

5th Europe-Northeast Asia Forum
The Taiwan Strait and Northeast Asian Security
Berlin, 15-17 December 2005

A conference jointly organised by Stiftung Wissenschaft und Politik (SWP), Berlin, the Korean Institute for International Studies (KII), Seoul, and the Federal Ministry of Defence, Berlin

Discussion Paper
Do Not Cite or Quote without Author's Permission

Northeast Asia: The Halting Path toward Regional Integration

by

Gilbert Rozman
East Asian Studies Department
Princeton University

SWP

Ludwigkirchplatz 3-4
10719 Berlin
Phone +49 30 880 07-0
Fax +49 30 880 07-100
www.swp-berlin.org

Across Northeast Asia (NEA) and Southeast Asia (SEA) a series of summits in the fall of 2005 raised questions as to how to reconcile the multiplicity of structures related to regionalism and whether the creation of a new organization through the East Asian Summit (EAS) would boost the prospects for regionalism. In October the Shanghai Cooperation Organization (SCO) held a meeting with an expanded group of observer countries (India, Iran, Pakistan, and Mongolia), suggesting the possibility that the core of China and Russia as well as four Central Asian states could be supplemented by a periphery and emerge as a force for intensified cooperation. The result would be a kind of *Asian Continental Regionalism*. In November in Busan, Korea, APEC held its annual summit meeting, as observers wondered whether this organization that in the mid-90s raised hopes of *Trans-Pacific Regionalism* could rekindle its earlier prospects by reaffirming the Bogor agreement of 1994 and pressing for success in the Doha round of WTO talks scheduled for Hong Kong in December. Also in November in Beijing the Six-Party Talks convened in their first session since agreement on a Joint Statement at the fourth round of talks in September. With the focus shifting to implementation of agreed principles, there was talk of a follow-up framework for a *Multilateral Security Structure in NEA*, although the talks were suspended amid harsh accusations by North Korea against the U.S. In December back-to-back meetings occurred in Kuala Lumpur of ASEAN + 3 and the EAS. The former had existed since 1997, while the latter with the addition of Australia, New Zealand, and India, convened for the first time. Even if there was still not much clarity about how the two organizations differed, each signified *ASEAN-centered East Asian Regionalism*.

If the flurry of meetings suggests accelerating momentum toward regionalism, the reality is growing fear of failure to reach agreement on *Global Economic Integration* at the WTO talks overlapping with troubles in forging an *Asian FTA Sphere* at the ASEAN + 3 talks, while a breakdown of the Six-Party Talks exposes divisions that leave the EAS with an empty agenda. Instead of multiple groups complementing each other to advance organizational innovation, there is growing concern of an inability to meet pressing needs through effective organizations. Asian regionalism faces an impasse centered in NEA, reflected in the refusal of China's President Hu Jintao to meet Japan's Prime Minister Koizumi Junichiro in Busan and the threat that Korea's President Roh Moo-hyun will not go to meet Koizumi in December, halting biannual shuttle diplomacy. A proliferation of organizations belies the reality of troubled relations at the core of any likely arena for economic

regionalism, security stabilization, or reconciliation of global- regional aims.

No consensus has been achieved on the purposes of regionalism in NEA. APEC has essentially economic objectives, originating at a time when there was no preparation for other goals and accepting the participation of Taiwan despite China's insistence that its voice be limited to the non-state functions associated with economic cooperation. The Six-Party Talks were started in 2003 in order to resolve the nuclear standoff between North Korea and the US, but they keep fueling interest in a more permanent format for addressing uncertainties over security in the region. ASEAN + 3 began against the backdrop of the Asian financial crisis and addresses economic integration through monetary stabilization and free-trade agreements, while incubating ambitious ideas for the EAS, which started in 2005 with the inspiration to forge an East Asian Community (EAC), including multiple realms of cooperation not excluding cultural ties. The SCO has emphasized territorial agreements and confidence-building measures, but its scope is widening. Somehow from this plethora of groupings regionalism is supposed to emerge, but the mood in NEA in 2005 grew increasingly gloomy over the fundamentals that allow nations even to take seriously the search for regionalism.

