



Collaboration under Anarchy

**Functional Regionalism and the
Security of East Asia**

RSIS Monograph No. 15

**Edited by
See Seng Tan**

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**COLLABORATION UNDER
ANARCHY
FUNCTIONAL REGIONALISM AND
THE SECURITY OF EAST ASIA**

*edited by
See Seng Tan*

**REPORT OF THE STUDY GROUP FOR
THE SENTOSA ROUNDTABLE ON ASIAN SECURITY
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Nanyang Technological University

South Spine, S4, Level B4, Nanyang Avenue

Singapore 639798

Telephone: 6790 6982 Fax: 6793 2991

E-mail: wwwidss@ntu.edu.sg

Website: www.idss.edu.sg

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Functional Regionalism and the Security of East Asia

On 1 January 2007, the S. Rajaratnam School of International Studies (RSIS) was inaugurated at Nanyang Technological University, Singapore. It was originally established as the Institute of Defence and Strategic Studies (IDSS) on 30 July 1996. The IDSS remains as a key component within the RSIS, focusing on security research, while the School takes over its teaching functions. The RSIS will:

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- b. Conduct policy-relevant research in defence, national security, international relations, international political economy, strategic studies and diplomacy, and
- c. Build a global network of like-minded professional schools.

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PREFACE

In the debate on East Asia's efforts to enhance regional cooperation and build the long anticipated East Asian Community, what is often missed or glossed over is the embryonic functional regionalism that is fast developing in the region. Notwithstanding the contention—not incorrect, in many respects—that East Asian regionalism is more about “process” rather than “progress,”¹ a deeper examination of regional cooperative efforts in issue-specific or interest-based areas suggests there is progress as well as process. Uneven, qualified and fraught with constraints and cautionary notes of all kinds, it has to be said that it is progress nonetheless. Crucially, cooperative efforts have emerged in response to crisis; take, for example, the recent move by the ASEAN+3 to finally multilateralize financial collaboration in response to worldwide economic recession even though similar ideas had previously been mooted (and rejected) following the 1997 Asian financial meltdown.

At the same time, it is fair to say that no bold initiatives of the sort just described could have been conceivable much less possible without the requisite frameworks and processes, no matter how rudimentary, already in place. In this sense, East Asia's developing functional regionalism has played and continues to play a part in laying the groundwork and, to an extent, ground rules for more ambitious collaboration. Indeed, functional cooperation may well constitute a key building block, in East Asia, for the type of rules-based or hard regionalism that characterizes more advanced forms of regional community such as the European Union. Needless to say, that prospect remains at best ambiguous. Nor is it apparent, not yet at least, whether East Asia's road to community formation will be similar to that traversed by Europe or unlike any other. But this much is clear: No regional integration and community in East Asia will likely be possible without a functional regionalism that is robust and vibrant.

This monograph is the culmination of the efforts of the Study Group in support of The Sentosa Roundtable on Asian Security 2009, an annual dialogue hosted by the S. Rajaratnam School of International Studies. The authors gratefully acknowledge the generous support and partnership of the Sasakawa Peace Foundation for the Sentosa Roundtable and related activities, which has made possible the work of this Study Group and its predecessors.

See Seng Tan
Editor

1. David Martin Jones and Michael L.R. Smith. "Making Process, Not Progress: ASEAN and the Evolving East Asian Regional Order." *International Security*, Vol. 32, No. 1, (2007) pp. 148–184.

ABBREVIATIONS AND ACRONYMS

ABF2	Phase 2 of the Asian Bond Fund
ACCORD	ASEAN and China Cooperative Operations in Response to Dangerous Drugs
ADB	Asian Development Bank
ADSN _{et}	ASEAN-Disease Surveillance Network
AMBI	Asian Bond Markets Initiative
AMF	Asian Monetary Fund
AMM	ASEAN Ministerial Meeting
AMMTC	ASEAN Ministerial Meeting on Transnational Crime
APEC	Asia-Pacific Economic Cooperation
ARDEX	Regional Disaster Emergency Response Simulation Exercise
APG	ASEAN Power Grid
ARC	Asian Relations Conference
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
ASEAN+3	ASEAN Plus Three (ASEAN-10 plus China, Japan and South Korea)
ASEANAPOL	ASEAN Chiefs of Police
ATS	amphetamine-type stimulants
BBIN-GQ	Quadrilateral growth initiative comprising Bangladesh, Bhutan, India and Nepal
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical Economic Cooperation
BNP	Bangladesh National Party
CDC	centre of disease control

CMI	Chiang Mai Initiative
CMIM	Chiang Mai Initiative Multilateralization
CSI	Container Security Initiative
DGICM	ASEAN Directors-General of Immigration Departments and Heads of Consular Divisions of the Ministries of Foreign Affairs
DOC	Declaration on the Conduct of Parties in the South China Sea
EAC	East Asian Community
EAEC	East Asian Economic Caucus
EAS	East Asia Summit
EEC	European Economic Community
EMEAP	Executives' Meeting of East Asian and Pacific Central Banks
EPG	Eminent Persons Group
ERPD	economic review and policy dialogue
EU	European Union
EWS	early warning system
FTA	free trade agreement
GATT	General Agreements on Tariffs and Trade
GDP	Gross Domestic Product
GMP	Global Maritime Partnership (or Thousand-Ship Navy)
GMS	Greater Mekong Sub-region
HLTF	High Level Task Force
IEA	International Energy Agency
IMF	International Monetary Fund
INTERPOL	International Criminal Police Organization
ISG	ARF Inter-Sessional Support Group
ISM	ARF Inter-Sessional Meeting
JACIK	Japan, ASEAN, China, India and South Korea
KEDO	Korean Energy Development Organization

LNG	liquefied natural gas
MAPHILINDO	Short-lived regional initiative comprising Indonesia, Malaysia and the Philippines
MGC	Mekong-Ganga Cooperation
MLATS	mutual legal assistance treaties
MOFA	Ministry of Foreign Affairs (Japan)
MOU	memorandum of understanding
NEA	National Environment Agency
NPCGF	North Pacific Coast Guard Forum
NTS	non-traditional security
ODA	Official Development Assistance
PLA	People's Liberation Army
PMC	Post-Ministerial Conference
PSI	Proliferation Security Initiative
RHAP	Regional Haze Action Plan
SAARC	South Asian Association for Regional Cooperation
SARS	Severe Acute Respiratory Syndrome
SCS	South China Sea
SDF	Self-Defense Forces (Japan)
SPT	Six Party Talks
TAGP	Trans-ASEAN Gas Pipeline
TiP	Trafficking in Persons
TMD	Theatre Missile Defence
TNC	Trade Negotiating Committee
TSD	Trilateral Security Dialogue
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNHCR	United Nations High Commissioner for Refugees

VDR	Voluntary Demonstration of Response
WEF	World Economic Forum
WHO	World Health Organization
WPNS	Western Pacific Naval Symposium
WTO	World Trade Organization

INTRODUCTION

FUNCTIONALIZING COOPERATION IN EAST ASIA: CHALLENGES AND PROSPECTS

See Seng Tan

Contemporary policy debates on East Asian regionalism focus, among other things, on the nature and extent of regional cooperation and whether and how, if at all, they contribute to the formation of the East Asian Community (EAC). On one hand, the debate is driven in part by the assumption that the institutionalization of East Asia, if judiciously developed and nurtured, can and will contribute to the stability, security and prosperity of the region.¹ On the other hand, others contend that the fundamental challenge facing East Asian regionalism today is not the need for more institutions, but rather how best interstate cooperation can be facilitated through *existing* arrangements, formal and informal.² Conventional wisdom teaches that the prospects of East Asian regionalism are informed by the salience of national interests, the prevalence of sovereignty and non-interference considerations, and relative deficiency in institutional capacities, resources and political will.

That said, common concerns today are driving East Asians to collaborate in ways that, though still lagging far behind the levels of cooperation achieved in Europe, could nevertheless be considered “progressive” in the Asian context—the post-1997 creation of regional financial arrangements in the hope of avoiding another 1997-style meltdown, the growth in regional intelligence and law enforcement collaboration against the threats of terrorism and transnational criminal activities, the move by the ASEAN Regional Forum (ARF) towards regional collaboration in disaster relief operations following the recent spate of natural disasters and humanitarian crises in the region, and so on. In short, there has been

a fair bit of low key cooperative efforts— “mundane accomplishments”, to borrow Yuen Foong Khong’s handy phrase³—that, incrementally and subtly, serve as building blocks for more substantive cooperation among regional actors. Or, as the so-called Monnet method has it, “*petits pas, grands effets*”⁴

Contributors to this study assess the proposition that progress in interstate cooperation in East Asia is best assured when cooperation is viewed and conducted in functional terms that, to the extent possible, resist pressures by participants to politicize and undermine the collaborative process. Functional cooperation could occur either within specific “issue-areas”, or conceivably even across issue-areas under appropriate conditions. In this respect, without taking onboard all of neo-functionalism’s distinct features—that is, all of its assumptions and arguments—the project proposes that the theory’s preliminary proposition—i.e. integration necessarily begins from technical and noncontroversial policy areas and subsequently spilling over into areas of “high politics”—is helpful in assessing existing and prospective functional cooperation among East Asian states. Memorably, the theory posits the possibility for “functional spillover”, meaning that technical cooperation in service of a specific goal creates a situation in which the original goal can be assured only when participant states take collective actions toward further cooperation based on the shared realization that their common interests cannot be attained in any other way.⁵ Arguably, spillover from cooperation in non-security sectors to the security sector could develop especially when cooperation is depoliticized. At the same time, the collective aim and effort to depoliticize cooperation in particular issue-areas and sectors is ultimately and paradoxically *political*, as several contributors below note.

Against this backdrop, the following contributions aim to do two things: first, assess the problems of and prospects for functional cooperation in various issues/sectors in East Asian cooperation, and their implications for regional security; second, examine a host of regional perspectives on those very concerns. They ask what, if any, spillover there has been from quite specific sectors into the broader political-security arena, and what their effects are on the state of interstate cooperation in the region, and what policy-oriented ramifications existing and future developments of this sort hold for the emerging contours and content

of East Asia's institutional architecture. As Singapore's Senior Minister Goh Chok Tong has put it, "We have little choice but to construct a new architecture for East Asia. The key question is not whether East Asia will integrate. It is how quickly and the form East Asian regionalism will assume".⁶ Arguably, preliminary answers to the "how" and "what" of East Asia's regional enterprise are likely to be found in the sort of functionalist inquiry attempted here.

ARCHITECTURE OF THIS STUDY

There are two parts to this study. The first part consists of four essays each focusing on a specific issue-area: (i) economic/financial; (ii) energy resources; (iii) infectious diseases and pandemics, natural disasters, environmental degradation and climate change; and, (iv) transnational criminal activities. The second part comprises essays on various country perspectives—Chinese, Indian, Japanese, and Australian—and a regional perspective—ASEAN—on the challenges and prospects of functional cooperation in East Asia.⁷

Issue/Interest-based cooperation

In her study on regional cooperation in the economic and financial sectors, Helen Nesadurai assesses three key projects in financial cooperation—the Chiang Mai Initiative (CMI), recently ungraded as the CMI Multilateralization (CMIM), a regional foreign reserve pool, the Asian Bond Markets Initiative (ABMI) and regional bond funds. Contrary to the logic of neo-functionalism, her findings suggest that East Asian financial cooperation has been and remains a political exercise by states aimed at avoiding or assuaging the negative effects of financial crisis. To the extent that financial cooperation has been functional or non-political at all—Nesadurai highlights its public-good impact through reducing relative gains among states, its stress on technical knowledge production and diffusion, and its institutional platforms (ASEAN+3, EMEAP) that encourage diverse state participation—it is made possible through, paradoxically, collective political action by regional states. That said, she is concerned that the limits of depoliticized financial cooperation have been reached, where there is now a greater urgency for steps (e.g.

increased regional surveillance, building a regional liquidity fund) that would likely face resistance from states because of potentially adverse distributive effects on domestic societies. However, the current global credit crunch could provide the impetus that would encourage states to take the necessary political decisions toward that end.

Second, Youngho Chang envisions how East Asia can establish and benefit from the establishment of an integrated energy framework, which aims to ensure sufficient energy supply at affordable prices. This chapter reviews how existing integrated energy markets have been created and what kind of benefits they have brought. Drawing from African and European experiences, Chang contends integrated strategies have yielded benefits such as reduced capital expenditures, lower electricity supply cost, and the enhanced system reliability. In that regard, the ASEAN Power Grid (APG), the Greater Mekong Sub-region (GMS) cooperative enterprise and the like hold intriguing possibilities for the eventual formation of an integrated energy market in East Asia. To that end, Chang proposes the formation of a common market for energy resources that are abundant in East Asia including natural gas. Despite the attractive prospect of a regional market comprising East Asia Summit (EAS) member countries, Chang recommends starting with a smaller coalition to eschew complications associated with larger arrangements.

Third, Mely Caballero-Anthony assesses the prospects for functional cooperation in several non-traditional security challenges. For Caballero-Anthony, functional cooperation matters despite the existence of obstacles to deeper regional integration/institutionalization in East Asia. That said, a functional approach to regional cooperation against non-traditional challenges such as infectious diseases and pandemics, natural disasters, environmental degradation and climate change has more or less emphasized the institutionalization of advance responses by states to either mitigate the impact of the threats or minimize their scope for occurring in the first place. Caballero-Anthony's study shows how East Asian states, despite drawbacks arising from sovereignty and non-interference concerns and the region's relative lack of control and surveillance capacities, have shown that they have worked and can work closely and successfully in managing transnational threats such as SARS, the 2004 earthquake and tsunamis, and the regional haze problem.

Finally, Ralf Emmers examines regional collaboration against transnational criminal activities, specifically the cross-border trafficking of drugs and humans. He notes the following initiatives undertaken principally at the ASEAN+1 level: (i) making collective declaratory pronouncements; (ii) establishing frameworks of action (such as the Sino-ASEAN ACCORD plan) and “soft” cooperative mechanisms such as exchanges on intelligence and best policy practices; and, (iii) developing capacity building programmes. Of the two transnational criminal concerns, more appears to have been achieved in narcotics interdiction because human trafficking remains a source of friction in intra-Asian relations. That said, interstate cooperation in both areas suffers from similar constraints, which Emmers argues could be addressed through enhancing and empowering extant cooperative arrangements, such as establishing legislation on extradition, improving the operational capacities of East Asian states, and cultivating good governance and anti-corruption norms and practices.

Regional perspectives

First, Avery Poole assesses the implications of new institutional developments in ASEAN with respect to regional cooperation. In her study of the ASEAN Charter and the region’s apparent aspiration for “rules-based” interstate cooperation, Poole finds the ASEAN member states long on word and alarmingly short on deeds. Comparing the recommendations put forth by the ASEAN Eminent Persons Group (EPG) and the actual provisions of the Charter when it was subsequently unveiled in November 2007, she argues that an “expectations gap” was created that led to the perception, perhaps unwarranted, that the Charter was but a significantly diluted version of the EPG version. Most glaringly, the persistent prevalence of sovereignty norms and preference for the “ASEAN Way” of informality, consultation and consensus suggests that contrary to the express regional aspiration for a rules-based regionalism—which could pave the way toward increased functional regional cooperation—ASEAN is still not ready for substantive institutional change. According to Poole, “The foundations for institutional change in ASEAN are perhaps being laid. However, such efforts take place in the context of an apparently firmly intergovernmental organization in which change still tends to occur incrementally, with consultation and consensus, rather than in sudden

adherence to a written agreement—‘watered down’ or otherwise”.

Second, Li Mingjiang examines the Chinese view and contributions to regional functional cooperation. According to Li, the Chinese position is encouraging where non-traditional areas—economic/financial, pandemics, maritime, transnational crime, etc.—are concerned. However, prospects for Chinese participation in functional cooperation in East Asian traditional/conventional security is considerably dimmer since, as Li pointedly notes, “Functional cooperation on hardcore security issues would require a much higher level of military transparency, a requirement that China is not prepared to meet.” For the same reason, Li argues, “China may still be reluctant to agree to functional cooperation on [non-traditional security] issues that may require extensive involvement of the navy despite some People’s Liberation Army (PLA) analysts’ preference of doing so”. Furthermore, the lack of strategic trust between China and other major powers—Japan, India, the U.S.—suggests that attempts to construct grand-scale and overarching regional institutions will at best be incremental or gradualist in approach.

Third, Kripa Sridharan’s chapter addresses India’s engagement with “old” Asian regionalism (the period from India’s independence to the 1970s) and “new” Asian regionalism (the 1970s to the present). She sees India’s involvement in Asian regional cooperation as having been marked by varying degrees of enthusiasm and apathy. Despite an early interest in regionalism, India’s disillusionment with pan-Asian gatherings (e.g. the “Bandung Conference” of 1955) and subsequent stance on strategic nonalignment made it reluctant to initiate or participate in smaller regional groupings. Neither did India make any serious effort to put together a South Asian regional arrangement. Its reengagement with regionalism came in the 1980s when it became a member of the South Asian Association for Regional Cooperation (SAARC). Later, with its dialogue partnership with ASEAN and, in 2005, membership in the East Asia Summit, India has contributed its own vision of regional cooperation in Asia and is particularly keen to see the establishment of an Asian Economic Community.

Fourth, Bhubhinder Singh explores the same concerns from Japan’s view. Perhaps to assuage lingering post-war concerns in Asia over its possible return to militarism, Tokyo has shown robust support for functional

cooperation in the region. For the Japanese, functional cooperation refers not only to depoliticized cooperative endeavours but also collective political action to address specific concerns, such as the region's engagement of rising China via multilateral fora such as the ARE. Singh highlights Tokyo's involvement in the Six Party Talks (SPT) aimed at denuclearizing North Korea as just such an example. Indeed, Japan's complex approach to regional cooperation is multi-tiered, including a blend of multilateralist, bilateralist, and "minilateralist" or sub-regionalist efforts. That said, the relatively slow progress of institutionalized cooperation in the region has arguably made Japan somewhat less receptive to multilateralism, despite its continued involvement in regional institutions.

Finally, Robert Ayson and Brendan Taylor offer an Australian take (but by no means an official view) on the question of the regional security architecture. They argue that the debate about Asia's institutional architecture, which focuses on the optimal blend of institutions and structures in order to order Asia, as it were, is in effect "a long answer to the wrong question". They see the contemporary regional predilection for the formalization of hitherto informal arrangements as imprudent if it merely privileges form over function or substance. Instead, they call for the exact opposite—an "informalizing" of the formal—by way of a concert of powers, an informal institution of regional order (à la Hedley Bull), that, in their view, would adequately address the changing power equation in East Asia as well as provide the necessary foundation for subsequent architectural considerations. Thus understood, rather than as ends in themselves, regional arrangements are best conceived of and employed as instruments of Asia's evolving order.

