

Smart Talk No. 9

Presenter

Muthiah Alagappa

Moderator

Sook-Jong Lee

Discussants

Young Jong Choi
Min Gyo Koo
Dong-Hwi Lee
Shin-hwa Lee
Yong Wook Lee

This product presents a policy-oriented summary of the Smart Talk.

The East Asia Institute
909 Sampoong B/D
310-68 Euljiro 4-ga
Jung-gu
Seoul 100-786
Republic of Korea

© EAI 2010

www.eai.or.kr

Regionalism in the 21st Century Asia

October 1, 2010

Development of regionalism in Europe and the successful rise of the European Union created a trend that saw regionalism as a new strategic option in the post-Cold War era. Consequently, various types of organizations and arrangements were established to pursue regionalism in many different regions of the world. The Global Financial Crisis that began in 2008, however, has formed new dynamics in the discourse of regionalism as the Western order which had been considered as the global standard is declining and Asia, especially China, is rising and becoming the new focal point of the world. Subsequently, regionalism in the 21st century requires a more comprehensive and sophisticated approach. Unlike Europe, nationalism and territorial disputes have remained as critical issues in Asia, even though economic interdependence has grown deeper. It is harder still to say that common values and identity are shared in Asia. This raises questions concerning the factors of regionalism in the 21st century and ways to develop regionalism in Asia. In addition, the advent of the G20 forum, which was mandated to overcome the financial crisis, creates a new dynamic at the level of global governance. This brings up the issues of positioning the role of regionalism in relation to global governance.

The East Asia Institute (EAI) invited Muthiah Alagappa, Distinguished Senior Fellow from the East-West Center on September 15, 2010 to assess regionalism in 21st Century Asia. He introduced the shifting circumstances of Asia and the world, and presented

the issues of the relationship between regionalism and global governance, ways to consolidate the proliferation of regional arrangements, community building in Asia, and orientation of the East Asian Summit. Leading experts from South Korea participated in the discussion and exchanged their views on key elements of regionalism in the 21st century, the sequence for developing regionalism in Asia and the role of regionalism in Asia. The following is a summary of Muthiah Alagappa's presentation and the discussion that followed.

Presentation

Shifting Circumstances of Asia and the World

Regionalism in Asia is now taken as a given as well as a positive development. Yet historically, East Asia has been defensive and reactive to the development of regionalism in other parts of the world. There was the concern that regionalism might form an economic block that would cause problems for the East Asian economy which has been heavily dependent upon international trade. This tendency has changed since the Asian Financial Crisis in 1997 which triggered a movement towards regionalism in East Asia. Still, the Chiang Mai Initiative, a typical example of this movement, was largely a bilateral swap arrangement rather than a full-fledged regional arrangement. Circumstances in Asia, however, have altered dramatically. Asia has become an important

“Circumstances in which East Asian regionalism initially started being considered have been dramatically changed as of today.”

region and possibly a central driver of the global economy and international politics. Today, Asia is home to major global powers like China, Japan, India, and South Korea. The United States is very much a part of East Asia, even though it is not physically or geographically located in the region. Many Asian countries are now members of the G20, which is now the main global forum. Further, the concerns and interests of Asian powers transcend the region and span several regions. Many issues of concern to Asian countries, such as climate change, energy, even security issues like nuclear and missile proliferation, can only, if at all possible, be dealt with at the global level. Circumstances in which East Asian regionalism initially started being considered have been dramatically changed as of today. Can the power, interest, and concerns of those global players in East Asia be effectively contained and addressed within regional arrangements? What is or should be the role of regionalism in this changing context?

Consolidation of Proliferating Regional Arrangement to Regulate Major Powers

Over the past forty years of regionalism in Asia, the number of regional institutions has increased from one or two to forty in East Asia, which includes both South East Asia and North East Asia. It's hard to see any building block approach or consolidation. Institutions have been added without any envelope organization under which some of the existing institutions can be operated. Thus, it is important to arrange regional institutions properly so that they will be able to regulate any particular issue in an effective manner. This is important because of the regulative function of regional institutions that modifies the behavior of member countries and manages the major

powers in the region. China's recent orientation of behavior concerning the South China Sea, however, raises a question as to whether East Asian regionalism can perform this function. Currently, there seems to be an assumption that by expanding ASEAN (Association of Southeast Asian Nations) to the ARF (ASEAN Regional Forum), bringing in all the major powers to the table, this regulative function could be obtained in some way as they balance each other off.