Looking back on the pursuit of regionalism in NEA from the end of the cold war, we find that it was thwarted by divergent strategies, distrust over who would become the leader, and reluctance to face the real barriers.¹ Over seven distinct stages we can observe Japan, South Korea, and China successively attempting to take a leading role even as each neglected to acknowledge the most formidable obstacles or its own narrow thinking. In 2005 the lessons that should have been learned from the failures over fifteen years were still being ignored as the overall situation in NEA was deteriorating.

Failure of regionalism to become a major force in Asia is not regarded with concern in some quarters. The Bush administration and many in the US fear that progress toward regionalism would serve China's interests, giving it a mechanism for asserting its power at the expense of US influence in the region.² Increasingly, Japanese leaders and many in the political elite share this assessment, regarding the ideals of regionalism under Japan's guidance as outdated and its lingering advocates as heirs to the naïve pacifists on the political left in the cold war era.³ Others insist that such fears are unnecessary: The rise of Asian regionalism will bring an open structure inclusive of the US politically and economically.⁴ Yet, the Bush administration's difficult relations with the EU as well as Asia have led to more

attention to the problems of US cooperation with regional entities. Criticism of policies that run “counter to the dynamics of a world of regions” suggests that the US will not accept the limiting power of regionalism and, in turn, some regions will define their goals more decidedly in opposition to US policies.⁵

Four major powers over the past twenty years have attempted to steer the reorganization of Northeast Asia. The Soviet Union, when Mikhail Gorbachev still was optimistic about its clout, sought a multilateral security framework that would guarantee a balance of power in the face of strong US bilateral alliances that would endure as Moscow retreated as a military force in the area. Japan, riding the wave of its bubble economy and lingering confidence until the late 1990s in its unrivalled economic superiority in Asia, aimed to create an Asian Monetary Fund or other mechanism to convert its assets into political power. The US has become more assertive under George W. Bush in trying to block exclusive regionalism while looking to bolster its bilateral ties around China’s borders and even to explore some multilateral devices under its control such as the Proliferation Security Initiative. That leaves China, the most recent architect of a strategic scaffolding for Asia. It pursues a multi-sided approach, simultaneously facing three directions with economic or security initiatives while striving to keep universal values off the agenda and limit US hegemony. Despite sharp conflicts among these approaches, the fact that many countries, including South Korea and several Southeast Asian states, are each seeking advantage in regionalism helps to explain why reorganization continues.

The goals for regionalism in East Asia are too contradictory to allow any organization that weighs non-economic objectives heavily to have much chance of developing. While few if any states will object to regionalism, in principle, the result continues to be agreement on the creation of organizations rather than on working together to address the serious obstacles that stand in the way of any organization. This leads to a cycle of forming ever newer organizations that soon reach an impasse without being able to address many serious matters, and then a new organization appears that is supposed to resolve some of the problems only to repeat the cycle. The EAS will not be allowed to fail; another meeting date could be set for two years hence (a modest success) or three or four years ahead (a sign of just keeping the idea alive). With an agenda that still remains unclear, it will also not give more than a symbolic boost to regional cooperation. Of the existing bodies, ASEAN + 3 has the best track record; it is likely to remain the main force for regional integration on a

gradual, modest scale. Yet, it masks differences in NEA without offering a direct approach that might overcome them.