NOTES

1. Not all who hold to this assumption are "liberal institutionalist" in orientation; for example, some "realist" security analysts have famously made sombre prognostications regarding East Asia's well being on the basis that the region is institutionally malnourished. See, for example, Aaron L. Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia." *International Security*, Vol. 18, No. 3 (1993/94), pp. 5–23; Barry Buzan and Gerald Segal, "Rethinking East Asian Security." *Survival*, Vol. 36, No. 2 (1994), pp. 3–21. For a vigorous rejoinder, see Muthiah

- Alagappa (Ed.), *Asian Security Order: Institutional and Normative Features*. Stanford: Stanford University Press, 2003.
2. Nirav Patel, "Value Cooperation, Not Antagonism: The Case for Functional-Based Cooperation." *Policy Dialogue Brief*. Muscantine, IA: The Stanley Foundation, August 2008.
 3. Yuen Foong Khong, "Review Article: Making Bricks Without Straw in the Asia-Pacific?" *The Pacific Review*, Vol. 10, No. 2 (1997), pp. 289–300 (see p. 291).
 4. Philippe Schmitter, "Neo-Neofunctionalism." In Thomas Diez and Antje Wiener (Eds.), *European Integration Theory* (pp. 45–74). Oxford: Oxford University Press, 2004.
 5. See, Ernst B. H. *The Uniting of Europe: Political, Social, and Economic Forces, 1950–57*. Stanford: Stanford University Press, 1958; Also see Tanja Borzel (Ed.), *The Disparity of European Integration: Revisiting Neofunctionalism in Honour of Ernst B. Haas*. London: Routledge, 2006.
 6. Quoted in Seth Mydans, "New group for 'Asian century' shuns U.S." *International Herald Tribune*, 12 December 2005 (accessed on 31 December 2007 at www.ihf.com/articles/2005/12/12/news/summit.php?).
 7. The country perspectives presented in this study do not represent the respective official positions of the four nations, or for that matter views specific to nationals from those countries. Rather, they are the views of expert analysts who specialize in the economic and/or security policies of those nations. This is equally true of the paper on ASEAN.




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PART I

SPECIFIC ISSUES



**Is Depoliticized Functional Cooperation
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– Helen E. S. Nesadurai

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**Non-Traditional Security Challenges
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Functional Cooperation in East Asia**

– Mely Caballero-Anthony

**Functional Cooperation against Human
and Drug Trafficking in East Asia**

– Ralf Emmers

IS DEPOLITICIZED FUNCTIONAL COOPERATION THE KEY TO ADVANCING COOPERATION IN EAST ASIA?

LESSONS FROM EAST ASIAN FINANCIAL COOPERATION

Helen E. S. Nesadurai

Many observers and scholars are convinced that effective cooperation is not possible in East Asia because many issue areas in which joint action is needed have become politicized, including regional trade liberalization, regional environmental cooperation, and regional security cooperation, to name a few. There may be many reasons why such projects become politically contentious, thereby hampering collective action. For instance, different states may value the cooperative project differently depending on the net gains these projects offer to the participating country, the resources the country is willing to commit to it and the capacity of the country to cooperate effectively. If the project at hand generates substantial domestic distributional consequences, cooperation becomes politically difficult for governments, even authoritarian ones. Alternatively, relative gains considerations and strategic rivalry between states may circumscribe their willingness to embark on cooperation with their rivals or halt cooperation already undertaken. In contrast, other observers argue that there are instances of relatively successful regional cooperation that have taken place out of the public eye and in areas such as finance, trade facilitation, law enforcement and intelligence, pandemics and disaster relief. It has been suggested that these cases, which have all been aimed at providing common services to meet common needs, have also been successful because they have largely occurred in more “mundane” areas quite removed from contentious political bickering arising from diverse national priorities, thus making sovereignty/non-interference considerations far less relevant. This essentially functionalist interpretation of these trends also highlights the

possibilities for slowly ratcheting up cooperation into new areas through “functional spillovers”. This has led to suggestions that a more productive approach to advancing East Asian cooperation is for regional states to focus their cooperative efforts in areas of functional cooperation and for governments to refrain from, and to resist attempts by interest groups at, politicizing such areas of cooperation.

This essay evaluates the argument that functional cooperation operating in a depoliticized environment can effectively advance East Asian regional cooperation by analysing East Asian financial cooperation as a case study. By looking more closely at how cooperation unfolded in three key projects in financial cooperation—the CMI, the ABMI and the two regional bond funds—the essay attempts to provide answers to three questions: (i) what are the key factors that have allowed these cooperative ventures to progress as far as they have done; (ii) to what extent has politics been kept out of these projects and in what way; and, (iii) can such cases of functional cooperation serve as building blocks for further cooperation among regional states as neo-functional theory suggests?

DEPOLITICIZED FUNCTIONAL COOPERATION: COLLECTIVE GOODS, TECHNICIZED COOPERATION AND NETWORK INSTITUTIONAL FORMS

When does an issue become politicized and what constitutes a depoliticized environment? A transnational problem or issue area becomes depoliticized when: (i) the problem is “technicized”, whereby it is addressed primarily as a technical issue that requires technical inputs from relevant experts and technocrats; and (ii) the problem raises few or no distributional consequences within and between states and its provision is regarded as a public good, providing generalized benefits for both national and regional society. Thus, the nature of the cooperative issue—the collective good being sought and the type of cooperation required (whether technical) to achieve it—will be important factors in determining whether cooperation can occur in depoliticized fashion. If functional cooperation, which involves the provision of common services to meet some clearly defined common end, can fulfill these two criteria, then advances in cooperation can take place without confronting too

many political obstacles to cooperation. Nevertheless, without a political decision to begin or continue cooperation, even functional cooperation would be difficult to pursue. As will be shown below, these features characterize East Asian financial cooperation.

In addition to the nature of the cooperative issue, the nature of the institutional setting in which cooperation takes place is also important in determining whether cooperation can proceed in a depoliticized manner. A depoliticized institutional environment in the East Asian context would be one that did not compel any one member to adopt a particular policy but that permitted considerable policy autonomy for all parties involved in the cooperative project to govern domestically in line with their respective domestic political, economic, social and cultural realities. Rather than centralized institutions where rules and sanctions are used to ensure policy coordination, the considerable diversity in East Asia points to non-hierarchical organizational forms as the preferred institutional setting for regional cooperation. The crucial question is whether such institutional forms can facilitate functional cooperation.

The theory of networks provides useful insights in this regard. Networks are non-hierarchical organizational forms that link a group of actors who share similar interests with respect to a policy issue and who are prepared to cooperate with each other to reach shared goals.¹ Because members already share the same definition or interpretation of the problem at hand and are keen to avoid the losses associated with it, problem-solving interactions tend to prevail as opposed to negotiations and bargaining to reconcile members' self-interests. A defining feature of networks is their lack of formal authority to make or implement decisions or even to adjudicate disputes, which distinguishes network forms of organizations from hierarchies such as national governments, firms and even international organizations like the World Trade Organization (WTO) or even the European Union (EU).

Thus, network forms of organization emphasize dialogue and deliberations among members who regard themselves as equal as the means to achieving joint goals rather than through rules, negotiations or strategic bargaining.² Moreover, networks are also ideal frameworks for the production and exchange of information and knowledge, which in turn facilitates learning. While other governance structures such as

hierarchies and markets are also capable of producing and exchanging knowledge, network forms of organization are better positioned to encourage learning because they maintain “greater diversity of search routines than hierarchies”, which tend to be rather top-down, while providing more comprehensive and coherent information than markets.³ There is not only greater diversity of knowledge produced within networks, especially in the form of the tacit knowledge and the real-world experiences of individual network members, there is also a greater willingness to appreciate the validity of these diverse forms of knowledge in such non-hierarchical settings. Deliberative forms of interaction over a period of time facilitate learning processes and allow trust to be built up within the network. This occurs because actors within networks “pursue repeated, enduring exchange relations with one another”⁴ Trust, which is a social relation whereby network members come to believe that other members will not exploit their relationship through opportunistic actions or self-regarding behaviour, also provides a supportive environment for learning.⁵ As a result of learning, network members may come to redefine their interests in favour of group goals, enhance their own capacity to meet group targets as well as discover new ways of achieving these goals and even new projects to pursue. As Anne-Marie Slaughter argues, these are “the conditions essential for long-term cooperation”⁶

The rest of the essay shows how East Asian financial cooperation was facilitated by the depoliticized nature of the collective goods being sought—the development of regional capabilities in financial crisis management/prevention and the development of sound domestic banking and financial systems—and by its pursuit through two networks that facilitated learning through knowledge production and exchange—the ASEAN+3 finance ministers process in conjunction with the partially overlapping network of central bankers called EMEAP (Executives’ Meeting of East Asian and Pacific Central Banks).

THE EVOLUTION OF EAST ASIAN REGIONAL FINANCIAL COOPERATION⁷

The primary catalyst for regional financial cooperation was the 1997–1998 Asian financial crisis, which prompted East Asian states to search for ways

to prevent or minimize the occurrence of similar episodes in the future. These states opted to collaborate through two regional fora, ASEAN+3 and EMEAP. The ASEAN+3 finance ministers' forum, an integral part of ASEAN+3, focuses on four specific projects in regional financial cooperation: (i) the CMI as a regional liquidity facility; (ii) regional bond market development through the ABMI; (iii) the economic review and policy dialogue process (ERPD), or regional surveillance; and, (iv) the ASEAN+3 Research Group. The latter two activities, in effect, provide valuable support for the former two projects. EMEAP, a grouping of eleven central banks from East Asia, Australia and New Zealand, was established in 1991 to undertake more intensive central bank cooperation.⁸ As the discussion to follow reveals, both these regional networks have, since 2000, been successful in expanding the agenda of regional financial cooperation, in helping to disseminate information on establishing effective domestic financial governance under conditions of globalization and even in coordinating national actions, albeit of a limited kind.

The CMI, launched by ASEAN+3 as a regional liquidity fund in May 2000, was initially designed as a series of bilateral swap arrangements negotiated between different pairs of ASEAN+3 countries, whereby governments could exchange their local currency for international currencies in the event of a currency crisis.⁹ Although the CMI's funding pool reached US\$36.5 billion within four years, many shortcomings remained.¹⁰ Only small amounts of emergency financing were available to individual countries, made worse by the fact that each bilateral swap had to be activated individually before funding could become available during a crisis. Moreover, 90 per cent of available funds was subject to adoption of International Monetary Fund (IMF)+ conditionalities, further limiting the amount available for emergency assistance. An (IMF) involvement was necessary as the surveillance mechanism linked to the CMI was rudimentary, initially based on the voluntary exchange of information between the parties involved in each bilateral swap agreement, thereby introducing a moral hazard dynamic into the CMI that required IMF participation to overcome.¹¹

Yet, within a year in May 2005, ASEAN+3 finance ministers had announced a series of measures to address these shortcomings and expand the fund.¹² By May 2006, the CMI funding pool had reached a

substantial US\$77 billion while the Asian Development Bank (ADB) had developed a prototype framework that would allow collective activation of bilateral swaps, both of which substantially increased the amount of emergency funding that could be made available to individual countries. The amount that could be drawn without IMF supported programmes was also increased to 20 per cent, with plans to increase this to 30 per cent,¹³ while a more comprehensive surveillance mechanism was also instituted involving all the members of ASEAN+3, thereby reducing the moral hazard problem. Although participation in surveillance remains voluntary, once a government has chosen to participate in surveillance, it must comply with all surveillance requirements while access to emergency funding from the bilateral swaps is now conditional on participation in ASEAN+3 surveillance. In October 2008, ASEAN+3 members established a technical working group to explore ways to double the CMI from the present US\$84 billion, and to turn it into a true multilateral fund through reserve pooling that would also provide emergency funding for a host of other liquidity-based problems, in addition to its original mandate to help countries face currency crises.¹⁴

To address the problem posed by shallow domestic financial markets, which had led firms in these states to borrow foreign currency denominated short-term loans for their long-term financing needs, the region's central bankers set out to develop a regional bond market to provide East Asian firms with better financing options.¹⁵ Such structurally mismatched borrowings had contributed to the Asian crisis once domestic currency values plummeted. Two regional bond funds—the Asian Bond Funds 1 and 2—were launched in 2003 and 2004, the first investing in US\$-denominated bonds issued in eight EMEAP countries (excluding Japan, Australia and New Zealand) while the second was aimed at investing in domestic currency bonds issued in these states.¹⁶ Since its launch, the second bond fund (ABF-2) has been well-received by the market as it provides financing options for firms in domestic currency, thereby reducing the risks of borrowing in a foreign currency, while catalysing regulatory and tax reforms within countries.¹⁷ Complementing EMEAP's two Asian bond funds is the ABMI launched by ASEAN+3 in 2002. Its objective is to help members develop the national infrastructure needed to support efficient national bond markets, particularly through working groups that

would provide technical information and operational knowledge on how to develop suitable regulatory frameworks, new securitized debt instruments, credit guarantee mechanisms, foreign exchange transactions and settlement mechanisms, and enhanced rating systems.¹⁸

In short, East Asian regional financial cooperation has advanced in quite significant ways in less than a decade. Although cooperation has not always been free of problems and setbacks, nonetheless, the advances made are noteworthy for a region without much of a history in regional financial cooperation and lacking the capacity to do so.¹⁹ What accounts for these advances?

ACCOUNTING FOR ADVANCES IN REGIONAL FINANCIAL COOPERATION

Clearly, the financial crisis was the primary impetus for regional financial cooperation in East Asia, with regional states also concerned that the global financial community was unwilling to regulate global speculative activities that East Asian governments (and others) believed were at the heart of the Asian crisis. Unlike in the Asia-Pacific Economic Cooperation (APEC), where members held diametrically opposed views on the causes of the crisis and appropriate solutions to it, the East Asian states were able to more easily begin cooperating through ASEAN+3 (and EMEAP) to establish the CMI as they shared similar views both on the causes of the crisis and the requisite solution—a regional liquidity fund.²⁰ Also recognizing that regulatory and structural weaknesses in domestic banking and financial markets had aggravated the actions of speculators, these states were also intent on putting in place sound domestic banking and financial systems. In short, regional financial cooperation was regarded as a regional public good, generating positive gains for participating states and ultimately for the region. The resultant political decision by East Asian states to collaborate was clearly a crucial factor in beginning cooperation on finance; it was also critical in advancing cooperation to the next level—functional spillovers—at key junctures, as for instance in May 2005 for the CMI.

However, the political commitment to begin and continue cooperation cannot by itself account for the advances made in these projects.

What was equally critical was the production and exchange of technical information and analytical knowledge, which allowed these states to close the gaps in information and knowledge that would have otherwise hindered progress in projects like the CMI, regional surveillance, and the regional bond funds despite the political will to proceed. It is in this regard that the network features and functions displayed by the ASEAN+3 finance ministers forum and EMEAP were important.

First, a large part of the activities of these two networks involved the production and sharing of new technical/analytical information and knowledge. This included operational or practical knowledge on running effective banking and financial systems and in responding to the challenges posed by global financial markets. The pooling of information and knowledge through the dialogue processes associated with these two networks helped very diverse economies learn from the experiences of other countries. Officials, including a former Indonesian minister of finance interviewed by this author, have emphasized the sharing of experiences on governing financial markets to be one of the most important functions of these networks, which allowed members, especially those newly grappling with these issues, to know how others dealt with similar/existing situations or how they were addressing new problems arising from globalized financial markets.²¹ In addition, a good portion of the work in these networks was aimed at producing comparable data and information on economic and financial indicators in regional states, thereby aiding comparative analysis and regional surveillance. This is a highly significant achievement as even the IMF, at the time of the crisis and for some years following it, did not possess such information on regional states, particularly on short-term capital flows. These networks have also been responsible for the development of analytical tools for regional surveillance, templates for bilateral swap agreements and models for the collective activation of bilateral swaps. Through their knowledge production and sharing activities, which was undertaken with the aid of monetary and financial experts from the ADB, regional academics, including through the ASEAN+3 Research Group, and fund managers and financial analysts from the private sector, these networks have managed to overcome the considerable technical and analytical barriers to advancing projects like the CMI, the ABMI and the two regional bond funds.²²

One example serves to illustrate the point that regional financial cooperation was not simply a question of political will but also confronted knowledge gaps that hampered progress. When EMEAP decided to launch ABF-2, the regional bond fund that was to invest in domestic currency-denominated bonds issued by East Asian states, central bankers had to come up with a range of standards for bonds to be issued in different local currencies. It was during this exercise that the barriers to cooperation posed by diversities in banking and financial systems, monetary policy regimes, and capital market development across East Asia became evident. By getting involved in designing, executing and promoting the ABF-2, central bankers gained valuable knowledge about these market impediments, which also enabled EMEAP to devise practical solutions to address these problems.²³ The difficulties posed by heterogeneity across East Asia also prompted research studies, including through the ASEAN+3 Research Group and by drawing on the region's monetary experts, on how to promote regional bond market development while maintaining market diversity. Thus, another useful feature of these two networks is their dominance by technocrats—officials of central banks and finance ministries—and the participation of monetary experts from academia and the private sector who have maintained good working relations with each other over a period of time through their interactions in many track two fora in the region.²⁴ By sharing also a common disciplinary background in economics more generally, occasionally in monetary economics, these technocrats and experts effectively functioned as members of an epistemic community.

Aside from knowledge production and dissemination, the deliberative and consensus-seeking approach to interactions in these networks has been crucial in accommodating and respecting the diversity of member countries, which has, in turn, helped to depoliticize their financial cooperation activities. Moreover, all discussions in these networks have reportedly been frank and open, which also aided attempts to find solutions to problems that prevented cooperation, including by commissioning further study and consultation with outside experts as well as through learning from the experiences of other countries. Negotiation and bargaining between members has not been a dominant feature in ASEAN+3 or EMEAP thus far.²⁵ Yet, consensus has been reached on

contentious items, most significantly on the commitment by all members to participate fully in and strengthen regional surveillance, including sharing sensitive information on capital movements. Governments had been reluctant to make these commitments when financial cooperation first began. These advances have been possible also because member governments recognized that these projects had public goods characteristics, providing generalized benefits to their respective economies. Cooperation was therefore operating in a depoliticized manner as distributional consequences were minimal for the finance projects in question.

A third factor responsible for the advances seen in these projects, particularly the CMI, was the joint leadership provided by two major member states—Japan and China—that were also strategic rivals during much of this period. Leadership may be defined as the ability of an actor (or group of actors) to influence, persuade and facilitate others to take part in and contribute toward the effectiveness and success of some cooperative venture. In certain circumstances, leadership also involves the contribution of financial resources to support joint activities, for instance, to fund knowledge production or, in the case of the CMI, to build the funding pool. Although Dieter asserts that rivalry between these two regional players had hampered the CMI,²⁶ the reality is that both parties played key roles in advancing this project and have not derailed it. While the Japanese finance ministry was responsible for initiating the CMI, in designing and negotiating the general terms for the bilateral swap arrangements, and in providing much of its initial funding pool and other financial assistance, China too made significant contributions as the second key lender after Japan during the project's early years.²⁷

It is possible that competition for regional leadership between Japan and China accounts for some of the notable commitments to the CMI made by these countries to date—as both parties, particularly China, seek to display their leadership credentials. This may also be one reason why Sino-Japanese rivalry has not derailed cooperation in the ASEAN+3 and EMEAP networks. However, another plausible reason is simply that both Japan and China value regional financial cooperation too much to derail it. Japan is intent on avoiding future crises given the close interrelationships between the Japanese and East Asian economies, while China reaps considerable benefits from the CMI and the bond market initia-

tives, which have allowed it to tap into their associated capacity building initiatives while also learning from the experiences of other states when reforming its own banking and financial system.²⁸ Although this does not guarantee that tensions between the two strategic rivals might not derail cooperation in the future, two things suggest guarded optimism: first, the domestic and regional benefits provided by these cooperative projects could overcome tensions between the two states; and second, the strategic tensions that characterize China-Japan relations usually operate in areas removed from the world of finance ministries and central banks. It was for these reasons that the political decision in May 2005 to advance the CMI was made despite political relations between China and Japan being at their lowest in three decades. As Japanese Finance Minister Sadakazu Tanigaki noted at that time, “Whatever happens, we need to promote financial cooperation even if there are [political] issues.”²⁹ Political differences and historic rivalries are less likely to disrupt trans-governmental cooperation in finance when the economic benefits of such projects are clearly perceived by all parties.

