-facto integration, or market-driven integration. This kind of integration has been developing in the region since 1980s thanks to Japanese transnational companies which created a region-wide production networks centred in Japan (Hatch 2010). The processes of specialization and cooperation within these production networks created the basis for tighter economic interdependence

4 ‘Soft institutionalism’ implies that the regional states avoid legalistic approach to the regional institutions, the process of decision-making is consensual and dialogue-based.
between countries involved in these networks. The second type represents the institutionalized regional cooperation (and in some cases even integration) started in the late 1960s with the establishment of ASEAN. This analytical division of regional cooperation into two types shows the difference between East Asian and European regionalisms. In East Asia economic cooperation and integration does not come as a result of institutional cooperation while regional institutions perform another function than in Europe. In the historical perspective East Asian regional institutions, first and foremost ASEAN and its offspring mechanisms ensured the peaceful interaction between regional players with different political and economic weight and were not aimed at the creation of any supra-national regional governance.

Scholars studying regional institutions generally espouse one of three perspectives. Those in the first camp credit small and middle range states united in ASEAN to be the drivers of regional cooperation (Weatherbee 2009). Till the recent time close coordination between ASEAN member states in the international arena enabled them to preserve their autonomy vis-à-vis major regional players. At the same time ASEAN constantly emphasized its role as an initiator and coordinator of all key macro-regional cooperation processes in East Asia and even broader – in the Asia Pacific like ASEAN+3 and East Asian Summit (EAS). Despite the constant criticism of ASEAN’s approach to the institutional design in fact its ‘soft’ or ‘light’ institutionalism and decision-making based on the ASEAN Way were diffused to all key regional institutions like ASEAN Regional Forum, APEC and EAS and probably ensured the long life for ASEAN itself comprised of highly diverse players. In favour of ASEAN as a core mechanism for regional cooperation speaks Director for Program and Research at The Habibie Centre Dewi Fortuna Anwar’s argument that up to nowadays ASEAN represents the only dialogue platform acceptable for all regional players regardless of their status and interests. In the logic of this approach the key instrument of regional institutions to cope with any disturbances is to balance external players by one another and engage them as far as possible in various forms of regional cooperation beneficial for ASEAN Member States. Evidently this instrument can be effective only in case the member states preserve the ASEAN unity and manage to act as one consolidated international actor.

Those in the second camp posit that it is the networked regionalism practiced by larger regional players, first and foremost Japan and China, not ASEAN, must be regarded as the driving or blocking force of regional cooperation projects

5 Since 2005 East Asian Summit comprised ASEAN member states and six other countries (China, Japan, South Korea, Australia, India and New Zealand) thus being ASEAN+6 mechanism. In 2010 Russia and the USA also joined EAS.

6 Decision-making based on the consultations (musjawarah) and consensus (mufakat).

7 Russia-ASEAN Relations and East Asian Regional Dynamics (ASEAN Centre roundtable, MGIMO-University, Moscow, 15.05.2013).
(Rathus 2011). Initiatives of ASEAN+3 supported by China and ASEAN+6 backed by Japan, and later on Regional Comprehensive Economic Partnership Initiative (RCEP) give the examples of such projects (Kawai and Wignaraja 2007). In the logic of this approach ASEAN and other regional institutions become derivatives of regional powers’ interests. These powers are aspiring to build formally or informally such relationship with the small and middle range countries which could work in favour of regional powers’ and organize the regional space in their interests (Shirokov and Salitsky 2003). Thus if such organization becomes possible through regional institutions the regional powers provide their support for these institutions.

A third group of scholars pursues a middle ground, acknowledging that the regional structure of the Asia Pacific as such became the precondition for regional cooperation in that forms as we see it now. Bogaturov argues that the constellation of powers emerged in the region as the result of the Cold War presupposed the co-existence of various actors in the region (US and Russia as ex-antagonists, China as a semi-independent actor during the bipolar confrontation and later on as a rising economic power, Japan as a leading regional economic actor, ASEAN as a collective player). This co-existence did not mean the absence of conflicts but these conflicts were smoothed over by the regional structure which gave the chance for small and middle range players to accommodate large players in ASEAN-initiated regional institutions (Bogaturov 1997). According to Capannelli and Tan the main feature of regional cooperation in the Asia Pacific is its ad hoc and uncoordinated nature. Actually, they argue, regional cooperation in the region has multiple sources like cross-border trade, financial and investment flows, emerging economies’ growth and region’s deeper integration with the world in general (Capannelli and Tan 2012).