The ostensible purpose of forming an EAC signifies awareness of cultural commonalities. The concept of “culture” is often amorphous; so we should be clear about what is meant and where the dividing lines are found. First, we observe differences over universal values, as Japanese embraces them, at least rhetorically, with new vigor, and China supported by Russia challenges them more directly. In contrast to talk before the Asian financial crisis of “Asian values” as a common denominator that even Japanese were prone to accept, the divide over values such as human rights and democracy has intensified. Second, the issue of historical memory focused on Japan’s half century of expansion and intensifying aggression has emerged as the centerpiece in cultural thinking. High officials in both Japan and South Korea (proceeding from opposite directions) have joined many in China in making historical revisionism a driving force in their domestic as well as foreign policies, widening the cultural divide. Third, we have witnessed a failure to articulate a shared history that could be recalled with pride despite the high overlap in Confucian education and high culture shared by the three neighboring East Asian societies. Fourth, even as the “Korean wave” has spread dramas and movies around the region, and popular culture is increasingly borderless, young people have become more nationalistic and shown little interest in regionalism. Finally, networks of leaders in business and other fields have failed to forge a cultural bridge, given the weakness of NGOs and civil societies and the strength of the states. For all of these reasons, economic integration at a rapid clip has little spillover for a community. The EAC may seem to be a premature goal, but without attention to cultural matters all hopes for regionalism, beyond limited economic ties, are unlikely to be realized.

The nature of the security issues—divided countries and who has a legitimate need to become a military great power—exacerbates cultural divisions. Chinese and Koreans see Japan’s realist moves for a greater military role through an historical lens. Of late, increasing numbers of Japanese perceive China’s military rise through the narrow lens of a communist state defiant of universal values. The clash of security interests over Taiwan, for instance, is often obscured by these cultural interpretations. Regionalism, even a shared free trade area, has little prospect as long as this cultural divide persists.

The states of SEA share an aversion to being eclipsed by NEA. They will insist that ASEAN + 3 remain under their management and that the EAS not take priority or become a mechanism for NEA to gain control. Thus, China and Japan will not have occasion to struggle for leadership, which is not available to either. The competitive atmosphere prominent in 2002-03, beginning earlier when China used ASEAN + China to call for an FTA and then reaching a peak in the fall of 2003 when Japan hurried to sign the TAC and that December to invite all the leaders of SEA to a Tokyo summit of ASEAN + Japan, is likely to stay in the background.⁶ China wants an effective organization helpful in regional dynamism and stability, not a venue for struggling with Japan. ASEAN states avoid cultural issues and will continue to steer regionalism away from them. This limits the potential for community building, but it allows China and Japan to work together. ASEAN + 3 and, perhaps later the EAS, serve a useful role for Sino-Japanese relations, which both sides recognize. To some degree, it compensates for stagnant bilateral ties. It gives them a place to meet and conduct business as usual. It softens the edges of their contacts by placing ASEAN at the center, allowing each side to work quietly with the ASEAN secretariat and one or more governments to frame ties with the other country that could now not easily be handled directly.

Ostensibly the goal of the EAS is to establish an EAC. Beyond institutional support for growing economic integration already occurring through ASEAN + 3 and newfound attention to confidence building on security matters that has been the subject of the ASEAN Regional Forum (ARF) and now has expanded to the Six-Party Talks, the EAS is viewed as a means to forge deeper institutional bonds, including cultural linkages for overcoming burgeoning divides across the region. With some organizations already in place, forming a new organization is predicated on raising cooperation to a new plane, emphasizing goals outlined by the East Asian Vision Group in 2001, specified by the East Asian Study Group in 2002, and formalized by the ASEAN + 3 summit to which they reported. The motives for doing so vary. In ASEAN, there is some appeal for becoming part of an organization with more international clout as long as ASEAN itself is not eclipsed as the center of gravity. Yet, given serious doubts on all sides, the decision to create the EAS came mostly from inertia; to resist could carry the risk of being branded an antagonist. It would be an error, however, to ignore continued widespread support for some boost to regionalism.

Early in the preparations for the EAS China made a move to become host to the second EAS, which would boost its profile and could lead to the secretariat for the annual meeting of ASEAN + 3 as well as the EAS relocating outside of SEA for the first time. Japan later offered its own plan to co-host the summit in a SEA capital, but primarily Japanese officials stressed the limited goals for the new organization, using the term functional rather than institutional regionalism after agreeing on a cautious stance in June 2004. In the spring of 2004 countries decided on their overall orientation to the EAS, and Japan played a limiting role with its minimal approach. By then, China had tempered its expectations, reconciling itself to whatever tangible steps could be achieved.