CONCLUSION: THE LIMITS OF DEPOLITICIZATION AND FUNCTIONAL COOPERATION

The analysis in this essay yields the following findings. East Asia embarked on financial cooperation due to a political decision by regional states to collectively establish regional capabilities in financial crisis management and prevention, and to develop sound domestic banking and financial systems across the region following the 1997–1998 Asian financial crisis. However, three other inter-related factors were important in ensuring that cooperation on these three projects could advance beyond that initial decision to collaborate. One, financial cooperation took on the form of a public good, promising overall benefits to national and regional society, thereby muting also any domestic distributional effects financial cooperation might have generated as well as reducing relative gains concerns among states. Two, cooperation largely emphasized the generation and sharing of technical/analytical knowledge involving experts and technocrats, which made cooperation on these projects more of a technical venture rather than a political undertaking. Three, the non-hierarchical

or network features of the two institutional platforms through which financial cooperation proceeded—ASEAN+3 and EMEAP—ensured that the diversity of participating states was respected and facilitated learning processes. These three factors collectively served to depoliticize financial cooperation for much of the 2000–2008 period, which, in turn, allowed regional financial cooperation to advance in significant ways.

However, the region appears to have reached the limits of depoliticized financial cooperation. Further advances require states to go beyond knowledge production and sharing activities into areas of policy coordination, particularly on currency matters, while network institutional forms need to be supplemented by hierarchical structures for regional surveillance that some states fear could undermine domestic policy autonomy. Finance officials and central bankers have been unable to reach a consensus on adopting an independent or third-party surveillance mechanism despite the considered view of monetary experts and some central bankers that it is central to building an effective multilateral regional liquidity fund and to secure regional financial stability.³⁰ An independent surveillance mechanism that assumes a more hierarchical institutional form also means that ministers would not be primarily responsible for deliberating on the surveillance reports of the different countries, as is the present peer-review arrangement that also permits governments much leeway on their policy choices without the worry of being sanctioned by their peers. Concerns with maintaining policy autonomy and the confidentiality of sensitive financial information have “derailed constructive discussions of an appropriate surveillance mechanism” for more than five years.³¹ Similarly, East Asian governments have been reluctant to cooperate on a common currency regime or even a coordinated currency regime even though these areas of cooperation are vital to ensuring exchange rate stability, which is, in turn, vital for a thriving regional bond market and to expand trade and other economic relations within the region.³² Although there is now discussion on these issues in both ASEAN+3 and EMEAP, governments seem reluctant to ratchet up their cooperation into currency matters as they will have to cede much valued policy autonomy over domestic currency values and arrangements, which also have more distributional consequences within and between states when compared to the present financial cooperation projects.³³

For these reasons, the neo-functionalist logic of functional spillovers may be limited as a driver of further financial cooperation in East Asia. Cooperation that was initially functional and technical will eventually become politicized because new areas of financial cooperation that are required, for instance, on currency and exchange rate matters and in creating independent regional surveillance, mean governments will be more constrained in how they are able to govern their economies domestically. These new areas of cooperation are also likely to display greater distributional effects domestically. However, the ongoing global financial turmoil may provide the second political impetus (the first was the 1997–1998 financial crisis) to ratchet up regional cooperation in finance. For this to succeed, governments must find ways to address the domestic distributional consequences that may arise, for instance, from regional currency coordination while governments must also be willing to limit their autonomy to use monetary and financial policy to meet purely domestic objectives.

NOTES

1. Tanja A. Borzel, “Organizing Babylon: On the Different Conceptions of Policy Networks.” *Public Administration*, Vol. 76 (1998), pp. 253–73.
2. Joel M. Podolny and Karen L. Page, “Network Forms of Organization.” *Annual Review of Sociology*, Vol. 24 (1998), pp. 57–76.
3. Podolny and Page, “Network Forms of Organization”, p. 62.
4. Podolny and Page, “Network Forms of Organization”, p. 62.
5. On different dimension of trust, see Peter Aykens, “(Mis)trusting Authorities: A Social Theory of Currency Crises.” *Review of International Political Economy*, Vol. 12, No. 2 (2005), pp. 310–33.
6. Anne-Marie Slaughter, *A New World Order*. Princeton and Oxford: Princeton University Press, 2004, p. 3.
7. This section and the next draws heavily from Helen E. S. Nesadurai, “Networking their Way to Cooperation: Finance Ministers and Central Bankers in East Asian Regional Financial Cooperation.” Paper prepared for the Project on Networks of Influence, organized by the Global Economic Governance Programme, University College Oxford and Oxford University, October 2006.

8. ASEAN+3 comprises the ten ASEAN members collaborating with three Northeast Asian states—China, Japan and South Korea. EMEAP's members include the central banks/monetary authorities of China, Japan, South Korea, Indonesia, Malaysia, Thailand, Singapore, Hong Kong, Australia and New Zealand. The last three are not ASEAN+3 members.
9. Brunei, Vietnam, Cambodia, Laos and Myanmar, although ASEAN+3 members, do not however participate in any swap arrangement.
10. Yung-Chul Park, Yunjong Wang, "The Chiang Mai Initiative and Beyond." *The World Economy*, Vol. 28, No. 1 (2005), pp. 91–101.
11. The major creditor states of China and Japan had insisted on the IMF link to prevent their contributions to the CMI from being misused by countries in crisis. Pradumna Rana, "Monetary and Financial Cooperation in East Asia: The Chiang Mai Initiative and Beyond." *ERD Working Paper Series No. 6*. Manila: Asian Development Bank, 2002, pp. 5–6.
12. ASEAN+3, 'Joint Ministerial Statement of the 8th ASEAN+3 Finance Ministers' Meeting', Istanbul, Turkey, 4 May 2005, accessed on 1 June 2005 at www.aseansec.org/17449.htm.
13. According to Pradumna Rana, Senior Director of the ADB's Office for Regional Economic Integration, quoted in the Manila Bulletin Online, "ADB sees more FX deals", 6 September 2005, accessed on 30 September 2005 at www.mb.com.ph/issues/2005/09/07/BSNS2005090743775_print.html.
14. See GMA News, "ASEAN+3 push expanded Chiang Mai Initiative", 25 October 2008, accessed on 11 December 2008 at www.gmanews.tv/story/129321/ASEAN+-3-push-expanded-Chiang-Mai-Initiative#.
15. Jennifer Amyx, "What Motivates Regional Financial Cooperation in East Asia Today?" *East-West Center Analysis*, No. 76 (February 2005), p. 4.
16. EMEAP, "EMEAP Central Banks Announce the Launch of the Asian Bond Fund 2." EMEAP Press Statement, 16 December 2004, accessed on 12 August 2005 at www.emeap.org/press/16dec04.htm.
17. EMEAP, "Review of the Asian Bond Fund 2 Initiative." A Report of the EMEAP Working Group on Financial Markets, June 2006, accessed on 23 November 2006 at www.emeap.org.
18. More information is found at the ADB website on this project, accessed on 15 December 2008 at asianbondsonline.adb.org/regional/asean_plus_three_asian_bond_market_initiatives/overview.php.
19. On this last point, see Natasha Hamilton-Hart, Natasha, "Asia's New Regionalism: Government Capacity and Cooperation in the Western Pacific." *Review of International Political Economy*, Vol. 10, No. 2 (May 2003), pp. 222–245.

20. On the difficulties in working through the Manila Framework Group, which had been established under APEC's auspices to respond to the crisis, see Nesadurai, "Networking".
21. This point was confirmed by the author's interviews in 2005 with central bank officials from Singapore and the Philippines; former Indonesian Finance Minister Dr Boediono; officials from the ASEAN Secretariat; and, the ADB.
22. Author's interviews at the ADB.
23. EMEAP, "Review of the Asian Bond Fund 2", p. 5.
24. Principally through the Pacific Economic Cooperation Council (PECC) and the Pacific Trade and Development Forum (PAFTAD).
25. Author's interviews.
26. Heribert Dieter, "ASEAN and the Emerging Monetary Regionalism: A Case of Limited Contribution." *The Pacific Review*, Vol. 21, No. 4 (2008), pp. 489–506.
27. Amyx, "What motivates regional financial cooperation".
28. Amyx, "What motivates regional financial cooperation", p. 7.
29. "Three Asian giants join forces to fight currency attacks." *The Straits Times*, 5 May 2005.
30. Tetsuji Murase, "Economic Surveillance in East Asia and Prospective Issues." *The Kyoto Economic Review*, Vol. 76, No. 1 (2007), pp. 67–101.
31. Latifah Merican Cheong, "Country Paper: The Malaysian Perspective and Views of ASEAN Countries." Paper presented to the PECC Finance Forum Conference on "Issues and Prospects for Regional Cooperation for Financial Stability and Development", 11–13 August 2002, Honolulu, accessed on 30 September 2005 at www.pecc.org/finance/forum2002.htm.
32. Dieter, "ASEAN and monetary regionalism", p. 503.
33. Dieter, "ASEAN and monetary regionalism", pp. 498–501. Dieter's discussion in these pages explains why intra- and inter-state distributional effects will emerge.

THE PROBLEMS AND PROSPECTS OF AN INTEGRATED REGIONAL ENERGY MARKET

Youngho Chang

When two individuals exchange their goods and services, both will benefit from trading. This is not only the case in a two-person exchange economy, but would be the case in a multiple-persons setting.¹ Over the several decades, integration has appeared in various areas such as international relations and trade. There are numerous examples of such integration: the United Nations for international relations, General Agreements on Tariffs and Trade (GATT) and WTO for global trade. A free trade agreement (FTA) between two countries is a mutually exclusive integration for trading goods and services. Slightly different but built on the same concept of integration is the International Energy Agency (IEA), which has been formed by developed nations after two oil shock in the 1970s.² The IEA is an outcome of such integration efforts especially for energy among energy-importing countries. However, under the IEA, the consolidated efforts do not necessarily mean an integrated energy markets across member countries. Rather, a closer example for an integrated regional energy market is found in the prototype of the EU that first appeared in 1951 as an agreement for coal and steel for European countries.

The underlying theme of forming such integration efforts in world economics and international relations presents our belief that cooperation makes the involved parties better off rather than isolated efforts by an individual or country do. This belief, then, leads us to the discussions of control and confinement versus cooperation and coordination in energy issues. Do we prefer one over another or do we sustain an equal importance between the two? This chapter explores the prospects of an

integrated energy market in the region, examines what it would bring to the region, and envisions how we could prepare to make such an integrated energy market full-fledged.

More specifically it discusses why we need an integrated energy market (along with the definitions, scope and characteristics of the market) and what kind of gains we get from such an integrated energy market—economic, environmental, security, etc. These discussions are hinged mainly on the premise that we expect such an integrated energy market would improve the welfare of people in the region. It also reviews what we could learn from efforts of launching an integrated energy market in other regions such as EU in terms of (but not restricted to) setting goals, objectives and timelines of launching an integrated energy market (and common energy policy).

Following these discussions and reviews, this chapter examines what kind of efforts ASEAN or countries in the region has put to launch an integrated energy market. It also questions whether any organization has been set up to take a role in launching an integrated energy market (or there are similar entities in the region that do such a role currently). Specifically, it questions whether a few coordinated efforts in the region such as the APG, the TAPG or any other economic and energy cooperation and developments in the region like the GMS can be considered a necessary initial step for launching an integrated energy market. As a way of constructing an integrated regional energy market, this chapter suggests the region adopt a “competitive competition” framework. In the “competitive competition” framework, the region works collectively towards increasing the size of an economic pie or a market while each country competes to catch a larger share of the pie in the integrated market.

LESSONS LEARNED FROM INTEGRATED ENERGY MARKETS

The EU has shown that a full-fledged integrated regional market from economic to political context can work well and more importantly the market has been performing successfully.³ Its gross domestic product (GDP) at purchasing power parity is estimated at \$14.43 trillion while \$16.62 trillion at official exchange rate in 2007 (this is larger than GDP of the world’s largest economy as an individual economy—the U.S. and

covers more than one third of world GDP). Its GDP growth rate is estimated three per cent in 2007 and per capita GDP at purchasing power parity is \$32,700 in 2007 (this is within 30 highest countries).⁴ The EU experiences provide a few lessons and draw the directions for constructing and initiating, if not started already, an integrated regional energy market. This section reviews what lessons we have learned from the EU experiences, examines the benefits from an integrated energy market and identifies possible obstacles and the status of implementing such an integrated regional energy market.

First, what do we learn from the efforts put into launching and sustaining an integrated market in the European Union? In a recent special report on the EU, the Economist claims that “the EU has been far more successful than anyone expected when the Treaty of Rome was signed half a century ago” though it faces a few big problems it needs to solve.⁵ The EU started and developed from a regional coalition for coal and steel set up in 1951. The European Economic Community (EEC) was officially established from the Treaty of Rome signed by six European countries (France, then West Germany, Italy, Belgium, the Netherlands and Luxembourg) in 1957 and it became a common market soon after. There were two events that had stimulated the formation of the EEC—the French National Assembly’s rejection of the proposed European Defence Community in 1954 and the Suez Crisis in 1956. The former reasserted the importance of a nation-state in the Europe while the latter emphasized the urgency of a European community. With a successful implementation of a common currency for the EU since 1999, it now introduces more integrated markets into the community from electricity to energy and carbon rights. An integrated electricity pool between Nord Pool and Danish and Dutch electricity markets can shed some light on the way for which an integrated electricity market in the region should head. The common electricity market throughout the EU also gives valuable lessons for the region in which an idea of launching an integrated energy market is germinated. Establishing a so-called independent regulatory body is a pre-requisite for a successful integration of electricity markets while controlling market power is another critical factor that is contained for a successful integration and implementation of electricity market.⁶

Second, what kinds of benefits are possible from launching an

integrated energy (or electricity) market in the region? A study that examines strategies for regionally integrating electricity supply in West Africa suggests an integrated approach in which fast retirement of the obsolete power plants are advised and new investment projects at the whole sub-regional level are coordinated.⁷ This approach is compared with an “autarkical” strategy in which adequate expansion of national power generation systems is a stand-alone decision and the exchanges of electricity among the countries in sub-zones are considered and made. With simulations of a “bottom-up” electricity system expansion planning optimization model, the study finds that an integrated strategy would bring benefits such as reduced capital expenditures, lower electricity supply cost, and enhanced system reliability. Similarly the APG that connects Indonesian archipelagos, Singapore, Peninsular Malaysia, Kalimantan, the Philippines and the Greater Mekong sub-region would bring some benefits to the region. But the expected benefits that would be realized under such an integrated electricity grid (possibly together with a market) remain to be seen.

Third, have we implemented an initial step to build an integrated energy market in the region? What is required of, necessary and appropriate to be an integrated energy market? Is providing a portal for energy trading sufficient enough for launching such a market? If oil is the concern of the region for an integrated energy market, what can we provide to launch an integrated energy market for oil? Is setting up an oil trading floor enough to make such a market function properly? Could building an oil-stockpile help in making the market function smoothly? Is a common oil-stockpile necessary for a well-functioning integrated energy market? An oil-stockpile in the region could supplement a common energy market by providing a buffer for a short-term fluctuation in oil supply or supply shortage, but its real effects on the market would be minimal as other oil stockpile or the Strategic Petroleum Reserve of the U.S. has shown. These appear to have a relatively small impact on buffering highly volatile oil prices.

How can an integrated energy market in the region start? It can start with the formation of a common market for energy resources that are abundant and necessary in the region. The resources that fit these characteristics are electricity and natural gas. This region has a huge potential for hydropower and relatively large reserves of natural gas. The

share of natural gas reserves in the Asia-Pacific countries is 8.2 per cent at the end of 2007 compared to 3.3 per cent of oil reserves.⁸ A study on regional cooperation and energy development in the GMS shows that the total exploitable hydro potential (168,000MW) is more than 15 times of the installed capacity (11,204MW) in the region in 2001.⁹ To make this potential into reality, a regional power-grid-based market needs to be established as one country cannot afford the total costs required for the development. Moreover the country may not be able to absorb the entire amount of electricity supply produced by their hydro potential.

Natural gas is more abundant in the region compared to crude oil as noted above. Total reserves of natural gas are enough for consumption of the countries in the region more than 40 years assuming the current level of consumption level is sustained and the reserves are used only in the region.¹⁰ This could imply that it would bring benefits to the region if a supply chain for natural gas in the region is connected via pipelines or liquefied natural gas (LNG) terminals and tankers. A Pan Asian natural gas trade model shows that there would be net gains among traders in the region if a full-fledged gas trade networks are implemented.¹¹ Though this is done based on a hypothetical setting, this would support or strengthen the prospects of an integrated energy market in the region. Along with this line, how the proposed TAGP could help launch an integrated energy market could be examined. “The pan-Asian gas trade model” including countries in the Middle East, ASEAN, and East Asia such as Japan, China, and Korea, and Russia shows that a full-fledged gas trade would lower the general price level in the region and increase trade volume, but a few countries have to face higher prices than what they had before the full-fledged gas trade occurs.

EFFORTS FOR LAUNCHING AN INTEGRATED ENERGY MARKET IN ASEAN

Energy security—supplying energy in a reliable and stable way at a reasonable price—has been approached somewhat collectively in ASEAN since 1986 when the ASEAN Petroleum Security Agreement was signed in Manila with six states as parties.¹² There have been various developments in energy cooperation and programs in the region. Recently, with

regard to an integrated energy market, Singapore Prime Minister Lee Hsien Loong had spoken about the merits of integrated regional energy at the EAS in Cebu in mid-January 2007. His views were supported by the other EAS Leaders, and they decided to encourage “the development of open and competitive regional energy markets geared towards providing affordable energy at all economic levels”. (The EAS member countries comprise all 10 ASEAN members plus China, Japan, Korea, India, Australia and New Zealand.)

An outline about how an integrated regional market on energy can benefit countries in the region has been presented at the EAS. Setting an ensuring efficient energy supplies at affordable prices as a key objective of energy policy, EAS identifies the establishment of efficient and flexible international and regional energy markets is an important strategy to achieve the stated goal in the long term. (The energy market was framed in the context of the EAS geographical footprint. But there might be no need to limit discussion on launching an integrated energy market to the EAS region. If the region becomes large, it would only make integration much more challenging.) According to the economic theory introduced in the first paragraph of this chapter, when individuals or countries form a coalition or trade among them, it would bring benefits to them. However, when the number of participants get larger, there might be an empty in the core, i.e. no coalition is formed or trade occurs so that no benefits can be accrued to the participants. This possibility of having an empty core must be avoided when a coalition is formed, especially in an early stage of the coalition. The optimal number of participants is not verified yet, but it must be large enough for accruing mutual benefits and small enough so that the possibility of an empty core is avoided. The progress of talks under international agreements such as the Doha Round or the Kyoto Protocol has shown how difficult large coalition brings benefits let alone reach mutual agreements on issues discussed.