All the mentioned approaches stress mainly the factors which drive regional cooperation forward amidst existing latent antagonisms or competing interests and fail to take note whether regional cooperation mechanisms have any viable means to mitigate and overcome these antagonisms or simply function when these antagonisms become open. In addition the mentioned approaches overlooked the US possible impact on the regional institutions. Traditionally the US prioritized bilateral relations and alliances without paying much attention to the multilateral structures and without using them as a mechanism of constant influence on the regional actors. However the US pivot to the Asia Pacific has not only significantly changed the regional situation just during the two previous years but also posed a serious challenge to the regional institutions.

To assess the effectiveness of the means regional institutions have to adapt to the new situation (if any), one should look at the recent developments in the Asia Pacific and scrutinize the reaction of regional institutions to these developments.
Recent regional developments and the state of regional cooperation

For the past two decades the region has witnessed the growth and complication of regional institutions’ network. This network embraced not only those institutions created in the region during the Cold War period like ASEAN (1967) or APEC (1989), just in its aftermath like ASEAN Regional Forum (1994) but also new mechanisms like EAS, China-Japan-South Korea Summit and new regional initiatives being recently under negotiations like Trans-Pacific partnership and Regional Comprehensive Economic Partnership Initiative.

ASEAN has often been referred to as the most successful project of regional integration in East Asia (Khong and Nesadurai, 2007). Indeed, by the 2000s not only was it based on a sophisticated institutional structure, comprising – among others – a summit of heads of state known as the ASEAN Summit, a Coordinating Council, Sectoral Ministerial Bodies, a Secretariat, a Committee of Permanent Representatives (ASEAN, 2007), but it also managed to include all ten Southeast Asian states thereby overcoming the traditional dividing lines of the Cold War: the founding members were Indonesia, Malaysia, Thailand, Singapore, and the Philippines; Brunei Darussalam joined the organization in 1984, Vietnam in 1995, Lao PDR and Myanmar in 1997, and Cambodia in 1999. In 1992, the ASEAN free trade area was created and, in 2007, the political component of the regional institution was strengthened by the approval of the ASEAN Charter. In terms of regional integration, ASEAN recently launched several bold region-building initiatives, which included the creation of political, security, economic and socio-cultural communities in Southeast Asia by 2015 (ASEAN, 2007).

Since the late 1990s, ASEAN began to seek a stronger role in East Asia and in the Pacific, which then prompted the creation not only of the above mentioned ASEAN+3 format but also of a series of partnerships with key regional and global powers, such as Australia, Canada, the EU, India, New Zealand, Pakistan, Russia and the US. Such a ‘functional expansion of membership’ was aimed at identifying special mechanisms for dealing with issues that required a broader scope than that provided by the Association’s members (Khong and Nesadurai, 2007, 33). ASEAN also initiated ambitious macro-regional and inter-regional projects like ASEAN Regional Forum in 1994, the Asia-Europe Summit in 1996 and the East Asian Summit in 2005.

It seemed indeed that ASEAN’s soft approach to institutional design and the emphasis on the conflict management rather than conflict resolution corresponded to the regional situation in the Asia Pacific. At the turn of the century, ASEAN seemed to have managed to accommodate stronger powers like US, China, Japan, India and Russia in the system of regional institutions, which shared ASEAN’s approach to the decision-making. Economically rising China sought to improve relations with its neighbours both bilaterally and multilaterally (Lin et al, 2005) while the US under George W. Bush’s administration did not attach paramount
importance to the multilateral institutions and was more engaged with the processes in the Middle East rather than in the Asia Pacific (Pempel 2008).

At the institutional level, China had been consistently improving its relations with all ASEAN member states. In 2002, China and ASEAN agreed on a free trade area and, in 2003, China joined the Treaty of Amity and Cooperation of Southeast Asia. In fact, completing the FTA negotiations with ASEAN at that time China successfully outplayed Japan. Some Chinese strategists perceived China-ASEAN tighter cooperation as a nucleus of East Asian cooperation process which could be potentially accelerated by China-Japan-South Korea cooperation (Lijun 2003).