In the spring of 2005 critical preparations occurred for the decisions that would determine the composition of summit participants. Just when Japan's relations with China were at their nadir and its South Korean ties were also deeply troubled, Japan managed to win support in ASEAN for expansion to include Australia, New Zealand, and India. Many regarded this decision as a defeat for China, although it did not openly oppose the outcome. Within ASEAN a shifting balance of states helped bring about this result. First, Malaysia without Mahathir in charge, while sympathetic to China, did not stick to its old position of blocking any inclusion of non-Asian states, especially Australia. Second, despite its preference for keeping a low profile, Singapore took an active role in achieving the outcome. Third, the Indonesian Foreign Ministry under a new president became more active than it had recently been in a decision of this magnitude. Vietnam, which usually is on the periphery in ASEAN, was in closer touch with Singapore. This meant that a newly emergent core in ASEAN led in producing this expansion, while others in ASEAN were hesitant, as was China, about actively resisting. It is still early to determine whether this core will operate on other issues. It should be seen as supportive of regionalism led by ASEAN as well as the involvement of other states through the EAS and existing mechanisms. The core states of NEA find it convenient to follow the lead of the consensus that emerges in SEA.

Having agreed on the membership for the EAS, the states of ASEAN + 3 could agree on little else. ASEAN states are fearful of losing their leading role and reluctant to endow the new organization with important functions. Since the 1999 formalization of the Northeast Asian + 3 at the annual meetings, there has been concern that this group, representing a much larger population and 90 percent of the total economic product, would come to dominate. After all, China and Japan are

great powers with more assertive foreign policy agendas, and South Korea at times appears to be seeking a venue to exercise authority as the balancer. The arrival of India, adds another great power, and of Australia, introduces what is regarded as a Western state that may be vocal in championing universal values. It is unlikely that leadership based on consensus-building among the ten diverse ASEAN states can devise a strategy to manage this mix. The result is that the agenda for the first EAS was nebulous. When ASEAN + 3 met separately during the same week it had a more substantive agenda. With China nervous about being seen as too bold, Japan wary of letting regionalism advance, and South Korea turning its attention elsewhere, the NEA + 3 is likely to reinforce divisions within ASEAN, which will most likely not be able to display much leadership.

Establishment of the EAS may force the leaders in NEA as well as SEA to confront problems in community building more directly. As the process is at an early stage, we may note three different arguments about what this means. The first interpretation of the EAS is that it is not actually about making strides to create an EAC, but instead serves to dilute China's rising voice in ASEAN + 3 and is likely to stand in the way of regionalism. Those who opted for expansion of membership and a nebulous agenda were less interested in idealistic goals than in realist limits. When themes of community are actually faced, they will not take them seriously. The second interpretation is that since the forces in favor of regionalism are still substantial they are just biding their time before a breakthrough can be reached. A turning point in the Six-Party Talks, increased understanding between the U.S. and China after a recent spate of negotiations, or a change in leadership in Japan that deemphasized the history issue could change the tone of regional meetings and make a breakthrough possible. Finally, we should recognize a third interpretation with a more delayed timetable. Instead of a failure or a breakthrough occurring soon, this argues that the process of searching for a path toward regionalism will move ahead haltingly for roughly a decade. The EAS will endure, but it will take considerable time to find its legs. To understand its prospects, we will have to keep our eyes fixed above all on Sino-Japanese relations. They are now the principal obstacle in regionalism, and they are not likely to improve substantially in the next few years. Yet, they are also not likely to deteriorate to the point where either side expects to gain an advantage by either scuttling the search for regionalism or pushing for a form of regionalism involving SEA that excludes the other. China and

Japan are locked together in the pursuit of regionalism, however slowly it may proceed.