Upon noticing the possibility of the empty core, we can start to form an integrated energy market in a relatively small scale, any number between 10 to 20 countries, to avoid being too small. Second, the scope of the integrated energy market must be transparent and straightforward. For example, the utmost goal could be providing electricity all the time at a lowest cost possible and without being influenced by market power and/or distorted

by political discord. These efforts must be pursued in the framework of “competitive cooperation” in which the cooperative efforts to increase an economic pie are collectively pursued while the pursuit of increasing the market share of each country is made individually and competitively.

There are three movements that have put cooperative efforts to build an integrated energy market in the region with or without economic cooperation and development. These are the GMS economic cooperation and development, the APG and the TAGP. The GMS has formed a sub-regional economic cooperation program in 1992 aided by the ADB. The program has helped the countries in the region achieve economic growth, but its potential for economic growth has not been fully utilized.

After completing an interconnection master plan in March 2003, steps needed to make the APG fully workable have been identified and more efforts have been put in to make it operate at a full scale. But there are obstacles in commercial justification and availability of funding. Even though very tangible benefits accrued from the APG, the memorandum of understanding (MOU) on the APG was made only in 2007. As for the TAGP, the MOU on TAGP was signed in July 2002 and joint studies on cross-border issues such as tariffs, transit rights and security of supply was expected to be facilitated. The establishments of the APG and TAGP in the ASEAN are considered an initial groundbreaking step for launching an integrated energy market in the region. But the slowness in developing further enhancement of a common infrastructure for electricity and natural gas in the region proves that there are various obstacles to be cleared before a full-blown and well-functioning integrated energy market can be launched. Launching an integrated energy market is not only a long-term goal but a short-term target that can be met via forming an integrated energy market with a small group or scale such as a coalition of three to four countries for sharing electricity or natural gas.

The necessity, feasibility and plausibility of establishing an integrated regional energy market has made a good consensus among the interested countries. The initial clearance for proceeding with the integrated market such as MOUs is well made. However, the consensus on some critical factors such as financial and cost sharing, and political will has not been reached yet. A viable option at a small scale must be identified and pursued first as the EU had started from cooperative efforts at a small scale for coal and steel.

CONCLUSION

This chapter reviews what has been done with integrated energy markets in the world and examines the possibility, plausibility and obstacles of launching an integrated energy market in the region. The common European market could shed some light on how the region can launch an integrated energy market. An integrated electricity network in West Africa is expected to bring some benefits such as lower electricity supply cost and enhanced system reliability to the countries linked to the network. A pan-Asian natural gas trade model also presents that net gains would be possible under a full-fledged trade framework in which all countries are connected via either gas pipelines or LNG terminals and tankers.

A few movements in economic cooperation and energy development such as the GMS economic cooperation and development, the APG and the TAGP could be considered an initial step to launch an integrated energy market in the region. Energy market integration spearheaded in the EAS in January 2007 would spur the movements towards launching an integrated energy market in the region. It could be said that the region has put appropriate efforts to pave a way towards introducing an integrated energy market in the region. The specific ways to make an integrated energy market fully operational in the region requires more feasibility studies and cooperative efforts among the parties involved in forming a coalition for such a market along with firm political will and robust economic drivers.

NOTES

1. This is a well-known economic theorem of a comparative advantage, which is first suggested by the English classical economist David Ricardo (1772–1823).
2. At the opposite spectrum of the IEA is the Organization of the Petroleum Exporting Countries (OPEC).
3. Jorgen Orstrom Moller presents a comprehensive analysis on European integration from basic principles, institutions, grand designs and the mechanics among others in his book titled *European Integration: Sharing Experiences*. Singapore: Institute of Southeast Asian Studies, 2008.
4. CIA the World Factbook—European Union, available at www.cia.gov/library/publications/the-world-factbook/geos/ee.html#Econ and Pocket World in Figures 2008 Edition, *The Economist*.

5. "Fit at 50? A special report on the European Union." *The Economist*, 17 March 2007.
6. See, Andres Larsen, Lene Holm Pedersen, Eva Moll Sorensen, and Ole Jess Olsen, "Independent regulatory authorities in European electricity markets." *Energy Policy*, Vol. 34 (2006), pp. 2858–2870; Fabio Domanico, "Concentration in the European electricity industry: The internal market as solution?" *Energy Policy*, Vol. 35 (2007), pp. 5064–5076; and, Lise Wietze, Benjamin F. Hobbs, and Sebastiaan Hers, "Market power in the European electricity market—The impacts of dry weather and additional transmission capacity." *Energy Policy*, Vol. 36 (2008), pp. 1331–1343.
7. Edgard Gnansounou, Herman Bayem, Denis Bednyagin, and Jun Deng, "Strategies for regional integration of electricity supply in West Africa." *Energy Policy*, Vol. 35 (2007), pp. 4142–4153. The countries in the region are Benin, Burkina Faso, Cape Verde, Ivory Coast, Gambia, Ghana, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo.
8. See, BP Statistical Review of World Energy 2008. For the Asia-Pacific region, countries include mainly Australia, Bangladesh, Brunei, China, India, Indonesia, Malaysia, Myanmar, Pakistan, Papua New Guinea, Thailand, and Vietnam.
9. Xiaojiang Yu, "Regional cooperation and energy development in the Greater Mekong Sub-region." *Energy Policy*, Vol. 30 (2003), pp. 1221–1224. The GMS consists of Cambodia, Laos, Myanmar, Thailand, Vietnam and the Yunnan province of China.
10. The reserve-production ratio for Asia Pacific is about two thirds of a reserve-production ratio for world proved reserves of natural gas. The ratio is far larger than that for North America but smaller than that for other regions like South and Central America, the Middle East, and Africa. The world total proved reserves of natural gas are 179.83 trillion cubic metres and for the Asia Pacific, 14.84 trillion cubic metres at the end of 2005.
11. See the mimeo by Youngho Chang and Terence Pan, "Pan Asian gas trade model", National University of Singapore, 2006.
12. Lye Lin Heng and Youngho Chang, "Singapore: National energy security and regional cooperation." In Barry Barton, Catherine Redgwell, Anita Ronne, and Donald N. Zillman (Eds.), *Energy Security: Managing Risk in a Dynamic Legal and Regulatory Environment*. Oxford: Oxford University Press, 2004.

NON-TRADITIONAL SECURITY CHALLENGES IN EAST ASIA

PUSHING THE LIMITS OF FUNCTIONAL COOPERATION IN EAST ASIA

Mely Caballero-Anthony

Over the last decade, the regional security environment in Asia has changed dramatically. While the risks of major armed conflict and interstate wars are said to be in decline,¹ the region is increasingly confronted with new security challenges emerging from a host of transnational threats. Of late, there is growing recognition that new security challenges are proving to be more severe and more likely to inflict more harm to a greater number of people than conventional threats of interstate wars and conflicts. As a consequence, policymakers in the region have had to re-think their security agendas and find new and innovative ways to address these new security challenges. These, in turn, have had profound implications on states' behaviour and the nature of regional security cooperation in the region.

In addressing a growing list of transnational, non-traditional security (NTS) challenges ranging from infectious diseases, global warming, environmental degradation, migration, and many others—state actors have often turned to their immediate neighbours for help and resort to a type of regional modality, which facilitates inter-state cooperative response. This modality is in the form of functional cooperation. Albeit conceived originally as a means for deepening regionalization and integration, functionalism works on the premise that enhanced interstate cooperation, either within specific issue-areas or across issue-areas promotes and leads to growing interdependence among regional states, which in turn provides the incentive for going the way of integration.² One notes however that the earlier enthusiasm, particularly among regional integration

theorists, about the spill-over effects of enhanced inter-state cooperation leading to some kind of supra-national governance had turned to deep misgiving from the very enthusiasts of integration itself. Recall for example the famous lamentations of Ernst Haas as reflected in his 1975 work on “The Obsolescence of Regional Integration Theory”.³ Deep was the disappointment then when the promise of increased cross-border transactions—which in turn reaped maximum benefits and resulted in the process of ceding some amount of sovereignty to a regional organization—had either been too slow in the creation of regional institutions or in some cases, had not materialized.⁴

Yet quite interestingly, two decades later, there has been a renewed interest in functionalism and its variant—neo functionalism both in Europe and Asia. Looking at the transformation of the EC to the EU and the developments taking place in ASEAN with its adoption of the Charter and establishment of the three-pillared ASEAN community comprising the ASEAN Economic Community, ASEAN Political and Security Community and the ASEAN Socio-Cultural Community, one could therefore argue that despite obstacles to deeper regional integration/institutionalization, functional cooperation matters. The only caveat that should be made in the context of Asia is that while increased “transactions” and/or deeper inter-state functional cooperation do lead to the creation of institutions, the latter do not necessarily lead to the ceding of sovereignty of the kind that requires the transfer of allegiance from national entities to regional organization.

Both the argument and caveat are applied in the context of East Asia where there is a noticeable trend among state actors to turn to regional modalities as the preferred framework to respond to a growing list of transborder problems. In an increasingly interconnected world, states’ responses to growing economic and political-security interdependence have prompted them to appreciate the merits of enhancing functional cooperation and more importantly, reconsider their initial reservation against building regional institutions. And it is the area of NTS where this trend is best demonstrated.

The main objectives of this chapter therefore are two-fold. First, is to examine why enhanced inter-state cooperation is critical in addressing NTS security challenges. The second is to show how the cooperation

and interdependence, as a function of shared set of values and interests, informs regional policies and leads to the emergence of new regional institutions.

The chapter begins with a brief discussion on NTS and proceeds with identifying a number of NTS challenges that have led to new institutions and are re-shaping the contours of regional security architecture in East Asia.⁵

NON-TRADITIONAL SECURITY: NEW WINE IN OLD BOTTLES?

A common trend that has been observed by a number of security scholars in Asia is the growing tendency to highlight and designate any security concern that is non-military in nature as NTS.⁶ The appropriation of the security label attached to risks/threats, for example, environmental degradation and pandemics, has therefore been a significant development. It is significant in that “security-framing” is deemed to be an effective way to bring attention to these NTS challenges, convey urgency and command governmental resources to address them.

An important question often raised about NTS is the types of issues/threats that would fall under this rubric. One would note that despite the emerging trend towards security framing, there is yet to be a consensus definition on what it really means since the issues that would fall under NTS are often contextually defined. For example, what may be NTS issues in one country like economic security, food security or energy security could already be part of the traditional concept of security in the other. As one scholar had previously argued, energy security which is now included in the rubric of NTS in Asia had long been a part of a country’s (i.e. Japan) traditional security issues.⁷ Hence, a key point to emphasize here is the fact that NTS issues are not only contested but also complex.

To help in the conceptualization of NTS, the newly established Consortium on Non-Traditional Security Studies in Asia (NTS-Asia) has defined NTS issues as those challenges that affect the survival and well-being of peoples and states that arise primarily out of non-military sources, such as climate change, resource scarcity, infectious diseases, natural disasters, irregular migration, famine, people smuggling, drug

trafficking and transnational crime. Aside from these issues being non-military in nature, they also share common characteristics, namely: transnational in scope (neither purely domestic, nor purely inter-state); come at very short notice and are transmitted rapidly due to globalization, and communication revolution; cannot entirely be prevented but coping mechanisms can be devised; national solutions are often inadequate and would thus require regional and multilateral cooperation essential; and finally, the object of security is no longer just the state (state sovereignty or territorial integrity), but also the peoples (survival, well-being, dignity), both at individual and societal levels.⁸

In brief, while efforts are being done to bring more attention to non-traditional security issues, the main thrust in this chapter is to examine not just the emerging threats to peoples' lives and security; but more importantly show how these shared concerns—i.e. risks/threats—are influencing state behaviour leading them to draw closer and establish regional institutions to respond to these complex security challenges. As the discussion will show, the management of risks and threats lies not so much in reacting to events as in preparing advance responses for them by way of attitudes and institutions to either mitigate the impact of the threats or minimize their scope for occurring in the first place.

NTS THREATS TO HUMAN AND STATE SECURITY

In this chapter, I shall discuss three NTS cases in order to identify patterns that are useful in attempting to understand the nature of functional cooperation that has taken place in the region as a way of responding to crises or threats.

Infectious diseases and pandemics

Despite the dictum that health is an integral part of state and human security, this is one area which has received less attention in regional security discourses in Asia—at least until the onset of SARS, or Severe Acute Respiratory Syndrome, in 2003. However, this is a trend that is not only unique to the region but indeed an important point that was highlighted in the World Economic Forum's (WEF) 2006 Global Risks Report. While the Report ranked pandemics as among the highest in the

list of risks currently confronting the international community, it also concluded that despite the interplay of a number of global risks and their combined ripple effects, which can be potentially devastating—“disaster planning and crisis management suffer from a number of shortcomings”. Among these are limited investments of resources in health systems and varying responses to different assessments of threats.⁹

The lack of preparedness and differences in threat perceptions stem from the lack of appreciation about the linkages between health and human security. In this era of globalization, infectious diseases have the capacity to detrimentally affect the security and wellbeing of all members of society and all aspects of the economy. This was best illustrated in Asia’s experience with SARS where the extent of the perceived risk not only seriously disrupted the economy of the affected states, but had tremendous repercussions on regional security.¹⁰ Within just two months after its reported outbreak, SARS had infected close to 6,000 people and killed 200 in at least 26 countries. By the time the World Health Organization (WHO) declared that SARS had peaked, the total numbers came up to 8,402 infections, 772 deaths in 29 countries.¹¹ SARS turned out to be one of the most devastating and feared diseases in modern history, and the events that followed after its first detection in February 2003 demonstrated that the “pandemic” could have devastating consequences. Accounts from both print and broadcast media, and from narratives of people affected by SARS reveal that the impact of SARS was not limited to the loss of lives alone, but also extended to socio-economic, psychological, political, and security spheres of affected countries.

Given the recent history of the SARS crisis in the region, the prospects of pandemic outbreak—one that could possibly emanate from the mutation of H5N1 virus already endemic in Southeast Asia—threatens to overwhelm the healthcare capacities of many of states in the region. It was not too long ago that the WHO had declared Southeast Asia to be the “next ground zero” if the H5N1 virus mutates into the next pandemic.¹² So far, Indonesia and Vietnam have had the highest number of fatalities from H5N1, making up more than half of the total number of reported 133 deaths.¹³ Hidden behind these numbers, however, are hundreds more who suffer economic hardship. On a regional scale, H5N1 is already responsible for \$10 billion of direct economic costs to Asia,¹⁴

and with a conservative estimated cost of \$99-\$283 billion for a bird flu pandemic in East Asia alone, this challenge is as much one confronting healthcare agencies as it is a possible economic crisis.¹⁵

How prepared is Southeast Asia for such a scenario? Other than one or two countries, information about disaster response and capability from other countries in the region is still sketchy.¹⁶ Aside from the complex problems faced by states at the national level, such as the lack of contingency planning and coordination among state agencies, there has also been very little institutionalized regional cooperation in the area of public health policy. It was only after the SARS outbreak in 2003 that some regional mechanisms were proposed; among this was the need to build regional capacity for surveillance and disease control. Since then, through ASEAN, a regional task force was established to respond to the spread of avian flu in the region. A regional fund for avian flu was also created in 2005 with a three-year action plan.¹⁷ At the ASEAN+3 Health Ministers Meeting and the ASEAN Special Summit on SARS, several measures were outlined to put in place regional mechanisms to address the multiplicity of issues related to SARS. These measures involved the exchange of information and best practices in containing infectious diseases; strengthening of cooperation among front line enforcement agencies such as health, immigration, customs, transport and law enforcement; and harmonization of travel procedures to ensure proper health screening at the points of origin.¹⁸

The other key measure being considered at the regional and national level is deepening the cooperation between regional states and the WHO. More importantly, ASEAN countries are also exploring the possibility of developing a regional framework for rapid response to outbreaks of infectious diseases. Malaysia, for example, has already proposed the setting up a regional centre of disease control (CDC), while efforts are underway to develop further the ASEAN-Disease Surveillance Network (ADSN_{et}), which coincidentally was set up in April 2003—at the height of the SARS crisis. The significance of these initiatives cannot indeed be understated considering the importance that disease surveillance mechanisms play in identifying and crafting rapid responses to emerging health threats.

These regional efforts were supplemented by other measures within the framework of the wider forum—the ASEAN+3 and the East Asian

Summit. These measures include strengthening of institutional capacities at national and regional levels to ensure effective and efficient implementation of avian influenza prevention; putting in place control programmes and pandemic preparedness and response plans; and enhancing capacity building in coping with a pandemic influenza. The latter would include establishing information sharing protocols among countries and multilateral organizations and effective, timely and meaningful communication before or during a pandemic influenza outbreak.¹⁹

One should note however that many of these proposed measures from ASEAN, ASEAN+3 and EAS still need to be implemented. And, given the lack of resources allocated to improving public health systems at the domestic level—national and regional capacities to respond to transnational health crises remain inadequate. In this regard, the region needs to consider a broader and more comprehensive strategy to prevent and contain the outbreak of infectious diseases. These would include, among others, improving regional preparedness through: (i) creating mechanisms for effective production and distribution of vaccines and other medicines; (ii) focusing on rapid response by providing additional human resources and financing; and, (iii) building credible and effective regional surveillance systems for monitoring infectious diseases. One should also include the need to improve the poor state of health infrastructure in less developed countries, as well as address issues pertaining to the politics of crisis health management in the region.²⁰

Coping with natural disasters

Asia is a region where major natural disasters often occur. Unfortunately, many states in Southeast Asia are least prepared to cope with these complex humanitarian emergencies. This gap was vividly illustrated in the December 2004 massive earthquake and tsunami in Indonesia where absent the humanitarian assistance provided by Western countries and international aid agencies, the impact on the humanitarian emergency could have been far more devastating. Is the region doing enough to protect the human security of its people?

Since the 2004 tsunami, ASEAN countries agreed to enhance cooperation in emergency relief, rehabilitation and reconstruction, prevention and mitigation.²¹ ASEAN has also already started to conduct a Regional

Disaster Emergency Response Simulation Exercise (ARDEX-05).²² The simulation exercise is envisioned to be an annual exercise, bringing together several personnel and mobilizing light to medium equipment geared toward providing immediate humanitarian assistance to affected countries in times of natural disaster.

Beyond ASEAN, disaster relief preparedness and responses has recently been included in the official agenda of the ASEAN Regional Forum. And, while there had been occasional “search and rescue” exercises done over the last years under the aegis of the ARF Intersessional groups, Asian members countries of the ARF have recently agreed to hold its first civilian-military disaster relief exercises with major powers outside the region. At the last ARF meeting in Singapore in July 2008, it was decided that an ARF-wide disaster relief Workshop will be drawn up aimed at coordinating an ARF-wide or sub-regional training for disaster preparedness, and to explore the feasibility of an ARF humanitarian assistance military and civil defence assets template that could be utilized for disaster relief.²³ Targeted to begin in 2009, the agreement effectively paves the way for militaries of ASEAN, China, India, the U.S., Russia and the EU member-states to help coordinate a disaster relief response.

One notes that this multilateral disaster-relief relief exercises actually builds on existing bilateral exercises like the Philippine-U.S. Voluntary Demonstration of Response (VDR), and ASEAN’s ARDEX exercises. The plans to expand coverage and memberships of this type of exercises bode well for the mitigation of the impact of natural disasters which are occurring in increasing frequency in many parts of Asia. Nonetheless, one could still argue that more can be done in areas of prevention and by tapping the resources of the more advanced countries in East Asia and beyond. Among the ideas being floated are the crafting of a more effective regional early warning system (EWS), and assessing national strategies for disaster mitigation or risk reduction.