When in 2011 the US proclaimed its strategic rebalancing to the Asia Pacific the region was actively discussing two projects of further trade liberalization, ASEAN+3 and ASEAN+6, which included China but did not include the US. According to US ex-Secretary of State Hillary Clinton US pivot to the region had two key aims. The first aim was to ensure security in the Asia Pacific facing old and new threats and secure favourable conditions for US economic recovery after global economic crisis using export and investment opportunities existing in the region (Clinton 2011).

Economically as the reaction to the regional trade liberalization projects the US spurred a competing project of Trans-Pacific Partnership which the US proposed as far back as 1998 but which was stagnating throughout the first decade of this century. Politically the US has made its presence in the region more visible planning the strategic and military rebalance towards the region and accentuating its support for the freedom of navigation in the Asia Pacific and greater transparency in the military sphere (Hagel 2013). Practically the US rebalance coincided with the growing tensions in the region over disputed territories in the South China Sea and factions between ASEAN and China and between ASEAN member states. The US has also contributed to these factions in its own way. In 2009, US vessel Impeccable entered Chinese exclusive economic zone and thus provoked China to claim South China Sea be an element of Chinese ‘core interests’. Chinese statement excited a further escalation of tensions between China and the Philippines, China and Vietnam.

The South China Sea issue became a litmus paper for the regional institutions primarily ASEAN and ASEAN Regional Forum. In 2012 ASEAN faced a serious internal split being unable for the first time in its history to adopt a joint communiqué in Phnom Penh in June 2012. Some ASEAN Member states like Cambodia took pro-Chinese stance while others (the Philippines) – pro-American.

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Thus as the result of the recent regional developments the dividing lines emerged both within the region and regional institutions. The region became an arena for competing regional liberalization projects each of which intentionally excluded certain actors. South China Sea issues existing earlier as a local latent conflict just during several years evolved into a formidable regional security problem and made almost all regional players to adopt a tougher attitude to the regional security issues.

**Challenges to the regional institutions**

As the result of the mentioned recent developments regional institutions have faced several critical challenges. Latent antagonisms between major powers in the region became open. As a consequence the powers which previously were engaged by ASEAN in its structures with the aim to balance each other started to pursue their own policy making ASEAN and its related mechanisms a somewhat secondary means of their interactions. In addition ASEAN Member States themselves started to take sides instead of keeping much praised previously ‘centrality’. As the result ‘soft institutionalism’ seemed to be failing to function properly in the situations it used to be suitable previously.

To cope with these challenges ASEAN had to resort to their usual political means of stressing the role of ‘conflict management’ instead of ‘conflict resolution’. In May 2013, Indonesia proposed the idea of Indo-Pacific Treaty of Amity and Cooperation which should duplicate Treaty of Amity and Cooperation in Southeast Asia but in a broader regional scale. According to Indonesian Minister of Foreign Affairs Marti Natalegawa these treaty will have three key aims. The treaty will enhance mutual trust in the region. It will help the regional players to manage territorial disputes and regional changes in general.

On the one hand this initiative does correspond to the regional political culture and does not run the risk to face rejection by both small and middle actors and key regional powers. On the other hand to make it a really effective instrument of conflict management the parties involved should prioritize this overarching regional treaty over any other bilateral arrangements and regard the regional solutions to the current problems as the most suitable.

**Conclusions**

At the turn of the century, regional institutions in the Asia Pacific seemed to flourish. The majority of actors sought to ensure economic growth and tackle the consequences of the Asian economic crisis rather than they were interested in the open confrontation over the long-lasting regional disputes. In these circumstances
the soft institutionalism worked properly and ensured the engagement of all interested parties in the regional cooperation.

However when the antagonisms between the key regional players came to the surface the regional institutions faced a kind of stalemate. The usual ASEAN mechanisms of attracting more external actors to make them balance each other proved to be ineffective. At a certain point ASEAN failed to manage the relationship between them and even faced a split between its own members. In these circumstances regional institutions run the risk of being marginalized in the regional security issues and probably other issues of regional scope as well. In order to keep on functioning as a central regional institution and driver of the macro-regional cooperation processes ASEAN needs its unity and critical mass of like-minded moderate powers which support regional solutions to regional problems.

Bibliography