It is difficult to combine the pursuit of regionalism on three distinct levels. At the sub-regional level, cross-border ties such as across the Sea of Japan (East Sea) rim, the Yellow Sea rim, and the Amur river in NEA suffer from the weakness of civil societies, the lack of decentralization that is able to shape international relations, and a residue of criminalized trade linked to Russia and North Korea. Even those who praise aspects of “microregionalism” involving Southeast China and the Yellow Sea, recognize that other efforts involving Northeast China and its neighbors have been troubled.⁷ At the super-regional level the EAS, ASEAN +3, and the Six-Party Talks all have left the core NEA states with a marginal role. They face each other in a broad context in which they have little need to address each other’s concerns. Finally, at the NEA regional level China, Japan, and South Korea remain hesitant to focus on the central concerns of their own triangular relations. Despite rapid economic integration, they are nervous about talks on a regional FTA. When Roh suggested that South Korea could assume a balancing role, this won no approval; not only did Washington find this an impudent infringement on its regional leadership, but Tokyo showed no trust in Seoul serving as intermediary between it and Beijing, and Beijing also gave no indication that it was seeking assistance of this sort. South Korea’s potential for a special role sandwiched between China and Japan is not being realized.⁸ The foremost challenge for regionalism is to give institutional form to economic ties supported by a security framework and moves to strengthen trust on contentious cultural themes for the three core states of NEA.

Compared to the integration of Europe in stages over sixty years since the Second World War, movement toward integration in East Asia over fifteen years since the end of the cold war reveals at least six sharp differences. First, historic factors have left a much more divisive legacy in East Asia because of the shallowness of memories of a shared past and the lack of reconciliation between Japan and its neighbors. Second, cultural factors, including national identities, are increasingly exacerbating the historical legacy, as seen in the latest Koizumi cabinet’s emphasis on historical revisionism as well as Roh’s reinterpretation of history in March 2005 and the residue of Chinese President Jiang Zemin’s turn to nationalist historical themes from the mid-90s. Third, the impact of communism is greater in Asia. There are still three states led by communist parties—China, North Korea, and Vietnam—, and the merger of communism and nationalism leaves a more lasting impression

than the communism implanted by Soviet armies across much of Europe. Fourth, territorial issues, especially divided countries, are plaguing East Asian bilateral relations, becoming more prominent in Japan's ties to its neighbors than in any European bilateral relations. Fifth, the role of international factors is more negative in East Asia, especially the divisive opinions on US alliances and US efforts to spread regime change and democracy in the face of rising powers and "rogue" states. Finally, networks rooted in social interaction and political interest groups are much slower to emerge in East Asia, as Japanese, South Koreans, and Chinese deplore the loss of "pipes" which used to smooth problems in their relations. In contrast to the promise of its faster growth in intra-regional trade and production sharing, NEA suffers from these limiting forces that block the path forward to regionalism.

The immediate challenges are many. At the center is the Bush administration, whose single-minded policies have delayed formulating policies on the basis of the world as it is, including taking into account the dynamics of regions.⁹ No less important within NEA is the Koizumi administration, whose obsession with restoring Japan's national power and pride leaves no room for strategic thinking toward Asia. Yet, the fundamental problems of regionalism do not stem primarily from the lack of balanced policies since Bush and Koizumi took office within a few months of each other in 2001. Chinese and Russian hesitation and even rejection of aspects of security and cultural globalization with North Korean success in playing on differences in the Six-Party Talks raise the specter of *Asian Continental Regionalism* at odds with a more reassuring blend of global and regional objectives. Recently, the Roh administration's unbalanced haste in rushing the Six-Party Talks toward a *Multilateral Security Structure in NEA* that does not allay genuine concerns of the US or Japan also does not show the way to regionalism. It will take a new effort to achieve consensus among the US, Japan, and South Korea to set in motion a sequential process with genuine promise of regionalism.