Community Building in Asia

Most discussions concerning regionalism focus on community building. The ASEAN Vision 2020 statement says that forming a community in East Asia is a shared vision among ASEAN leaders and indicates the three pillars of it, as Political-Security Community, Economic Community and Socio-Cultural Community. In this way, community can be defined in many ways from not going to war with each other, sharing common economic policies or markets, to giving decision making power to a supranational body which can make 'authoritative allocation of values' within that regional grouping. But is community building an essential goal for regionalism in Asia? Why have some officials and scholars become addicted to this term? Can we do without it? Is community building possible in East Asia that comprises about one-third of the world's population?

East Asian Summit

By inviting the United States and Russia as members at the last meeting at Hanoi, the EAS (East Asian Summit) is becoming a broader orientation than what was originally designed. It can be evaluated in a positive way

“Thus if a larger region than ASEAN is considered, such as East Asia including China, Japan, South Korea, and Mongolia, the basis for a collective identity would become harder to establish.”

as all significant actors are becoming part of the forum, but also in a negative way as broadening might obscure the purpose of it. Should the EAS have an Asian orientation or a global one? Given that Asia is becoming the central driver of the global economy and most of the major players are located in Asia, it would be logical for the EAS to take that orientation to become the primary overarching institution for East Asia.

Discussion

Key Components of Regionalism and Community Building in East Asia

To understand regionalism, it is important to consider ‘actors’ and ‘issues.’ In particular, the actors’ role is prominent. Speaking of regionalism is similar to discussing various types of multilateralism or multilateral cooperation in the area of security or economy. And also, when thinking of regional institutions, they must have some issues whether there is a common consensus, or competing interests, so that actors involved in the regional institution should feel that they need to be part of it.

These days, however, ‘regional identity’ is becoming more important. Still, there is no real East Asian identity. Several prominent professors, who have been working on East Asia regionalism, now tend to focus on the regional identity. Particularly, ‘norms’ is important when in discussing regionalism. Of these ‘norms,’ human security receives more attention even from China, which in the past has been very sensitive on this issue and has often refused to discuss about it. How to build common norms which all members of the regional institution can agree to is becoming more significant.

Therefore, these four components, actor, issue, identity, and norm are vital in regionalism. In this context, one participant asked what it means by building an Asian Community.

Alagappa explained that specifically, identity is related to the notion of Community. Identity still remains quite elusive at the East Asian regional level. Even within South East Asia, the forty year history of ASEAN shows that a market-oriented economic community, not a collective identity, has been the basis for ASEAN that consists of various regime types, from democracies to autocratic regimes. Thus if a larger region than ASEAN is considered, such as East Asia including China, Japan, South Korea, and Mongolia, the basis for a collective identity would become harder to establish. Some have suggested that a Confucian identity could be a potential regional identity but it is uncertain whether Confucianism can embrace Indonesia, Malaysia or even North East Asian countries. It is also possible to say economic integration could be the basis for identity building in East Asia as it has been for ASEAN.

But the real question that Alagappa put is whether a regional identity is really needed or not. Currently, East Asian regionalism might be moving toward that direction, but building a regional identity is not the primary goal or purpose.

Considering Region as Given, Regionalism as Positive Notion

There was a consensus that it is not right to consider region as given or regionalism as a positive notion. Empirically, the number of regional institutions has increased from two to forty in East Asia. Although, this can be proof that regional cooperation is increasing,

“Regionalism is not given or fixed but a constructive notion.”

but it cannot be evidence of regional integration, as conceptually ‘integration’ entails ‘sovereignty-pooling.’ This means that East Asia cannot be considered as a region yet. Additionally, while the concept of an Asia-Pacific Community indicates inclusion of United States, generally an East Asia Community means its exclusion. Thus it is hard to say that East Asian regionalism is always founded on a positive notion. One participant wanted to know therefore, on what ground we can consider that there is an East Asian region and that East Asian Regionalism is a positive notion.