From the above, one can argue that aside from the NTS threat of pandemics, natural disasters and their devastating impact seem the natural area where sub-regional and even inter-regional functional cooperation can flourish. It is also an area where despite obstacles to inter-state cooperation, the compelling need to respond to humanitar-

ian disasters can overcome concerns about national sovereignty. The 2008 Nargis cyclone in Myanmar is a case in point. Despite the initial refusal of Myanmar and the paranoia of its military regime, assistance from its neighbours and other countries like the U.S. were able to find its way into the country, despite the fact that the U.S. navy was not allowed to come in.

Environmental degradation and climate change

Environmental degradation and pollution have become transnational security threats. Data has shown that the recurring haze problem in the region had exacted a high price—impacting on human security of the people in the region, not to mention the cost to health systems, loss of economic productivity and to the general economy. It had been reported that the three-month prolonged haze in Southeast Asia in 1997–1998 had cost regional economies US\$9–10 billion.

In response, ASEAN leaders have since 1995 securitized the haze problem leading to the adoption of the major agreements:

The Regional Haze Action Plan (RHAP) in 1997 which had three main component programs—prevention, mitigation, and monitoring. This signified a narrowing of intergovernmental action as the most affected countries were designated to spearhead the three RHAP programs; Malaysia took the lead in prevention, Indonesia in mitigation, and Singapore in monitoring of fires and haze.

The 2002 ASEAN Agreement on Transboundary Haze Pollution, which essentially set forward a number of strategies to address land and forest fires in Indonesia, establish a sub-regional Technical Working Group to address land and forest fire in the Northern part of the region as well as build a regional Haze Pollution Control Fund.

Experts have, however, expressed serious reservations about the ability and capacity of regional states to implement regional measures such as the 2002 ASEAN Transboundary Haze Pollution Agreement. Aside from the often-cited factor of lack of political will, there are practical challenges confronting many countries in the region. These problems could range from the lack of technical expertise in tackling problems, like effectively dousing peat fires, to specialized legal expertise in holding certain multinational companies accountable for alleged violations

of environmental protection laws.

Indonesia still refuses to sign the 2002 ASEAN Agreement on Transboundary Haze Pollution thereby limiting the extent to which other ASEAN states are able to intervene in the problem. There is also the dilemma of addressing symptoms rather than root causes of the fires. For instance, cloud seeding initiatives to put out environmental fires are very costly and provide, at most, temporary relief. One cloud seeding operation in Sarawak, during the haze crisis in 2006, was said to have cost the Malaysian government RM 55,000.

Despite these drawbacks, other members of ASEAN have established another modality to help Indonesia and the region combat forest fires and minimize the impact of cross-boundary pollution. The 2006 ASEAN Peatland Management Strategy (2006–2020) is one such modality that was designed based on the study of alternative ways to combat forest fires, which is the irrigation of peatland. This inexpensive local initiative of blocking existing canals that surround peatlands with logs and sandbags has proven to be a success, for not only has it put an end to fires, but also has allowed forests to recover and created a new food source with fishes breeding in the blocked off canals, thereby satisfying locals food and water security.

Moreover, since 2006, there has been escalation of talks on addressing the haze problems, leading to the establishment of bilateral agreements between Singapore and Indonesia. Singapore has offered to deal directly with the Muaro Jambi regency of Indonesia, which has been identified as part of the 35 fire prone areas that need particular attention. Known as the Jambi Master Plan, the National Environment Agency (NEA) of Singapore will assist the regency in enhancing its capacity in preventing and mitigating fires. It would also assist the Jambi government in sourcing out for financial and technical resources, including matching agencies to project. The ADB also noted that it would provide technical expertise and funding for some projects under the Jambi Master Plan. Other elements under the plan include legislation and enforcements and early warning and monitoring.²⁴

While there has been significant cooperation in fighting transborder pollution, regional mechanisms to address climate change are still very much at an inchoate stage. It was only at the 13th ASEAN Summit

in November 2007 in Singapore that the ASEAN leaders adopted the ASEAN Declaration on Environmental Sustainability. This was followed by the adoption of the Singapore Declaration on Climate Change, Energy and the Environment at the third EAS held immediately after the Summit. Much remains to be seen as to how these plans are eventually implemented. Nevertheless, these recent initiatives reflect the growing recognition of shared vulnerabilities and the shared desire to urgently address this unfolding security challenge.²⁵

CONCLUSION

The growing lists of new transnational or NTS challenges reinforce the very concepts of security that Southeast Asian states have long professed—comprehensive and multi-faceted. In this regard, the responses to NTS need no less than a comprehensive, holistic response, which require the engagement of not only of regional (be it ASEAN or East Asian framework) but also international partners like the U.S. and the EU. Be it preparing for pandemics, responding to natural disasters or mitigate the impact of forest fires and other transnational threats, East Asian states have shown that it can work closely and successfully in managing transnational threats. Thus, notwithstanding practical obstacles and fundamental differences among states, the NTS field allows state and non-state actors to find spaces where there is convergence of interests and provide the impetus for enhancing functional cooperation in responding to a wide array of emerging security challenges ahead.

NOTES

1. Human Security Centre, *Human Security Report 2005: War and Peace in the 21st Century*. New York: Oxford University Press, 2005.
2. There is a vast literature on functionalism and its variants (neo-functionalism and neo neo-functionalism). See for example, Robert Axelrod and Robert Keohane, "Achieving Cooperation under Anarchy." *World Politics*, Vol. 38, No. 1 (1985), pp. 226–254; Andrew Hurrell, "Regionalism in Theoretical Perspectives." In Andrew Hurrell and Louise Fawcett (Eds.), *Regionalism in World Politics: Regional Organizations and International Order*. Oxford: Oxford University Press, 1995; and Philippe

- C. Schmitter, "Neo-Neofunctionalism." In Antje Wiener and Thomas Diez (Eds.), *European Integration Theory* (pp. 45–74). Oxford: Oxford University Press.
3. Ernst Haas, *The Obsolescence of Regional Integration Theory*, Vol. 25. Berkeley: University of California Press, 1975.
 4. Like Haas, theorists like David Puchala questioned the snowball effect of neo-functionalism and argued that national governments remained determinants of the integration process. See David Puchala, "Of Blind Men, Elephants and International Integration." *Journal of Common Market Studies*, Vol. 10 (March 1972), pp. 267–284.
 5. For a more comprehensive discussion on NTS and the new multilateral security architecture, see Mely Caballero-Anthony, "Non-Traditional Security and Multilateralism in Asia: Re-shaping the Contours of Regional Security Architecture." In Michael Green and Bates Gill (Eds.), *Asia's New Multilateralism: Cooperation, Competition, and the Search for Community*. New York: Columbia University Press, 2009.
 6. See, for example, Mely Caballero-Anthony, Ralf Emmers and Amitav Acharya (Eds.), *Non-Traditional Security in Asia: Dilemmas in Securitisation*. London: Ashgate 2006.
 7. Tsuneo Akaha, "Non-Traditional Security Cooperation for Regionalism in Northeast Asia", available at www.waseda-cos-cas.jp/paper/20040116_akaha_eng.pdf.
 8. See Mely Caballero-Anthony, Ralf Emmers and Amitav Acharya (Eds.), *Non-Traditional Security in Asia: Dilemmas in Securitisation, and Studying Non-Traditional Security in Asia: Trends and Issues*. Singapore: Marshall Cavendish, 2006.
 9. See the WEF report, *Global Risks 2006* (Geneva: World Economic Forum, 2006), pp. 1–12, available at www.weforum.org/pdf/CSI/global_Risk_Report.pdf.
 10. For a more detailed analysis of the SARS crisis and its impact on the region, see Mely Caballero-Anthony, "SARS in Asia: Crisis, Vulnerabilities and Regional Responses." *Asian Survey*, Vol. 45, No. 3 (June 2005).
 11. The World Health Organization Update on SARS, available at www.who.int.com.
 12. "WHO Says Attention Must Not Be Shifted from 'Ground Zero' in Southeast Asia." *The Straits Times*, 18 October 2005.
 13. "Cumulative Number of Confirmed Human Cases of Avian Influenza A/ (H5N1) Reported to WHO", 12 February 2009, accessed on 12 February

2008 at www.who.int/csr/disease/avian_influenza/country/cases_table_2008_02_12/en/index.html.

14. See Margaret Kruk, "Global Public Health and Biosecurity: Managing Twenty-First Century Risks." Coping with Crisis Working Paper Series, International Peace Academy, New York, March 2007, available at www.ipacademy.org/our-work/coping-with-crisis/working-papers.
15. Mely Caballero-Anthony, "Non-Traditional Security and Infectious Diseases in Asia: The Need for a Global Approach to Health and Human Security." Paper prepared for IPA-NTS Asia meeting on *Non-Traditional Security Challenges in Asia: What Role for Multilateralism?* New York, 5 March 2007, p. 1; and "Combating Infectious Diseases in East Asia: Securitisation and Global Public Goods for Health and Human Security." *Journal of International Affairs* (Spring/Summer 2006), pp. 105–127.
16. In June 2005, the Singapore government put into place its avian flu plan. See "Influenza Pandemic Readiness and Response Plan", Singapore Ministry of Health, 29 June 2005, accessed on 15 September 2005 at www.moh.gov.sg/corp/hottopics/influenza/index.do#32112653. Since February 2004, it has also established tight surveillance and control over the local poultry population.
17. Luz Baguiro, "Fund Set Up to Fight Flu in S-E Asia." *The Straits Times*, 1 October 2005.
18. See "ASEAN Takes Joint Stand to Battle SARS." The STAR Online, 27 April 2003, available at www.star.com.my/news; "Asian Health Ministers meet for SARS Crisis Talk." ABC Online, available at www.abc.net.au/cgi-bin/news; and Joint Declaration of the Special ASEAN Leaders Meeting on Severe Acute Respiratory Syndrome (SARS), Bangkok, Thailand, 29 April 2003, available at www.aseansec.org/sars2_printable.htm.
19. See the sources in preceding footnote.
20. For more on this, see Caballero-Anthony, "Combating Infectious Diseases in East Asia: Securitisation and Global Public Goods for Health and Human Security".
21. See Statement from the Special ASEAN Leader's Meeting on Aftermath of Earthquake and Tsunami, Jakarta, 6 January 2005, available at www.aseansec.org/17067.htm.
22. ASEAN Agreement on Disaster Management and Emergency Response, Vientiane, 26 July 2005, available at www.aseansec.org/17587.htm.
23. See Chairman's Statement of the 15th ASEAN Regional Forum, Singapore, 24 July 2008.

24. "S'pore offers help to regency in Jambi to fight haze problem in Indonesia." Channel NewsAsia, 6 March 2007.
25. Mely Caballero-Anthony, "Climate Change, Energy, and Environmental Sustainability: Are Regional Security Frameworks Prepared?" *PacNet*, No. 48 B, 28 November 2007.

FUNCTIONAL COOPERATION AGAINST HUMAN AND DRUG TRAFFICKING IN EAST ASIA

Ralf Emmers

This essay focuses on functional cooperation against transnational crime in East Asia, with a special emphasis on drug and human trafficking. It is argued that there is some political willingness in the region to address these criminal matters cooperatively through institutional means. In both cases, ASEAN has constituted the primary regional institutional vehicle to establish a consultative process. ASEAN's activities have also led to wider regional initiatives adopted primarily at an ASEAN+1 level. The essay discusses in detail the increased level of multilateral collaboration noted since the late 1990s to combat drug and human trafficking. It is asserted that regional responses have so far emphasized the importance of joint normative statements, the setting up of frameworks of action as well as the creation of soft mechanisms of cooperation that include the sharing of intelligence and best practices, and the development of capacity building programmes.¹ More seems to have been achieved collaboratively to combat drug trafficking partly because undocumented migration, and human trafficking in particular, has continued to be a source of friction in regional relations. In spite of this difference, the overall cooperative process against the two forms of transnational crime under discussion in this essay is said to suffer from similar limitations that need to be addressed through deeper functional collaboration. These include insufficient law enforcement and judiciary cooperation, problems of capacity-building and coordination, and finally corruption.

The essay consists of three sections. The first reviews the nature of

the drug and human trafficking problem in East Asia while the second discusses in depth the functional cooperative arrangements already set in place to address these issues. The final section highlights some of the shortcomings of the collaborative process and recommends a series of policy options to tackle them.

NATURE OF THE DRUG AND HUMAN TRAFFICKING PROBLEM IN EAST ASIA

The four primary categories of illicit drugs found in East Asia are cannabis, cocaine, heroin and synthetic drugs like amphetamine-type stimulants (ATS). It is difficult to provide a regional and country specific outline of the estimates of drug production, trafficking and consumption. Instead, it is more appropriate to refer to trends. East Asia has historically been affected by the problem of narcotics production and trafficking. The Golden Triangle, which incorporates Northern Thailand, Eastern Myanmar and Western Laos, has been one of the leading sub-regions for narcotics production in the world, traditionally opium cultivation. The drug picture in East Asia has, however, undergone significant changes in the last decade. Opium poppy cultivation has declined continuously since the late 1990s while the production and abuse of amphetamine-type stimulants are on the rise. Drug traffickers in the Golden Triangle have diversified their activities to meet the ever-growing demand for synthetic drugs. The illicit production of drugs in the Golden Triangle is meant essentially to supply to the East Asian market, particularly Northeast Asian nations. Some Southeast Asian countries, primarily Thailand, have therefore continued to be used by traffickers as transit points to export drugs to other parts of the region. Yet, the consumption of synthetic drugs within Southeast Asia itself has in recent years become a growing problem as well.

Over the last decade, the issue of undocumented migration has been increasingly linked to organized criminal groups that now largely control the smuggling and trafficking of people. The latter is gradually replacing the illicit drug trade as the fastest growing illegal business in the world.² Human trafficking has in recent years emerged as a key policy issue in East Asia partly as a result of the publication by the U.S. State Depart-

ment of the Trafficking in Persons (TiP) reports. The reports rely on a three-tier approach to evaluate a country's progress in protecting women and children based on compliance with the U.S. Trafficking Victims Protection Act.

Smugglers and traffickers make high profits while facing a low risk of detection and relatively short prison sentences in comparison with drug traffickers. It is important to note here that not all East Asian nations have adopted specific anti-human trafficking legislation. One major problem is the lack of a standard operating definition as to what constitutes human trafficking. People-smugglers demand large sums of money to individuals in exchange for their illegal entry into a new country.³ Human smuggling is said to end once the undocumented migrants reach their destination and reimburse their debts. This is the point, however, where the exploitation of the trafficked people often starts.⁴ Human traffickers trap mostly young women and children into work and prostitution through the use of force or deceit. They end up after having been promised good jobs as sex slaves, domestic or cheap labourers. Beyond the definitional problems, determining the scope of the trafficking problem is equally complex. No precise figures exist of the number of people trafficked within and across East Asian countries.

EXISTING COOPERATION AGAINST HUMAN AND DRUG TRAFFICKING IN EAST ASIA

Drug trafficking

ASEAN has, since the 1970s, been the primary regional vehicle to respond institutionally to the problem of drug trafficking. The issue was first discussed at the ASEAN Summit of Heads of State and Government held in Bali in February 1976 and mentioned in the ASEAN Concord. Following the prioritization of the issue at the highest diplomatic level, the ASEAN Declaration of Principles to Combat the Abuse of Narcotic Drugs was adopted in Manila on 26 June 1976.⁵ Still, ASEAN's initiatives in these early years did not reach the primary producers in Southeast Asia, especially Myanmar, and to a lesser extent, Laos. Significantly, in conjunction with its enlargement process, ASEAN's drug control efforts

were eventually further institutionalized in the 1990s. The adoption of the ASEAN Plan of Action on Drug Abuse Control in October 1994 led to new efforts to tackle the narcotics problem.⁶ The Plan of Action introduced ten specific projects on drug control to reduce narcotics demand and supply,⁷ as well as established four training centres to carry out the work programme.⁸ The Southeast Asian foreign ministers issued a Joint Declaration for a Drug-Free ASEAN during their 1998 ASEAN Ministerial Meeting (AMM) stipulating the members' commitment to eliminate illicit drugs by 2020.⁹ A total of 14 measures were recommended.¹⁰ The Joint Declaration did not, however, address problems of funding, monitoring and implementation as well as failed to establish a compliance mechanism. Despite these shortcomings, the schedule for creating a drug-free region was later brought forward to 2015 during the 2000 AMM in Bangkok.

Besides these ongoing intra-ASEAN initiatives, the most ambitious regional attempt at tackling the problem of narcotics has brought together the ten Southeast Asian countries and China. In October 2000, ASEAN, in association with the United Nations Office for Drug Control and Crime Prevention (UNDCP), organized in Bangkok the International Congress in Pursuit of a Drug Free ASEAN 2015. This resulted in the formulation of the Bangkok Political Declaration in Pursuit of a Drug-Free ASEAN 2015 and to the adoption of a plan of action, the ASEAN and China Cooperative Operations in Response to Dangerous Drugs (ACCORD). The latter was meant to eradicate, or at least seriously reduce, the production, trafficking and consumption of narcotics in Southeast Asia by 2015. It created a Plan of Action that relies on four central pillars:

1. Proactively advocating civic awareness on dangers of drugs and social response.
2. Strengthening the rule of law by an enhanced network of control measures and improved law enforcement cooperation and legislative review.
3. Building consensus and sharing best practices on demand reduction.
4. Eliminating the supply of illicit drugs by boosting alternative development programmes and community participation in the eradication of illicit crops.¹¹

At its second meeting held in Beijing in 2005, the ACCORD built on this initiative and constructed a Plan of Action 2005–2010 seeking to address the problem of illicit narcotics in four theatres: civic awareness, demand reduction, law enforcement and alternative development.¹² If properly implemented, the plan could be an important step in establishing an anti-drugs cooperative process.

While the ACCORD is only a declaration of intent, it addresses two key issues absent from the previous ASEAN initiatives. First, it regionalizes cooperation against narcotics beyond Southeast Asia by including China. It therefore recognizes that the regional production, trafficking and consumption of narcotics should be viewed as a wider East Asian problem rather than simply a Southeast Asian one. An effective response is said therefore to require broader regional cooperative structures. The primacy and leadership role of China here should be noted. Second, the ACCORD seeks to confront the issue of oversight by establishing a monitoring mechanism and introducing target dates. The Plan of Action is also supported by the UNDCP, the United Nations Office on Drugs and Crime (UNODC) and other UN agencies, as well as by individual countries in terms of funding, technical cooperation, joint programmes and other issues.

The ACCORD has so far developed a modest record of action. Its reports paint a picture of individual, bilateral and trilateral initiatives undertaken under the umbrella of the arrangement. It has been most effective in taking steps to address the trafficking of synthetic drugs. Perhaps most significant, however, is how the arrangement has encouraged participating states to take action at the national level. Pressure for action has come both from individual governments and through the ACCORD itself, especially through the active participation of China and Thailand. For example, following large-scale anti-drug campaigns in China, Thailand and Vietnam, Laos began to institute its own programmes, seeking and receiving the active assistance of the UNODC. Likewise, concerned with the flood of drugs, especially heroin, coming in from its border with Myanmar, China has encouraged the military junta to deal with the problem. Anti-drugs issues have thus been addressed both within and outside the ACCORD framework.

