

An Asian Community Will Emerge From Existing Structures

By Andy Yee

The Debate: Yee

SINCE AUSTRALIAN PRIME MINISTER Kevin Rudd proposed building an Asia-Pacific Community in June last year, there has been considerable debate among policy makers and academics on reforming the regional architecture of East Asia.

While there are plenty of skeptics who question the viability of an Asia-Pacific or East Asian Community, there is no doubt that countries in Asia are moving with varying degrees of momentum toward greater regional integration. In order to better understand the path — and obstacles — to such a community, it is necessary to examine closely the political and economic realities that govern regional architectures across Asia. By doing this, I believe it is possible to identify the most likely form and nature of the regional community that will emerge.

In East, Central and South Asia, three regional communities have taken shape: namely the Association of Southeast Asian Nations (ASEAN), the Shanghai Cooperation Organization (SCO) and the South Asian Association for Regional Cooperation (SAARC).

These three regions have different degrees of economic integration, and politically, three respective axes differentiate them: US-China, China-Russia and China-India.

Political relationships in the three axes contrast sharply. Take a look at military ties. China and Russia held joint military exercises dubbed the “Peace Mission” as recently as July, and also in 2007 and 2005. In contrast, the US and China agreed in their recent US-China Strategic and Economic Dialogue only to resume high-level military exchanges. A few months ago their relations

were strained by maritime incidents in the South China Sea. Meanwhile, in June this year, India ramped up its military deployment along its border with China, positioning two army divisions as well as squadrons of Su-30 fighter aircraft.

By observing patterns of regional architecture in various parts of Asia, we can see that they are often manifestations of political and economic realities.

EAST ASIA

East Asian regional architectures have developed significantly over the past two decades, represented by a matrix of organizations including ASEAN, the ASEAN+1's, ASEAN+3, and the East Asia Summit. These arrangements are very different from other regions in Asia.

First, they emphasize informal dialogue and trust over formal agreements, the so-called ASEAN way that places a high priority on consensus.

Second, they are all ASEAN driven, but have significant overlaps, principally with China, South Korea and Japan but also with out players, representing different views on the membership of an East Asian community.

Third, they focus mainly on free trade, economic and development issues. Recently, however, the various ASEAN permutations have started moving towards wider regional issues and non-traditional security threats.

Different interpretations exist as to the goals of China's multilateral diplomacy: some argue it is a *realpolitik* effort to advance national interests and erode US power in the region, while others see it as a genuine commitment to being a responsible stakeholder. Viewed in the context of the regional

characteristics mentioned above, it is possible to suggest that both may be occurring.

To begin with, East Asian economies have well-developed trade and financial relationships. Among them is the ASEAN-Japan free trade area (known as the Comprehensive Economic Partnership Agreement), which took effect in December 2008. An ASEAN-China free trade area will come into effect in 2010 for certain ASEAN countries, and for all of them by 2015. The ASEAN+3 countries boast a common regional foreign currency reserve pool of \$120 billion under the Chiang Mai Initiative.

Meanwhile, Beijing often speaks of China's "peaceful rise" (*heping jueqi*), demonstrating this by active participation in multilateral organizations in Asia.

China's neighbors do not want the Sino-US rivalry to be played out in their front yard. Shortly after a tense incident in 2001 caused when a US EP-3 surveillance plane collided with a Chinese aircraft over Hainan Island, Singapore's Senior Minister Lee Kuan Yew remarked: "We in Southeast Asia held our breath. When it was over, we heaved a sigh of relief." Other Asian nations do not want to be forced to choose between the US and China. An ASEAN-led system is acceptable to China, the US and other East Asian countries.

Yet, US allies in Asia are still concerned about China's potential to dominate ASEAN+3. In response, they pushed for the creation of the East Asia Summit (EAS) by adding India, Australia and New Zealand to the existing ASEAN+3 framework.

In order not to appear obstructionist, China has tried to downplay the importance of the EAS rather than refuse to be part of it. Before the first East Asia Summit in 2005, China maintained that ASEAN+3, not the EAS, should be in the driver's seat in the creation of an East Asian community. At the second summit in 2007, Chinese Premier Wen Jiabao argued that the EAS should more properly serve as a strategic platform for the exchange of ideas and the facilitation of co-operation.

As a hedge, China prefers informal, non-institutionalized dialogues to reduce the risk of a co-ordinated effort to constrain its actions.

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CENTRAL ASIA

The Shanghai Cooperation Organization (China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan) is the one regional organization that China founded — and it is proud of it. In contrast to other regional organizations, it is more institutionalized, with more rules and formal agreements. Among its accomplishments was the establishment in 2004 of the Regional Anti-terrorism Structure, or RATS. In 2007, the armed forces of all member states participated in joint anti-terrorism exercises.