Alagappa explained that what was mentioned in the presentation does not mean taking region as given or that regionalism is founded on a positive notion but describes the current tendency concerning regionalism. He believed it would be better to consider the region as a constructive notion. Thus, two factors are important; interdependence and internal/external recognition. Interdependence among countries within the region is far greater than that of outside the region so that it can be a good criterion to define the boundary of a region. And internal/external recognition within the region and outside of the region is an important criterion as well. Internal recognition indicates that member states believe that certain countries belong to that region, and external recognition means it is considered as a region by other countries outside of the region.

Alagappa considered that these two factors can be a useful yardstick to define a region. With this yardstick it is reasonable to define East Asia as a region because previous studies concerning trade and finance in the region shows that it maintains a fairly high level of interdependency among countries within the region. And also efforts to form an

East Asian monetary fund, like the Chiang Mai Initiative, received recognition from the outside world that considers East Asia as a region. Subsequently, even though the boundary is still fuzzy, it seems there is a certain basis for which to claim that there is an East Asia region.

However fuzzy the boundary, it leads to the second question of whether the United States is a part of this region or not. There is no doubt that United States remains as a global power. At the same time, the United States is heavily involved in East Asia in terms of trade and security. Thus it is possible to conceptualize it not as regional power but as a power that has a lot of interest and involvement in the region. Conceptually, Alagappa stated that the United States is to be included in the region.

In the United States, it is a passing phase to regard East Asia as dominated by U.S.-China relations. Thus it will include not only North East Asia or South East Asia, but also South Asia and Central Asia when considering East Asia. Consequently, Alagappa sees East Asia becoming a broader conception at least from the American point of view. And this is why regionalism is not given or fixed but a constructive notion.

One participant expressed that regionalism has not been relevant in terms of ‘problem-solving’ and it will become more irrelevant in the 21st century. The history of European integration has revealed some positive aspects of regionalism but has also revealed a lot of problems. And there is also the rise of the G20 forum. Its success has meant that the great powers are more willing to deal with their problems in the global arena. In the past, the great powers used to make use of regionalism as their bargaining chip, but now they have invested in the so-called ‘G’ discourse.

“Regionalism in East Asia takes a supportive and supplementary role rather than a governing role within the region.”

Furthermore, East Asian countries are trying to perform domestic reform in terms of global norm and context rather than regionalism. Thus, the participant expected that it can be expected that there will be a decline of regionalism in the 21st century.

Alagappa differed in saying that it would be better to state that regionalism is taking on a different role. Currently, regionalism is assuming the role of regulating and managing global powers in specific regions of the world.

Developmental Sequence in Regionalism

Another participant gave some thoughts on how the East Asia region has a number of complex issues to address such as trade, finance, environment, human rights, human security, culture, education, energy. While all these issues are interconnected, each one has a different prospect for further cooperation and institutionalization. A global approach would be more appropriate for trade, finance, human rights and human security issues, while regional cooperation is much more promising for security, cultural, and educational issues. Therefore, there is an uneven playing field.

Should there be a sequence to start with for the development of regionalism? In asking the question, the participant believed that in order to establish a more concrete and coherent East Asian regionalism, an incremental approach would be more appropriate. An example of this would be maritime cooperation. This is an important area to begin with as it entails varied problems including sovereignty, energy, environment, and even shipping.

Alagappa accepted that it is true that there are some issues that have seen more progress on the global level and others that

have succeeded more on the regional level. However, most actors in Asia are big powers and consequently, most regional issues have a global footprint. Therefore, the role of regionalism is regulating the big powers in this region so as to push the development of global arrangements. In other words, regionalism in East Asia takes a supportive and supplementary role rather than a governing role within the region. Alagappa believed that is why a global-regional nexus approach is more desirable and regionalism should fit in with the global context and furthermore, should be a driving force for the development of global governance. In this context, even though there have been a lot of regional efforts for many issues including human security and maritime issue in East Asia, it is hard to see much improvement when there has been no major development in the global norms related to these issues.

Global-Regional Nexus

As the G20 has become the central forum to deal with global issues, one participant expressed that it is important to discuss how to establish the relationship between regionalism and the G20. One of the challenges that the G20 is facing is how to implement decisions that have been made in the G20 which are related to regional issues in a legitimate way. Difficulties naturally arise when conflicting issues of interests to regional players are discussed at the global stage, thus we could find only rhetorical arrangements in official statements G20 concerning the relevant issue.