Nevertheless, some limitations and shortcomings need to be high-

lighted. At this stage, the ACCORD does not include specific principles of cooperation nor does it impose standards of behaviour on participating countries. The ACCORD is weakest when it comes to rules for action and decision-making procedures for policy implementation. While there is a growing trend towards cooperation, action within the ACCORD framework is primarily national and bilateral, involving little implementation of collective choice. Policy implementation at a multilateral and collective level has thus not yet been attained among the 11 participating nations. Furthermore, the absence of compliance mechanisms needs to be stressed. The adoption and implementation of initiatives have remained firmly dependent on the individual participating countries. The delicate questions of compliance, supervision and funding are rarely mentioned or addressed. The execution of all agreements is overseen by the UNODC, but the latter has no means to enforce them.

Human trafficking

Similar to the case of drug trafficking, ASEAN has been the main institutional vehicle to respond to the issue of human trafficking in the region. Yet, in contrast to the illicit drugs question, the process of collaboration only started in the late 1990s and its scope has so far remained more limited.

Besides its traditional emphasis on drug trafficking, ASEAN became, by the late 1990s, increasingly concerned about other forms of transnational crime, including human trafficking. Adopted in December 1997, the ASEAN Declaration on Transnational Crime represented a first joint statement of cooperation in the fight against this inter-connected phenomenon.¹³ In addition to its normative dimension, the Declaration set up an institutional response. It declared that the ASEAN Ministerial Meeting on Transnational Crime (AMMTC), gathering the home ministers of the respective member countries, would meet at least once every two years to help coordinate regional actions against transnational crime. Human trafficking was incorporated in this broader initiative. Through the Work Programme to Implement the ASEAN Plan of Action to Combat Transnational Crime, adopted in May 2002, ASEAN stipulated a series of specific action lines against human trafficking. It sought to fight the problem by focusing on the exchange of information, legal

coordination, law enforcement, training, institutional capacity-building and extra-regional cooperation.

Various ASEAN cooperative structures have discussed the question of human trafficking. The ASEAN Directors-General of Immigration Departments and Heads of Consular Divisions of the Ministries of Foreign Affairs (DGICM) is the highest institutional body involved with human trafficking. It has established an Ad-Hoc High-Level Experts Group on Immigration Matters and focused on creating an institutional structure to coordinate collaboration on immigration issues. The ASEAN Chiefs of Police (ASEANAPOL) has also emphasized the problem of human trafficking. The forum has aimed to promote police collaboration on this question during its annual conferences. At a gathering in May 2005, the chiefs of police adopted a resolution to enhance the sharing of information on the identities, movements and activities of transnational criminal organizations involved in human trafficking.¹⁴

At the wider East Asian level, the members of the Association and Beijing have signed a Joint Declaration of ASEAN and China on Cooperation in the Field of Non-Traditional Security Issues.¹⁵ It mentions the issue of human trafficking and commits the signatories to undertake information exchanges, joint research and practical initiatives against this threat. The Southeast Asian nations have not, however, signed similar declarations with Japan or South Korea, although the ASEAN-Japan Joint Declaration for Cooperation to Combat International Terrorism stresses the importance of immigration and development issues.¹⁶ Finally, the ARF has encouraged its participants to sign the UN Protocol to Prevent, Suppress and Punish Trafficking in Persons and the UN Protocol against the Smuggling of Migrants by Land, Air and Sea.¹⁷

Beyond their symbolic value, the actual impact of these various meetings and declarations on the issue of human trafficking is far from clear. At this stage, there is little that ASEAN and the region-wide arrangements seem to be doing to address the problem directly and effectively. The Association is primarily an umbrella organization with few enforcement mechanisms. Its role is centred on the building up of public awareness, the sharing of best practices, and in offering an avenue for members to coordinate their counter-trafficking efforts. Collaboration has also been undermined by the fact that undocumented migration remains a source

of inter-state friction. That said, the ARE, in particular, could function as a relevant instrument to address the issue of human trafficking. The institution brings together all the regional actors concerned with the problem and it holds Inter-Sessional Support Groups (ISG) and Meetings (ISM) on a variety of questions. Such a session could be set up to address specifically the various facets of human smuggling and trafficking. The ARF's reputation and credibility would certainly benefit from attaining progress with regards to a NTS issue.

It is important to note that one cooperative initiative on human trafficking originated outside of the ASEAN cooperative framework. Following a series of people smuggling cases undermining bilateral relations, Jakarta and Canberra convened a meeting in February 2002 to discuss the problem. The Ministerial Conference on People Smuggling, Trafficking in Persons and Related Transnational Crime was held in Bali and gathered ministers of 38 countries from around the Asia Pacific, North America and Europe, as well as representatives from the International Organization for Migration, the United Nations High Commissioner for Refugees (UNHCR) and the International Criminal Police Organization (INTERPOL). The foreign ministers of Indonesia and Australia co-chaired a second conference in Bali in April 2003. Since then, the Bali process has been driven by the activities of issue-oriented workshops concentrating on identity fraud, child sex tourism, protection of victims, and the development of legislation. The process has been coordinated by senior officials from Australia, Indonesia, New Zealand and Thailand in conjunction with representatives from the UNHCR and other organizations.

POLICY RECOMMENDATIONS

As discussed, one has seen, since the late 1990s, increased collaboration to combat drug and human trafficking in East Asia. Regional responses have concentrated on joint declarations, frameworks of action, and the setting up of soft mechanisms of cooperation. While relevant, the consultative process has continued to suffer from a series of shortcomings that need to be tackled through deeper functional collaboration. Three primary issues come to mind.

First, the collaborative process has not sufficiently focused on the deepening of law enforcement and judiciary cooperation. Drug and human trafficking are criminal matters that require integrated judiciary responses. In the specific case of human trafficking, some countries still need to adopt appropriate legislation. Overall, the East Asian countries should establish more effective law enforcement cooperation at the regional level through, for example, the signing of extradition treaties and mutual legal assistance treaties (MLATS) as well as the strengthening of ASEANOPOL.

An extradition treaty, either at a bilateral or multilateral level, leads to the delivery of suspected or convicted criminals by the state where they have taken refuge to the state that asserts jurisdiction over them. Extradition treaties are therefore essential instruments to combat transnational crime. Most Southeast Asian countries have signed bilateral extradition treaties with the U.S. and other countries but very few with each other. At a regional level, there is no Southeast Asian extradition convention in contrast, for example, to the 1957 European Convention on Extradition. MLATS aim to increase judicial assistance and to regularize and ease its procedures. Such treaties involve, among others, the right to summon witnesses, to compel production of evidence, and issue search warrants. Few MLATS are in place in East Asia. At a multilateral level, no ASEAN convention on mutual assistance in criminal matters has been signed, in contrast, to the 1959 European Convention on Mutual Assistance in Criminal Matters, for instance. Finally, the strengthening of ASEANOPOL could serve as an effective tool for law enforcement authorities in the investigation of criminal offences. ASEANAPOL has primarily remained a forum for regional enforcement agencies to meet annually to discuss police matters. The Association should seek to strengthen ASEANOPOL to improve the exchange of information between Southeast Asian police forces.

Second, capacity-building and better coordination within and across regional states are critical. The limited operational capabilities of some states, defined in terms of resources and training, has hindered regional cooperation. Stronger collaboration carries with it new demands that cannot always be met by domestic law enforcement agencies. The lack of capability has also led to problems in coordinating an effective regional

response to the various forms of trafficking. Officers can be hindered by language barriers, structural or organizational differences, and variations in training levels and data collection techniques. Traditionally, national governments prefer to react to drug and human trafficking at the national level, as the issues touch on sensitive questions of national jurisdiction, the sharing of information and extradition laws. Complex relations between nations further affect coordination. Hence, increasing the capacity of states and tackling coordination problems is essential if drug and human trafficking are to be reduced. The cross-sharing of resources at the regional level can enable states to pool capacities. At the domestic level, relevant departments need to ensure a good exchange of information. Finally, better collaboration with civil society actors is vital. The latter must be seen by states and regional institutions as natural allies rather than enemies in the fight against drug and human trafficking.

Third, good governance and the fight against corruption are central to a comprehensive response to drug and human trafficking. Increased cooperation has traditionally been undermined by corrupt officials who impede the establishment of effective supervision. East Asia is no exception. Beyond standard corruption practices, state complicity is an additional barrier to effective collaboration. In addition to exercising a laissez-faire policy with regard to law enforcement, officials can play a direct and active role in the trafficking of drugs, for example. These actors contribute to, and benefit from, the weak implementation of law and order in their own countries and therefore seek to prevent the emergence of cooperation against drug and human trafficking at the regional level.

NOTES

1. For an in-depth study of the problems of drug and human trafficking in East Asia as well as of the existing institutional responses and initiatives, see Ralf Emmers, "International Regime-Building in ASEAN: Cooperation against the Illicit Trafficking and Abuse of Drugs." *Contemporary Southeast Asia*, Vol. 29, No. 3 (December 2007), pp. 506–525; Ralf Emmers, Beth Greener-Barcham, and Nicholas Thomas, "Institutional Arrangements to Counter Human Trafficking in the Asia-Pacific." *Contemporary Southeast Asia*, Vol. 28, No. 3 (December 2006), pp. 490–511; and Ralf Emmers, Beth Greener-Barcham and

- Nicholas Thomas, “Securitisating Human Trafficking in the Asia-Pacific: Regional Organizations and Response Strategies.” In Melissa Curley and Wong Siu-lun (Eds.), *Security and Migration in Asia: The Dynamics of Securitisation*. London: Routledge, 2008, pp. 59–82.
2. Ralf Emmers and Leonard C. Sebastian, “Terrorism and Transnational Crime in Southeast Asian International Relations.” In Donald E. Weatherbee, Ralf Emmers, Mari Pangestu, Leonard C. Sebastian, *International Relations in Southeast Asia*. Lanham, MD: Rowman and Littlefield, 2005, pp. 156–186 (see p. 178).
 3. The United Nations (UN) defines people smuggling as “the procurement, in order to obtain, directly or indirectly, a financial or other material benefit, of the illegal entry of a person into a State Party of which the person is not a national or permanent resident”. In *Protocol against the Smuggling of Migrants by Land, Sea and Air, Supplementing the United Nations Convention against Transnational Organized Crime*. New York: United Nations, December 2000.
 4. The UN defines people trafficking as “the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation”. In *Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, Supplementing the United Nations Convention against Transnational Organized Crime*. New York: United Nations, December 2000.
 5. ASEAN Declaration of Principles to Combat the Abuse of Narcotic Drugs, Manila, Philippines, 26 June 1976.
 6. ASEAN Plan of Action on Drug Abuse Control, 17th Meeting of the ASEAN Senior Officials on Drug Matters (ASOD), October 1994.
 7. The 10 projects are: (i) Training of Trainers in Interpersonal Skills and Peer Support Counselling in Drug Education; (ii) Promoting Drug Abuse Prevention Activities among Out-of School Youth; (iii) Promotion of Drug Control Activities in the Workplace; (iv) Training on Effective Management in Prevention Drug Education Programmes; (v) Enhancement of Community-Based Drug Prevention Activities; (vi) ASEAN Training Seminar for Drug Treatment and Rehabilitation Counsellors; (vii) ASEAN Training on Financial Investigations; (viii) Training on Intelligence Operations Management and Supervision; (ix) ASEAN Seminar on Mutual Legal Assistance; and, (x) ASEAN Seminar

- on Precursor Chemicals. ASOD later endorsed an additional project under the work programme entitled the Youth Empowerment against Drug and Substance Abuse.
8. These are: the Training Centre for Narcotics Law Enforcement in Bangkok, the Training Centre for Preventive Drug Education in Manila, the Training Centre for Treatment and Rehabilitation in Kuala Lumpur, and the Training Centre for the Detection of Drugs in Body Fluids in Singapore.
 9. Joint Declaration for a Drug-Free ASEAN, Manila, Philippines, July 1998.
 10. These include the strengthening of linkages between the different ASEAN bodies involved with narcotics, the adoption of tougher national laws, and a better sharing of information and additional collaboration with the dialogue partners. The foreign ministers also demanded the formation of new programmes to address the ATS problem, more participation from non-governmental organizations (NGOs) and the ratification of all international treaties dealing with narcotics.
 11. ASEAN and China Cooperative Operations in Response to Dangerous Drugs (ACCORD), Bangkok, Thailand, 13 October 2000.
 12. Congress Report Second ACCORD International, Beijing, China, 18–20 October 2005.
 13. ASEAN Declaration on Transnational Crime, Manila, the Philippines, 20 December 1997.
 14. Joint Communiqué of the 25th ASEAN Chiefs of Police Conference, Bali, Indonesia, 16–20 May 2005.
 15. Joint Declaration of ASEAN and China on Cooperation in the Field of Non-Traditional Security Issues, Phnom Penh, Cambodia, 4 November 2002.
 16. ASEAN-Japan Joint Declaration for Cooperation to Combat International Terrorism, Vientiane, Laos, 13 November 2004.
 17. Co-Chairmen's Summary Report of the ARF Experts' Group Meeting on Transnational Crime, Kuala Lumpur, 16–17 April 2001.



**COLLABORATION UNDER
ANARCHY**

**FUNCTIONAL REGIONALISM AND
THE SECURITY OF EAST ASIA**

PART II

COUNTRY PERSPECTIVES



Visions and Realities: ASEAN's Efforts to Institutionalize Cooperation

– Avery Poole

China and Functional Cooperation in East Asia: Possibilities and Limitations

– Li Mingjiang

Japan and East Asian Regional Cooperation

– Bhubhinder Singh

India's Perspective on Regionalism in Asia

– Kripa Sridharan

**The Case for an Informal Approach:
An Australian Perspective**

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VISIONS AND REALITIES: ASEAN'S EFFORTS TO INSTITUTIONALIZE COOPERATION

Avery Poole

Are the nature and extent of cooperation in Southeast Asia changing? As the 40th anniversary of ASEAN drew to a close, particular institutional developments certainly seemed designed to give that impression. ASEAN leaders signed their first Charter in Singapore on 20 November 2007, and hailed it as a “milestone” for regional cooperation. It would provide a “legal and institutional framework” for ASEAN, making it a “rules-based” organization with a “legal personality”.¹ But even before its adoption, skepticism and outright criticism emerged. Many felt that early discussions about the Charter, particularly by the EPG, had raised expectations that it would make ASEAN more institutionalized, “people-centred”, and attuned to the importance of democratic principles and human rights. However, optimism waned following the dilution of the EPG’s recommendations, and observers disagreed over whether the Charter represented any “real” institutional change.

While debates at the national level in Indonesia, the Philippines and Thailand raised doubts that the Charter would be ratified by the desired goal of the 14th ASEAN Summit in December 2008, all member states have now ratified. The Charter, acknowledged even by its proponents as being “imperfect”,² would come into force in December 2008,³ providing ASEAN with its first constitutive instrument since its establishment in 1967. The Charter raises a number of questions: To what extent, and in what manner, is institutional change “genuinely” desired by ASEAN members?⁴ Is the rhetoric regarding such changes reflected in the final text of the Charter? And does this mean that regional cooperation—often regarded as only successful primarily in functional areas—is set to broaden and deepen?⁵

While it is too early to definitively answer these questions, this chapter will explore the process of discussing and drafting the Charter. This is certainly not the only empirical development worth examining with respect to cooperation and institutional change in Southeast Asia. However, the Charter's purported significance (as proclaimed by various ASEAN leaders and Secretariat staff) suggests that it should indeed be examined.⁶ And indeed, the discourse stimulated by the drafting and adoption of the Charter contributes to ongoing debates about ASEAN. I suggest that the Charter may lay the "foundations" for institutional change, but its significance as a stimulus, in itself, for such change should not be overestimated. There is considerable ambiguity regarding the intentions of various member states with respect to institutionalization in ASEAN. Claims that increased institutionalization is a desired goal are contradicted by evidence of adherence to the traditional norms of sovereignty, non-interference and the informal decision-making processes of the ASEAN Way. ASEAN appears to remain firmly intergovernmental, with an aversion to formal, enforceable rules, and a Secretariat limited in resources and mandate.

The answers to these questions naturally have implications for the nature and extent of future cooperation in the region. While I will leave it to the other contributors to this volume to explore particular areas of functional cooperation, I suggest that institutional developments in ASEAN indicate that such cooperation is likely to remain the most successful for the foreseeable future.

A NEW "WAY" FOR ASEAN?

Plans to develop an ASEAN Charter emerged as part of efforts to "reinvigorate" the Association and make it more relevant and cohesive. Nearly a decade after the regional economic crisis, and the questions and criticism that followed, ASEAN leaders—particularly from Malaysia, Indonesia, the Philippines, and Singapore—expressed concerns that reinvention or recalibration was necessary.⁷ Member states faced ongoing international pressure to respond effectively to the political and humanitarian crisis in Myanmar, and this contributed to their desires to enhance ASEAN's international standing and image, and its ability to deal with its own

regional problems. The Charter was also intended to form the foundation of the so-called “ASEAN Community”, which member states had agreed to pursue in the 2003 *Bali Concord II*.⁸ This Community is designed to “bring ASEAN’s political and security cooperation to another plane.”⁹

Upon the signing of the Charter on 20 November 2007, member states declared that they had established a “legal and institutional framework” for ASEAN, listed its “key principles and purposes”, and given it a “legal personality”.¹⁰ Statements made in subsequent months by several officials and observers described the Charter as a “milestone”,¹¹ and even as transformative. For example, Singapore’s Tommy Koh, who acted as Chairperson of the High Level Task Force (HLTF) which drafted the Charter, stated in January 2008 that it “will bring about an important transformation to ASEAN”.¹² Similarly, Ngurah Swajaya, Indonesia’s representative on the HLTF, wrote in *The Jakarta Post* in August 2008 that the Charter “shall significantly transform ASEAN as a rules-based organization.”¹³

The Charter was thus depicted as marking significant change. In particular, it raised the possibility of a recalibration of the ASEAN Way. ASEAN relies on informal, consensus-driven decision-making and dispute resolution. Member states have traditionally rejected the “legalistic”, formal style of Western institutional structures, and instead favour a private and informal political culture embodied by small elite networks. ASEAN is thus characterized by relatively low levels of institutionalization and legalization,¹⁴ in a region of considerable diversity and political heterogeneity. It forged a regional order based on a combination of the ASEAN Way and norms of sovereignty, territorial integrity, non-use of force, and “non-interference in the internal affairs of one another”,¹⁵ rather than formal, explicit rules. In this manner, ASEAN came to be regarded as “one of the most successful experiments in regional cooperation in the developing world”.¹⁶ However, the regional economic crisis of 1997–1998 provoked questions and criticism regarding ASEAN’s relevance, credibility and adherence to its own norms.¹⁷

Plans to establish a charter in the context of recovery and reinvigoration

Leaders recognized, at least rhetorically, that ASEAN needed to change—that greater institutionalization was necessary.¹⁸ Indeed, the Charter

purportedly heralds a number of “interesting institutional changes” to ASEAN’s structure, which will enable it to “improve coordination, ensure prompt implementation of decisions and agreements, and speedy response to new opportunities and challenges”.¹⁹ These include convening the ASEAN Summit twice a year (instead of annually); forming an ASEAN Coordinating Council comprised of member states’ foreign ministers; and establishing a Committee of Permanent Representatives in Jakarta (representing each member state).²⁰ In addition, the Charter “empowers” the Secretariat and Secretary-General, by taking steps such as the appointment of four Deputy Secretaries-General, and providing the Secretariat with the “necessary financial resources to perform its functions effectively”.²¹

Beyond these changes to ASEAN’s organizational structure and procedures, the Charter includes some provisions that raise puzzles about ASEAN norms. Of particular interest are the references to democracy, “good governance” and human rights. Among the 15 “Purposes” of ASEAN set out in Article 1 of the Charter, the seventh is

To strengthen democracy, enhance good governance and the rule of law, and to promote and protect human rights and fundamental freedoms, with due regard to the rights and responsibilities of the Member States of ASEAN.²²

Further, Article 2 declares the “Principles” to which “ASEAN and its Member States reaffirm and adhere”. These include “adherence to the rule of law, good governance, the principles of democracy and constitutional government”, and “respect for fundamental freedoms, the promotion and protection of human rights, and the promotion of social justice”.²³ These provisions pertain directly to issues traditionally considered too “sensitive” for official dialogue. They seem to suggest that ASEAN will henceforth pay closer attention to member states’ domestic affairs.