Evidently, the two regional powers, China and Russia, view themselves as having aligned interests in Central Asia. After the Xinjiang unrest on July 5, the *People's Daily* launched commentaries accusing the US and the "three evil forces" of ter-

rorism, extremism and separatism of being detrimental to Xinjiang and the region.

Within 48 hours of the violence, Moscow issued a statement strongly supportive of Beijing. On July 10, the SCO issued a statement calling on member states to "further deepen practical cooperation in the field of fighting against terrorism, separatism, extremism and transnational organized crime for the sake of safeguarding regional security and stability."

In return, China appears willing to endorse Russia's effort to counter US influence in Central Asia through the Collective Security Treaty Organization (CSTO). It also has a stake in supporting Russia's effort to build an anti-terrorism center in Kyrgyzstan and develop the CSTO Rapid Reaction Force in Central Asia.

The meeting in June between the leaders of China and Russia, which took place on the sidelines of the BRIC summit, indicated that a high degree of political and foreign policy coordination can be expected in the future in Central Asia. Importantly, China also expressed its support for Russian policy in the fractious Caucasus region.

For the moment, Sino-Russian convergence over regional security in Central Asia has resulted in their stepping up political efforts at regional cooperation. This has enabled the creation of a simple, but authoritative regional architecture — namely, the SCO.

SOUTH ASIA

SAARC, which is meant to be the equivalent of ASEAN for South Asia, is a dysfunctional organization that attracts little enthusiasm among its members. It is crippled by the strategic rivalry between India and Pakistan. In addition, with a less dynamic trade regime, SAARC is not as big a priority for South Asian countries as ASEAN is for Southeast Asian countries. According to the International Monetary Fund, India's trade with SAARC, for example, amounted to only 2.8 percent of its total trade in 2006, while its trade with East Asia amounted to 24.9 percent.

Despite this, SAARC has attracted the attention of China, which was granted observer status in 2005. China's foreign minister attended the SAARC

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leaders' summit in 2007 and 2008. China has a vital interest in cross-border integration schemes with South Asia as a way of assisting development in eastern Tibet and Yunnan province.

In 1999, the Yunnan provincial government hosted the Conference on Regional Co-operation and Development with India, Burma and Bangladesh in Kunming. The participants approved the *Kunming Initiative*, which aims to improve communications between southwestern China and northeastern India by developing transportation links. The initiative currently remains a non-governmental one.

At present, China-SAARC co-operation has been limited to diplomatic exchanges, official seminars and trade fairs. While China has sought a greater role in SAARC, Chinese Assistant Foreign Minister He Yafei said in 2007 that it was still too early for China to apply for SAARC membership.

India is highly skeptical of China's South Asia policy, because of its strategic relationship with Pakistan, unresolved border disputes, Chinese naval ambitions in the Indian Ocean, and China's influence over Bangladesh, Nepal and Sri Lanka.

New Delhi and Beijing also seem to be focusing their naval strategies on each other. China is constructing naval stations and refueling ports in Burma, Sri Lanka and Pakistan. India has transformed a bay in the southern state of Karnataka into an advanced naval installation.

During the SCO and BRIC summits on June 16-17, Beijing avoided bringing its long-standing border disputes with India to the forum — despite the fact that only a week earlier, New Delhi announced it would deploy two additional army divisions and two air force squadrons near its border with China.

Overall, China's multilateral diplomacy in Asia is colored by its relative position within the three different regions: with East Asia, it is strong economically but weak politically; with Central Asia, it is weak economically but strong politically; with South Asia, it is weak both economically and politically.

POLICY IMPLICATIONS FOR AN EAST ASIAN COMMUNITY

Now let's return to the fundamentals of East Asia as a region and what this means for the future of an East Asian Community. First, it is a stable and dynamic economic regime; second, it is crowded with competing regional leaders — the US, China, Japan and ASEAN. These fundamentals have determined the complex, non-binding and economy-focused regional arrangements. I believe East Asia will neither move towards the direction of greater institutionalization and stronger political unity, like the SCO, nor will it deteriorate, like the arguably dysfunctional SAARC.

In this context, we can understand the constraints facing East Asia and foresee how a future regional framework would look. It will respect all countries in the region, no matter big or small, as equal partners. It will be open and inclusive to countries both within and outside the region. It will have no clear regional leader and there will

be no willingness to cause too much disruption to the *status quo*. It will also have a mix of formal and informal arrangements that will result in a flexible framework. ASEAN, the current driver of a regional agenda acceptable to all major powers, will act as the core platform from which trans-regional and sub-regional channels and dialogues will emerge.

Given the dynamics of East Asia and the emergence of global challenges like climate change, financial crisis and non-traditional security threats, the scope for multilateral cooperation is great. However, given the complex political realities, it is unlikely that a brand new regional institution would be established to create an East Asian Community. The most probable way forward would take the form of adjustments and supplements to ASEAN. Ultimately, a harmonious and effective framework would be a product of the balance of various powers.

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