Alagappa explained that this challenge became a major issue in the G20 because its members are major players at the regional level but it is hard to say that they represent the region. For example, Indonesia is definite-

“If regional arrangements such as the Trilateral Summit (China, Japan and South Korea) could develop a common ground on managing regional issues and succeed in managing the power conflicts in the region, it would be helpful for the development of global governance.”

ly a major player at the regional and global level, but it is not true that it represents South East Asia in the G20. That’s way the future of G20 for Alagappa is still uncertain. It may take on the role of global governance but also it may end up on the same path as the G8. The reform of international institutions is tremendously difficult as it has shown with the reform of the International Monetary Fund membership quotas and voting power. Even though Asia became a core of global economics, Western powers still reluctant to yield their share to Asian powers. Subsequently, international institutions do not reflect the economic fundamentals and lose the legitimacy of the G20, it is important to expand the forum and embrace the increased role of Asia.

As mentioned before, Alagappa highlighted that regional arrangements are increasing. When there is only proliferation and no consolidation, the region will face similar challenges that the G8 and G20 are now facing. Alagappa believed that it is important to set a division of labor among institutions so that increase of regional institutions results in enhancement of effectiveness on solving the problems in the region. Additionally, as G20 is taking the role of managing U.S.-China relations, it is important for regional institutions to manage the great powers in the region.

If regional arrangements such as the Trilateral Summit (China, Japan and South Korea) could develop a common ground on managing regional issues and succeed in managing the power conflicts in the region, it would be helpful for the development of global governance. Because by compromising the competing interests in the region, China and Japan need not repeat the disputes in global forum such as G20. Also, when several coun-

tries in same region share common idea, it would be easier for certain country to represent its region. Consequently, it will help to solve the problem of representation and legitimacy in the G20. This approach could be considered as a global-regional nexus perspective.

Security Issues and the Development of Regionalism

There has been little common ground within regional institutions in East Asia. At the same time, the proliferation of institutions in the region has lacked any coordination resulting in great difficulties for resolving conflicts and coping with major challenges. The consolidation of regional institutions in East Asia remains the key challenge toward making for a more effective framework. The need for the consolidation of regional institutions is highlighted by the unresolved and ongoing security challenges that exist in East Asia. In the absence of any breakthroughs by non-governmental organizations in these difficult and sensitive areas, governments need to show the initiative toward addressing the major security problems.

Security challenges in East Asia have proven to a major stumbling toward regional integration. This is partly due to the fact that there is a divide between the approaches toward security in Northeast Asia and Southeast Asia. Historical disputes and power rivalries have been at the core of Northeast Asia’s traditional security challenges, while cross-border challenges, environmental degradation, and water security have been the main concerns for Southeast Asia’s non-traditional security challenges. One participant wanted to know, in what way can East Asia’s regional institutions establish their relevance in coping

with these seemingly irreconcilable differences? And could the consolidation of institutions lead to a more effective framework to cope with new as well as inherent security issues?

Looking at non-traditional security issues, Alagappa noted that there has been some big talk, but the discussion has been very limited at the governmental-level. Currently, regional approaches have not been effective toward non-traditional security. Alagappa pointed out the key examples of failed regional approaches have been the responses to disasters in the region such as Cyclone Nargis in 2008 and the Asia Tsunami of 2004. In both cases, ASEAN was irrelevant as effective responses came from the national level of the major countries, China, India, and the United States. While it can be easy to level criticism at regional institutions for its lack of response and ineffective discussion, Alagappa still believed that there can be some merit to regional approaches. These venues for discussion can have some value toward restoring confidence and building a consensus on the major contested issues that so far have been failed to address properly. How to consolidate these institutions into a more efficient regional body remains as the main challenge toward taking on these complex issues.■

——— *Muthiah Alagappa* is a senior fellow at the East-West Center in Honolulu, Hawaii.

Discussants

Young Jong Choi

- Catholic University of Korea

Min Gyo Koo

- Seoul National University

Dong-Hwi Lee

- Institute of Foreign Affairs and National Security

Shin-hwa Lee

- Korea University

Yong Wook Lee

- Korea University