However, they also seem incongruent with “traditional” understandings of ASEAN norms, particularly sovereignty and non-interference (which were reaffirmed in the Charter).²⁴ This puzzle is deepened by the political heterogeneity among ASEAN members. Democratization in the region is, as Amitav Acharya points out, “incomplete and uneven... the prospects for ASEAN as a democratic community remain a far off possibility”.²⁵

Moreover, observers have questioned the robustness of such provisions given the absence of punitive measures for member states that breach them. The Charter lacks provisions for suspension and/or expulsion of recalcitrant member states, and for monitoring and enforcement. Rizal Sukma argues that the “rules” articulated by the Charter are meaningless without mechanisms to enforce compliance. Without compliance provisions, including some form of sanctions, the Charter will not really be “legally binding.”²⁶ Sukma and other critics are concerned that, despite rhetoric to the contrary, the Charter will not really move ASEAN beyond a “talk shop” in any meaningful way.

AN “EXPECTATIONS GAP”

Such criticism seems partly borne of deflated expectations. The final text of the Charter was the result of a drafting process that many argue “watered down” the EPG’s recommendations. The EPG, which comprised mainly former ministers and diplomats, had been mandated to make “bold and visionary” recommendations.²⁷ The EPG’s report, submitted in December 2006, proposed that the Charter include certain “Fundamental Principles and Objectives”. The first is the

active strengthening of democratic values, good governance, rejection of unconstitutional and undemocratic changes of government, the rule of law including international humanitarian law, and respect for human rights and fundamental freedoms.²⁸

These recommendations had provoked optimism in some quarters that ASEAN was beginning to place more emphasis on scrutinizing member states’ domestic political situations. This was regarded by many as a desirable development, particularly given the ongoing problem of how to respond to events in Myanmar. Such developments may thus have had instrumental as well as normative motivations. Mely Caballero-Anthony notes that “expectations were raised that ASEAN was on the cusp of a normative transformation”. These developments apparently “signalled that democracy and human rights were its next policy frontiers.”²⁹

However, as mentioned, the significance of the Charter’s version of these principles—notably excluding the “rejection of unconstitutional and undemocratic changes of government”—was cast in doubt given the lack

of sanctions to buttress the new “rules”. The EPG had also argued that “ASEAN should have the power to take measures” ... such as “suspension of any of the rights and privileges of membership” in the event of a “serious breach of ASEAN’s objectives, major principles, and commitments to important agreements.”³⁰ But as mentioned, the Charter does not incorporate provisions for sanctions; it states that “In the event of a serious breach of the Charter or non-compliance, the matter shall be referred to the ASEAN Summit for decision.”³¹

Expectations were also raised that the Charter may make some progressive changes in the area of decision-making procedures. The EPG report recommends that while “decision-making and consensus should be retained for all sensitive important decisions ... if consensus cannot be achieved, decisions may be taken through voting.”³² However, this recommendation was also diluted in the final text of the Charter, which does not mention voting but declares that, in the absence of consensus, “the ASEAN Summit may decide how a specific decision can be made.”³³ The implications of these referral of decisions to the Summit are unclear, given that the Summit (the primary annual meeting of heads of government of member states) itself uses consensus decision-making.

The EPG report thus appears to reflect efforts to evolve from consensus-driven, informal diplomacy towards a “rules-based” organization. However, optimism faded as the HLTF was engaged in the drafting process. Early indications of a potential departure from, or evolution of, core ASEAN norms were left somewhat ambiguous. On one hand, it seemed that some of the EPG’s “bold and visionary” recommendations were diluted in the process of drafting and negotiation. However, this does not necessarily mean that the Charter amounts to merely a reiteration of existing norms. The fact that certain provisions were included at all may perhaps be regarded as significant. This debate points to differences in expectations, and different perceptions of the “pace” at which ASEAN can or should evolve. While several observers have pointed to expectations let down by the Charter,³⁴ the question arises as to whether these expectations were reasonable in the first place. ASEAN tends towards gradual change through longer-term evolution of (partly unwritten) norms, rather than through formal agreements and treaties. Indeed, it has been widely acknowledged that many ASEAN agreements have

never been implemented. While ASEAN-ISIS warned during the drafting process against a “codification of existing documents,”³⁵ some argue that this is itself a *benefit* of the Charter.³⁶ They perceive value in collecting and “codifying” all ASEAN agreements and norms in one document—ASEAN’s first constitutive instrument.

Those who had higher expectations of the final text of the Charter have been characterized as “idealistic” by those who emphasize a more “realistic” and “pragmatic” approach. Former ASEAN Secretary-General, Rodolfo Severino, argues that it is not realistic to expect “overnight” change.³⁷ That is a reasonable assertion; however, one could also point out that the Charter was not in fact an “overnight” phenomenon, but the culmination of a year of drafting by the HLTF and negotiations among leaders (2007), preceded by a year of work by the EPG (2006). In terms of its role in facilitating the pursuit of the ASEAN Community, the Charter’s genesis could perhaps be located in 2003 when the *Bali Concord II* was signed. There is no definitive point of origin, but it certainly seems that more can be expected of the Charter than that of an “overnight” phenomenon.

These claims can, however, be linked to the prevalence of concerns that ASEAN move along at a pace “comfortable to all.” Unity among member states has always been important, and indeed a rationale for the ASEAN Way.³⁸ It appears that it remained a high priority during the drafting, negotiations and signing of the Charter. For example, in announcing that the foreign ministers had rejected the EPG’s proposal for sanctions, at their annual retreat in March 2007, the then HLTF Chairperson, Rosario Manalo of the Philippines, stated that such provisions are “divisive, confrontational and we don’t want any provision that would embarrass any member state.”³⁹ The Charter was not as likely as some may have hoped to represent fundamental change that risked the maintenance of an (at least ostensibly) united Association. Termsak Chalermphanupap, who was Special Assistant to the then Secretary-General Ong Keng Yong during the drafting process, points out that

ASEAN likes to do things gradually, step by step, starting with the easy and simple things first. Gradualism with flexibility will ensure that every Member State is comfortable with the pace of cooperation in ASEAN. No Member States will be left behind.⁴⁰

Moving at a pace “comfortable to all” thus seems a higher priority to key actors than attempting to overhaul norms and principles recognized as less than ideal. While “the ASEAN Way is often neither the most desirable nor the most effective way of achieving worthy objectives ... it is usually the least objectionable way of getting things done with the voluntary participation of all”.⁴¹ Others object to this approach on the grounds that ASEAN is harmed by continuing to cater to the so-called “lowest common denominator”.⁴²

CONCLUSION: INSTITUTIONALIZED COOPERATION?

Ostensibly, the Charter seems to indicate an effort to enhance ASEAN’s relevance and effectiveness, and as such, to advance Southeast Asian regionalism. It has certainly been depicted by leaders as facilitating the pursuit of bringing ASEAN cooperation “to another plane”. However, this would seem to depend on what the Charter is really intended to achieve. One year after its signing, early suggestions that the Charter would lead to a greater degree of institutionalization seem less than convincing. Several gestures to this end come into contestation with traditional ASEAN norms and priorities. It is conceivable, however, that the Charter will later be regarded as laying the foundations of institutional change in ASEAN. In an organization that has often eschewed formal, “legalistic” procedures, perhaps the Charter could indeed be regarded as a significant achievement in itself. In any case, perhaps the most pragmatic approach now that it has been ratified is to adopt Simon Tay’s perspective of the Charter as “a step forward...[and] not an end in itself, but just a useful beginning”.⁴³

In the meantime, regional cooperation seems likely to continue to be the most successful in functional, and particularly economic, areas. The economic realm remains the most significant area of cooperation, and the ‘ASEAN Economic Community’—one of the three pillars—is the most advanced, and the only one for which a “Blueprint” has thus far been devised. This sets out measures designed to achieve a “single market and production base”, enhance economic competitiveness and address the disparities in development among ASEAN members.⁴⁴ It is also in this area that the evolution of decision-making and dispute settlement procedures is most advanced. For example, the 2004 *ASEAN Protocol*

on *Enhanced Dispute Settlement Mechanism* pertains to economic agreements, and is the only document setting out specific measures for dispute settlement.⁴⁵ Another example is Article 21 of the Charter, which allows for the so-called “ASEAN Minus X” formula decision-making “in the implementation of economic commitments,” although only “where there is a consensus to do so.”⁴⁶

As Christopher Roberts points out, it seems that “the economic pillar of ASEAN integration is the most viable”, in part because economic growth has been the primary source of performance legitimacy for ASEAN governments in the last several decades. Further, it “does not immediately entail immediate political reform that might necessitate democratic change and/or the relinquishment of power.”⁴⁷ This is not to suggest that economic cooperation and integration are seamless; liberalization has been slow in some areas and member states do not always commit to supposedly binding agreements. And of course, an “Economic Community” entails more than just trade liberalization. However, cooperation in this realm remains less sensitive—and perhaps has clearer material benefits—than the political and security “pillars”.

The Charter was purportedly designed to institutionalize cooperation. Moreover, it has been depicted as an integral part of ASEAN’s community-building agenda. To this end, the Charter thus introduces principles and guidelines that make gestures towards creating a more “rules-based” organization. However, it also exhibits considerable ambiguity and casts doubt on whether its provisions can really be considered “rules”, despite its supposedly “legally binding” nature. The foundations for institutional change in ASEAN are perhaps being laid. However, such efforts take place in the context of an apparently firm intergovernmental organization in which change still tends to occur incrementally, with consultation and consensus, rather than in sudden adherence to a written agreement—“watered down” or otherwise.

NOTES

1. ASEAN, “Charter of the Association of Southeast Asian Nations.” Preamble, Articles 2 & 3, 20 November 2007, available at www.aseansec.org/21069.pdf.

2. For example, Termsak Chalermpananupap, Special Assistant to the Secretary-General of ASEAN, writes that “Undoubtedly, the Charter is imperfect. But all in all, it is certainly good enough to be given a chance”, in “The ASEAN Charter: New Regionalism, New ASEAN.” Paper presented at the Forum on Regional Strategic and Political Developments: Democracy Crisis Management and New Regionalism in Southeast Asia, organized by the Institute of Southeast Asian Studies, Singapore, 15 July 2008.
3. ASEAN, “ASEAN Charter Enters into Force Next Month New York.” Media release, 14 November 2008, available at www.aseansec.org/22072.htm.
4. Robert Keohane defines institutions as “persistent and connected sets of rules (formal or informal) that prescribe behavioural roles, constrain activity, and shape expectations”. See, Robert Keohane, “International Institutions—Two Approaches.” *International Studies Quarterly*, Vol. 32, No. 4 (1998), pp. 282–3.
5. Of course, a logically prior question is: how is institutional change facilitated in the first place? This is both a theoretical and empirical question which cannot be explored in sufficient depth here. This chapter explores the Charter’s *purported* role in facilitating institutional change in ASEAN, as an important aspect of its ongoing goal of enhancing cooperation. The Preamble to the Charter, for example, states that ASEAN members are “committed to intensifying community building through enhanced regional cooperation and integration”.
6. For example, during the drafting process, Indonesia’s Foreign Minister Hassan Wirayuda argued that “there is just too much at stake for us to settle for anything less than a truly successful ASEAN Charter”: Quoted in Abdul Khalik, “FM: ASEAN Charter to have Dispute Settlement Mechanism.” *The Jakarta Post*, 19 April 2007.
7. Zaid Ibrahim, “ASEAN must push Myanmar.” *New Straits Times*, 14 January 2007.
8. ASEAN, “Declaration of ASEAN Concord II (Bali Concord II).” Ninth ASEAN Summit, Bali, Indonesia, 7–8 October 2003, available at www.aseansec.org/15159.htm. The *Bali Concord II* establishes plans for an “ASEAN Community” with three “pillars”: Security, Economic, and Socio-Cultural. The goal for achieving the Economic Community was originally 2020, but has since been brought forward to 2015.
9. “Declaration of ASEAN Concord II (Bali Concord II).”
10. ASEAN, “ASEAN Leaders Sign ASEAN Charter.” Media release, 20 November 2007, available at www.aseansec.org/21085.htm.

11. For example, Rodolfo Severino, quoted in ASEAN Studies Centre, *Report of the Expert Roundtable Discussion: The Road to Ratification and Implementation of the ASEAN Charter: Its Strengths and Weaknesses*. Singapore: Institute of Southeast Asian Studies, 2008, p. 2, available at www.iseas.edu.sg/asc/ascsr2.pdf. Also refer to Mohamed Ariff, "An ASEAN Milestone despite the Blemishes." *New Straits Times*, 10 January 2008.
12. Tommy Koh, "The ASEAN Charter: How will it transform ASEAN?" Presentation at the Regional Outlook Forum 2008 hosted by the Institute of Southeast Asian Studies, Singapore, 8 January 2008, videorecording at www.iseas.edu.sg/rof08/rof08.htm. Professor Koh, an Ambassador-at-Large for Foreign Affairs in Singapore, succeeded Rosario Manalo of the Philippines, who acted as Chairperson for the first half of 2007.
13. Ngurah Swajaya, "ASEAN Charter little choice but forward." *The Jakarta Post*, 8 August 2008.
14. Judith O. Goldstein et al write that "fully legalized institutions bind states through law", and their rules "unambiguously define the conduct they require, authorize, or prescribe". See, "Introduction: Legalization and World Politics." *International Organization*, Vol. 54, No. 3 (2000), p. 387.
15. ASEAN, "Treaty of Amity and Cooperation in Southeast Asia." Presented at Bali, Indonesia, 24 February 1976, available at www.aseansec.org/1654.htm.
16. Amitav Acharya, *Constructing a Security Community in Southeast Asia: ASEAN and the Problem of Regional Order*. London: Routledge, 2001, p. 5. A particular reason for this claim is the fact that intra-regional disputes have been settled or managed without escalating into full-scale conflict since ASEAN's establishment.
17. For example: Nicholas Khoo, "Rhetoric vs. Reality: ASEAN's Clouded Future." *Georgetown Journal of International Affairs*, Vol. 5, No. 2 (2004), pp. 49–56; and David Martin Jones and Michael L. R. Smith, "ASEAN's Imitation Community." *ORBIS*, Vol. 46 (2002), pp. 93–109.
18. For example, Ong Keng Yong, the ASEAN Secretary-General during the drafting and adoption of the Charter, was quoted by the accompanying Media Release as saying that the Charter would "serve the organization well in three interrelated ways, such as, formally accord ASEAN legal personality, establish greater institutional accountability and compliance system, and reinforce the perception of ASEAN as a serious regional player in the future of the Asia Pacific region" – quoted in ASEAN, Media release.
19. ASEAN, Media release.

20. ASEAN, Media release.
21. ASEAN Charter, Articles 11 and 30.
22. ASEAN Charter, Article 1.
23. ASEAN Charter, Articles 2(h) & (i).
24. ASEAN Charter, Articles 2(a) & (e).
25. Amitav Acharya, "Democratisation and the prospects for participatory regionalism in Southeast Asia." *Third World Quarterly*, Vol. 24, No. 2 (2003), p. 387.
26. Rizal Sukma, quoted in ASEAN Studies Centre, "Report of the Expert Roundtable Discussion", p. 7, 10.
27. This was included by Malaysian Prime Minister Dato' Seri Abdullah Ahmand Badawi in his letter to the EPG on its terms of reference: ASEAN, "Report of the Eminent Persons Group on the ASEAN Charter", December 2006, p. 8, available at www.aseansec.org/19247.pdf. However, it should also be noted that the 2005 Kuala Lumpur Declaration had stated that these recommendations should be "practical": ASEAN, "Kuala Lumpur Declaration on the Establishment of the ASEAN Charter", 12 December 2005, available at www.aseansec.org/18031.htm.
28. ASEAN, "Report of the Eminent Persons Group", p. 2.
29. Mely Caballero-Anthony, "The ASEAN Charter: An Opportunity Missed or One that *Cannot* be Missed?" In Daljit Singh and Tin Maung Maung Than (Eds.), *Southeast Asian Affairs 2008*. Singapore: Institute of Southeast Asian Studies, 2008, p. 80.
30. ASEAN, "Report of the Eminent Persons Group", p. 4. The EPG did not go as far as recommending a recourse to expulsion except where "exceptional circumstances" arose.
31. ASEAN Charter, Article 20.
32. "Report of the Eminent Persons Group", p. 6.
33. ASEAN Charter, Article 20.
34. For example, Mely Caballero-Anthony, "The ASEAN Charter", p. 74; Noel Morada, "ASEAN at 40: Prospects for Community Building in Southeast Asia." *Asia-Pacific Review*, Vol. 15, No. 1 (2008), p. 43.
35. ASEAN Institutes of Strategic and International Studies (ASEAN-ISIS), "The ASEAN Charter", *Memorandum No. 1/2006*, Bali, April 18, 2006, p. 4. ASEAN-ISIS is a prominent network of Southeast Asian institutes.
36. For example, Rodolfo C. Severino, "The ASEAN Charter: An Opportunity Not to be Missed." *UNISCI Discussion Papers*, 12 (2006),

- pp. 163–171; Termsak Chalermplanupap, “In Defence of the ASEAN Charter”, unpublished paper, p. 10.
37. Rodolfo C. Severino, *ASEAN*. Singapore: Institute of Southeast Asian Studies, 2008, p. 109.
 38. As Brian Job notes, the ASEAN Way also reflects “the practical requirements of holding together such a diverse group of states”: Brian L. Job, “ASEAN Stalled: Dilemmas and Tensions over Conflicting Norms.” Paper delivered to 1999 Annual Meeting of the American Political Science Association, Atlanta, USA, 2–5 September 1999, p. 10. Similarly, Etel Solingen suggests that the significant political diversity in Southeast Asia may account for the design of institutions, as “informal, process-driven, [and] reliant on consensual decision-making”. See, Etel Solingen, “The Genesis, Design and Effects of Regional Institutions: Lessons from East Asia and the Middle East.” *International Studies Quarterly*, Vol. 52, No. 2 (2008), p. 268.
 39. Singapore Institute for International Affairs, “Toothless ASEAN? 27 March 2007, available at www.siaonline.org/home?func=viewSubmission&sid=1176&wid=171.
 40. Termsak Chalermplanupap, “Understanding How ASEAN Works: the ASEAN Way.” Paper presented at the EU-ASEAN Commemorative Summit Journalists’ Seminar, Singapore, 12 November 2007, p. 5.
 41. Chalermplanupap, “Understanding How ASEAN Works: the ASEAN Way”, p. 3.
 42. Barry Desker, “Where the ASEAN Charter comes up short.” *The Straits Times*, 18 July 2008.
 43. Simon Tay, “ASEAN’s Charter: Promises vs realities.” *Weekend Today*, August 2008. One should note that the Charter does include provisions for amendment and review (Articles 48 & 50).
 44. “ASEAN Economic Blueprint”, Singapore, 20 November 2007, available at www.aseansec.org/21083.pdf.
 45. “ASEAN Protocol on Enhanced Dispute Settlement Mechanism”, Vientiane, Laos, 29 November 2004, available at www.aseansec.org/16754.htm.
 46. ASEAN Charter, Article 21.
 47. Christopher B. Roberts, “Understanding ASEAN’s Limitations: A Report Card on Recent Institutional Developments through the Pursuit of an ‘ASEAN Community’”, unpublished paper.