The path to regionalism begins with cooperation in resolving the nuclear crisis over North Korea. This has first priority because it is the centerpiece in security fears that have riled NEA. The challenge is to forge a consensus of the five countries facing North Korea, which is likely to lead to a lasting *Multilateral Security Structure in NEA*. A second priority is to reaffirm a course of globalization that increases trust in the US with *Global Economic Integration* back on course consistent with a new consensus in favor of regional institutions too, allowing room for more vigorous *Trans-Pacific Regionalism*. A third priority is to bolster *ASEAN-Centered East Asian*

Regionalism as a prelude to turning directly to NEA regionalism. We cannot expect a leap toward an integration process in NEA without these preliminary developments. In turn, only a decisive move toward direct ties through *NEA Regionalism* could bring these other moves to fruition. In the meantime, alarm over *Asian Continental Regionalism* is likely to overshadow the promise of an *Asian FTA Sphere*. There is no “community” within sight. The downward turn culminating in troubled relations in NEA in 2005 has not yet been arrested. We should be cautious about predicting that regionalism will cross a threshold within the next decade given widespread reluctance to study and benefit from the lessons of past failure.

If we were asked to identify one force that stands in the way of regionalism, I would suggest national identities. Professional diplomats, academic experts, and business leaders all are largely supportive of pragmatic policies that would boost the chances for regionalism. Instead, it is political elites driven by what they regard to be unfinished domestic agendas with international reverberations who are marginalizing the pragmatists and establishing divisive agendas. Repeatedly, Bush, Koizumi, Roh, Hu, Putin, and Kim Jong-il have pressed nationalist agendas that threaten trust in globalization. I do not mean to suggest that they bear equal responsibility, only that none is demonstrating leadership that could encourage balanced regionalism reassuring to skeptics. The fact that it is so many leaders operating, more or less, simultaneously, suggests that the problems are much deeper than individual leadership. Pursuit of regionalism especially exposes raw historical nerves and uncertainties about rising and falling global and regional powers. The voices of economic interests have no likelihood of overcoming these deep-seated anxieties. Insecurity centered on a changing military balance is genuine, but it is also a symptom of other anxieties. It is time that those who seek to counter these trends stop avoiding the difficult issues in the vain hope that narrowly concentrating on economics will suffice to advance integration. The cultural prerequisites of regionalism deserve the most urgent attention within NEA.

¹ Gilbert Rozman, *Northeast Asia's Stunted Regionalism: Bilateral Distrust in the Shadow of Globalization* (Cambridge: Cambridge University Press, 2004).

² Richard Armitage, “Higashi Ajia kyodotai e no sanku wa kokueki ni naru noka,” Tokyo, *Wedge*, May 2005, pp. 5-6.

³ Kazuhiko Togo, “New Security Structures of Asian Multilateralism: A Japanese Perspective,” (unpublished manuscript, 2005).

⁴ Peter J. Katzenstein, “Regionalism and Asia,” in Shaun Breslin, Christopher W. Hughes, Nicola Phillips, and Ben Rosamond, eds., *New Regionalisms in the Global Political Economy* (London: Routledge, 2002), pp. 104-118.

⁵ Peter J. Katzenstein, *A World of Regions: Asia and Europe in the American Imperium* (Ithaca:

Cornell University Press, 2005), p. 246.

⁶ Wang Qin, "Yazhou quyijingji yitihua yu Zhongguo," *Guoji wenti yanjiu*, No. 4, 2005, pp. 55-59; *ASEAN-Japan Cooperation: A Foundation for East Asian Community* (Tokyo: Japan Center for International Exchange, 2003).

⁷ Shaun Breslin and Glenn D. Hook, eds., *Microregionalism and World Order* (New York: Palgrave, 2002); Xiangming Chen, *As Borders Bend: Transnational Spaces on the Pacific Rim* (Lanham, MD: Rowman & Littlefield, 2005).

⁸ Cheol-Hee Park, "The Development of Korea's Regional Strategy in Northeast Asia," in Hoon Jaung and Yuichi Morii, eds., *Cooperation Experiences in Europe and Asia* (Tokyo: Shinzansha Publisher, 2005), pp. 213-40.

⁹ Peter J. Katzenstein, *A World of Regions*, p. 244.