CHINA AND FUNCTIONAL COOPERATION IN EAST ASIA

POSSIBILITIES AND LIMITATIONS

Li Mingjiang

This chapter briefly outlines Chinese perceptions of and policies on East Asian functional cooperation. My goal is to analyse the limits and possibilities of further Chinese participation in multilateral cooperation in various areas. I attempt to achieve this goal by examining China's official positions, track record of participation in various functional areas, and Chinese concerns. The study reveals that China is well prepared to engage regional states in furthering East Asian economic integration and multilateral cooperation in various NTS issues, but would continue to refrain from participating in any overarching institution regarding traditional security in the region. The chapter also notes a few Chinese concerns even for cooperation on non-traditional security.

SUPER-ACTIVISM IN ECONOMIC COOPERATION

In a nutshell, China now adopts a very pragmatic approach to international cooperation in East Asia. Former Deputy Foreign Minister Wang Yi once noted that China pursues an open regionalism to carry out practical cooperation with regional states and at the same time does not seek to exclude the U.S. and other external powers.¹ China's enthusiasm in practical or pragmatic cooperation is most notably evident in pushing for regional economic integration.

The China-Singapore FTA entered into force on 1 January 2009. Beijing has worked hard to forge bilateral FTAs with other East Asian states,

e.g. South Korea and Japan, and at the same time has also strenuously pushed for economic collaborations at the multilateral level. The China-ASEAN FTA is gradually making progress. China plays an active role in various sub-regional economic projects, for instance, the Greater Mekong River basin project and the emerging pan-Tonkin Gulf regional economic zone. China is still interested in the Kunming Initiative, although this project has not made much progress due to various reasons.

In Northeast Asia, China is also engaged in a number of multilateral economic programs. The largest multilateral economic cooperation in this region is the Tumen river regional development project initiated by the United Nations Development Programme (UNDP) in 1991. This project covers a wide range of areas, including investment, trade, transportation, environmental protection, tourism, human resources, communications and energy. But Japan has not participated fully and instead only joined as an observer in the project.² Another project that China has shown keen interest is the Bohai economic circle that would require the participation of many regions of North China, South Korea and Japan.³

China is also enthusiastic about a trilateral FTA among China, South Korea, and Japan in Northeast Asia. In 2002, China informally proposed a FTA among China, Japan, and South Korea. A joint research group completed a feasibility study in 2003, concluding that such a trilateral FTA would be very beneficial to the three economies.

NON-TRADITIONAL SECURITY COOPERATION

In the past decade or so, China has demonstrated an active attitude towards non-traditional security cooperation in Asia. Chinese analysts believe that cooperation on NTS helps enhance the mutual understanding and trust among regional states, cultivate the growth of regional identity, and deepen and broaden regional cooperation mechanisms.⁴ In recent years, many Chinese analysts have been proposing a larger role of the military in multilateral cooperation on NTS issues in East Asia.⁵

China has cooperated extensively on non-traditional security issues with other countries. Bilaterally with ASEAN, in 2000, China signed an action plan with ASEAN on countering drug trafficking. In 2000, China

participated in the Chiang Mai Initiative for East Asian cooperation on financial security. In 2001, China, Laos, Myanmar, and Thailand held a ministerial level meeting on fighting drug trafficking and publicized the Beijing Declaration. In 2002, China and ASEAN signed a joint declaration on cooperation in non-traditional security area, which specified issues of cooperation between the two sides, drug trafficking, human trafficking, piracy, terrorism, arms trafficking, money laundering, other international economic crimes, and crimes through the Internet. In 2003, China and ASEAN held a special summit meeting to tackle SARS and initiated a cooperation mechanism on public health. In 2004, China signed a MOU with ASEAN on NTS cooperation, which further emphasized the need for Sino-ASEAN cooperation on NTS matters.

In Northeast Asia, China, South Korea, and Japan have also taken some steps in strengthening their cooperation on NTS issues. These measures mainly include environmental protection, earthquake relief, and transnational crimes. Starting from 1999, the three countries launched a ministerial level meeting on environment, and various concrete proposals on sandstorms and marine environmental protection have been carried out. In 2004, the authorities monitoring earthquake in the three countries agreed to share seismic information and technology. The immigration authorities of the three countries have also held workshops on countering terrorism, drug trafficking, and human trafficking in Northeast Asia.

In the larger context of East Asia, China's posture towards NTS has also been quite positive. In 2004, ASEAN+3 held its first ministerial level meeting on fighting transnational crimes. In 2005, ASEAN+3 signed an agreement on cooperation among their capital police agencies to jointly fight against various NTS challenges.

China also had no problem working on NTS issues within ARF. China did not lodge any opposition to the 2002 ARF joint statement on calls to enhance cooperation on fighting drug trafficking, illegal immigration, money laundering, and piracy on the sea. The 2005 ARF joint declaration stressed regional coordination and cooperation on disaster relief and other measures for emergencies.

In APEC, where China has quite vehemently opposed any inclusion of discussions on security matters, Beijing has not blocked multilateral efforts on fighting NTS issues. The APEC summits in 2001 and 2002

publicized two statements on counter terrorism. The 2003 and 2004 declarations further emphasized multilateral cooperation to fight terrorism and other transnational crimes. China also agreed to the APEC initiative in jointly dealing with various transnational epidemics, such as HIV/AIDS, SARS, and bird flu.

GROWING WILLINGNESS IN MARITIME COOPERATION

Given the fact that East Asian countries, to a large extent, are connected by the seas, maritime multilateral cooperation is very important. China is no longer an outsider in East Asian maritime cooperation, particularly in some of the concrete projects, such as joint oceanic research, environmental protection, and many sea-based NTS issues. Maritime cooperation has become an integral part of China's "good-neighborly" policy and part of China's strategy to stabilize its surrounding areas.

In Northeast Asia, China and South Korea signed a MOU on joint oceanic research in 1994 and set up a joint research centre on marine science the following year. The two sides have been collaborating on the management of offshore areas, marine environmental protection, and information exchange. China and Japan, in the past years, also cooperated in the studies of oceanic currents. Japan provided equipment and trained Chinese personnel. At the trilateral level starting from 1999, the three countries launched a ministerial level meeting on environment, and various concrete proposals on sandstorms and marine environmental protection have been carried out.

In Southeast Asia, China and Thailand are negotiating a formal agreement to further institutionalize and deepen their cooperation in maritime affairs.⁶ In 1997, China and the Philippines reached an agreement to conduct bilateral consultation in the South China Sea that included three experts groups, respectively on fishing cooperation, marine environmental protection, and mutual confidence-building measures. During a visit to the Philippines, Malaysia, and Indonesia by the former director of China's State Oceanic Administration Wang Shuguang in 2004, China and the three countries reached agreements on cooperation in a variety of maritime issues, e.g. marine environmental protection, oceanic resources management, and oceanic science and surveys. During

Wang Shuguang's visit, he even proposed that maritime ministers of countries surrounding the South China Sea meet regularly.⁷ China and Indonesia held the first joint seminar on cooperation in marine science and technology and environmental protection in May 2007. China and Indonesia signed a MOU on maritime cooperation in November 2007 to institutionalize their exchanges and cooperation. China also expressed its wish to further cooperate with Indonesia in marine science and survey, forecasting, island and coastal area management, and law enforcement in the sea.⁸

At the broader international level, China is an active participant of the UNEP's Global Meeting of Regional Seas, Global Program of Action for the Protection of the Marine Environment from Land-based Activities, and the East Asian Seas Action Plan.⁹ In the Northwest Pacific Action Plan, China participated in six projects concerning information sharing and marine environmental protection.¹⁰ In December 2007, China joined the relief work of an oil spill incident off South Korea's coastal area under the emergency response mechanism of the Northwest Pacific Action Plan. In September 2008, China and South Korea held a joint emergency exercise in dealing with search and rescue and oil spilling in the sea as part of the Northwest Pacific Action Plan. This was the first time China had engaged another country in such joint exercise and it proves to be beneficial for China to participate in such emergency incidents in the future.¹¹

China joined the North Pacific Coast Guard Forum (NPCGF) in 2004, four years after its inception. The forum attempts to provide a platform for international coast guard leaders to interact regularly and also initiated at-sea combined exercises that began in 2005. China now actively participates in its six areas of cooperation: anti-drug trafficking, joint actions, counter-illegal immigration, maritime security, information exchange, and law enforcement on the sea. In 2006, China hosted the seventh experts' meeting of the NPCGF.¹²

In the wake of 9/11, the U.S. proposed the Container Security Initiative (CSI). In July 2003, the customs administrations of China and the U.S. agreed in principle to cooperate on this issue. In March 2005, the two sides reached an agreement on specific procedures to implement the CSI. Now this cooperation has been carried out at two Chinese ports, Shanghai and Shenzhen.

China's active participation in maritime cooperation is also evident in the South China Sea. These positive changes are evident in China's gradual engagement in multilateral negotiations in the late 1990s, stronger eagerness to push for the proposal of "shelving disputes and joint development", and acceptance of moral as well as legal restraints on the SCS. The acceptance of restraints are illustrated in China's signing the Declaration on the Conduct of Parties in the South China Sea (DOC), accession to the ASEAN Treaty of Amity and Cooperation, and the agreement with the Philippines and Vietnam to jointly explore the prospect of energy resources in the SCS in 2005.

The new policy in the South China Sea provided the necessary context for China to engage other claimant states in joint research projects and non-traditional security issues as noted above. In the DOC that China and ASEAN signed in 2002, China pledged to cooperate with various parties concerned on marine environmental protection, search and rescue, and anti-piracy. As a further step towards maritime cooperation, China and Vietnam signed an agreement on joint naval patrol of the Tonkin (Beibu) Gulf in 2005.¹³ Since then, a few rounds of joint patrol have been conducted. The local coast guards and fishing administrators of the two countries have also carried out joint inspection tours in the Tonkin Gulf region.

As another positive step towards more cooperation in the South China Sea, China and Vietnam recently declared that they would engage in various cooperative activities in the South China Sea. During the visit to China of Nguyen Tan Dung, Vietnam's Prime Minister, from 20–25 October, the two sides pledged to enhance cooperation in oceanic research, environmental protection, weather forecasting, search and rescue in the sea, port calls, and information exchanges between the two armed forces. The two countries agreed to push for joint exploration and exploitation of oil and gas resources across the demarcation line of the Tonkin Gulf. They agreed to steadily move forward with negotiations regarding the demarcation and joint exploration for the oceanic area beyond the mouth of the Tonkin Gulf. China and Vietnam agreed to consult on finding a proper area and way for joint petroleum exploration in the South China Sea.

In the years to come, China is likely to be willing to cooperate with other states in the South China Sea, largely because of the emerging

pan-Tonkin Gulf Regional Economic Zone.¹⁴ In February 2008, the plan was officially approved by the Chinese central government. The official plan calls for more international cooperation in marine environmental protection, bio-diversity, the management of coastal areas, and exploration of marine resources, warning and forecasting of oceanic disasters, marine tourism, and networking of ports among countries surrounding the South China Sea.¹⁵

The same pattern is happening in China's contention with Japan over the East China Sea. After many rounds of talks between 2004 and 2007, China and Japan eventually reached an agreement on joint oil and gas exploration and extraction in the East China Sea on 18 June 2008. Official statements in both countries claimed that this is a major step to make the East China Sea, of which the delimitation between China and Japan is yet to be made, a "sea of peace, cooperation and friendship". The agreement includes three parts.

First, the two sides agreed that they would conduct cooperation in the East China Sea region in the transitional period prior to delimitation without prejudicing their respective legal positions. Second, the two countries agree to jointly explore and extract oil and gas resources in a 2,700-square-kilometre area straddling the Japan-drawn median line in the East China Sea. And third, often criticized by many people in China as a major Chinese compromise, the agreement stated that Chinese enterprises welcomed the participation of Japanese legal person in the development of the existing oil and gas field in Chunxiao in accordance with the relevant laws of China governing cooperation with foreign enterprises in the exploration and exploitation of offshore petroleum resources. The agreement is widely hailed by international opinion leaders as a major step in easing Sino-Japanese tension.¹⁶

In recent years, the PLA Navy has become increasingly active in various joint search and rescue exercises in the East Asian Seas. China and India held their first naval joint search and rescue operation in 2003 in East China Sea and the second joint search and rescue exercise in the Indian Ocean in December 2005.¹⁷ In July 2005, China, South Korea, and Japan held a joint search and rescue exercise in China's offshore area. In September and November 2006, Chinese and American navies conducted two search and rescue exercise in the U.S. West coast and in

the South China Sea respectively.¹⁸ In March 2007, two Chinese missile frigates, together with the naval forces from Bangladesh, France, Italy, Malaysia, Pakistan, Turkey, the U.K. and the U.S. participated in the four-day sea phase of “Peace-07” exercises in the Arabian Sea. In May 2007, a PLAN missile frigate took part in the Western Pacific Naval Symposium (WPNS) exercise that also involves Australia and the United States.¹⁹ Joint search and rescue operations were also conducted with Australia and New Zealand in October 2007. China also participated in the first ARF maritime-security shore exercise hosted by Singapore in January 2007. All these exercises could contribute to a larger role of the Chinese military in regional disaster relief and anti-piracy missions.

CHINESE CONCERNS FOR FURTHER MULTILATERAL COOPERATION IN EAST ASIA

Traditional security cooperation

China’s policy stance on traditional security issues is in sharp contrast to its attitude on economic and NTS cooperation. Overall, China is still reluctant to work multilaterally on potential military interstate conflicts and domestic security issues. China has been quite unequivocal in opposing the further institutionalization of preventive measures on traditional security issues.

Overall, China’s reluctance in agreeing to more substantive multilateral preventive measures is a reflection of its concerns of U.S. predominance and the perceived U.S. hostile security policy towards China in East Asia. The most alarming assessment of American intention in East Asia is that Washington intends to establish and consolidate a strategic encirclement against China from East Asia, to Southeast Asia, to South Asia, and to Central Asia. Various military exercises that the U.S. conducts with China’s neighboring states are intended to put pressure on China and provide more leverage to states in China’s neighboring areas.²⁰ For many years, China did not participate in the Shangri-la security dialogue, the primary reason being the Chinese belief that the dialogue was too excessively influenced by Washington behind the scene. The forum was perceived as a mechanism to constrain China strategically.²¹

The lack of strategic trust affecting China's attitude in maritime cooperation is evident in China's view of the U.S. Proliferation Security Initiative (PSI). China supports the objectives of the PSI, but argues that the PSI includes the possibility of taking interdiction measures on the sea beyond the permission of existing international laws. That is why China decided not to participate in the PSI. In addition, China urges participating countries to seriously consider the Chinese point and act with caution in the implementation of the PSI.²² Chinese analysts believe that the PSI, apparently an effort to strive for international security and strengthen international cooperation for this goal, is initiated and dominated by the U.S. It is a fairly aggressive and coercive collective mechanism. It is a by-product of Bush's "preemptive strategy" and deeply embedded in American unilateralism.²³

Another case is China's response to the U.S. proposal for a Global Maritime Partnership (GMP or Thousand-Ship Navy). Washington hopes that China can join this grand scheme to deal with all sorts of maritime problems at the global level. It has been argued that the GMP initiative should be a perfect arrangement for more Sino-U.S. maritime cooperation.²⁴ The U.S. Navy has twice requested China to participate in the plan. In response to the U.S. proposal, Li Jie, an analyst at the PLA Naval Research Institute, noted that the plan actually indicates U.S. intention to set up a global naval regime to continue to dominate maritime affairs at the global level. It is part of the U.S. strategy to strategically constrain China and Russia.²⁵ Another analyst suggests that although the plan may be good for joint efforts to deal with all sorts of maritime threats it is far about counter-terrorism and disaster relief in the seas. A more important part of the U.S. intention is to use this plan to gain access to foreign ports and military bases and logistical support to serve U.S. global maritime interests.²⁶

Concerns for the prospect of regional multilateral cooperation

In addition to the strategic factor, there is profound skepticism among Chinese decision makers and analysts with regard to the prospect of East Asian regional multilateralism. In the Chinese understanding, many challenges remain with regard to the further development of regionalism in East Asia. One of the challenges is the geographical expansion of

regional cooperation and forum, e.g. the EAS (10+6) that also includes India, Australia, and New Zealand. Many people in China regard the EAS a setback or at least new barrier to the growth of East Asian multilateralism. They believe that this is so because such expansion has made forming a common geographical identity (related to that cultural and value identity) an essential element in any regionalism, more difficult, if not totally impossible.²⁷

Related to this concern, perhaps the most crucial factor in China's assessment is the role of the U.S.. Many analysts in China simply do not believe the U.S. would play a constructive role in promoting East Asian integration. Chinese analysts believe that the U.S. primacy in East Asia is not good for regional integration. Many East Asian countries still rely on the U.S. for political, economic, and security interests. This gives them little incentive to further enhance multilateral cooperation within the region. For the same reason, Beijing also believes that the traditional U.S. "hub and spokes" security arrangements are not conducive to the growth of new security modes in East Asia, for instance, cooperative security.²⁸ In the Chinese understanding, the U.S. encourages East Asian regionalism that is open, inclusive, and capable of solving all problems, including security issues, but Washington is opposed to Chinese leadership in any regional grouping.

In the Chinese perception, Japan's policy on regional integration has also been inconsistent. This is largely a result of Japan's uncertain orientation, whether it is identifying itself as one of the Western powers or rooting itself in East Asia. Many Chinese analysts believe that Japan, in its active effort to push for regional integration, intends to strive for a leadership role and restrain China and its dominance in East Asia.²⁹

In the long run, China may not have strong confidence on ASEAN's ability to lead multilateralism in East Asia towards regional integration. Some Chinese analysts believe that the leadership of future East Asian regionalism will have to be led by a three-power consortium—China, U.S. and Japan.³⁰ But given the fact that there is very little strategic trust between the U.S. and Japan on one side and China on the other side, such major power consortium may not be feasible anytime in the near future.

In response, China steadfastly insists on relying on the 10+3 as the

main framework for regional economic regionalism, supports ASEAN's role at the driver's seat, and maintains a gradualist approach to East Asian regional integration. In order not to appear as an obstructionist, China has tried to downplay the importance of the EAS, arguing that the EAS should more properly serve as a strategic platform for the exchange of ideas and facilitation of cooperation.³¹ In practice, Beijing still values 10+3 and 10+1 mechanisms for substantive cooperation.

CONCLUSION

The above review of China's policies on and perceptions of cooperation in various functional areas allows us to draw a few conclusions. It is quite clear that China has been and will continue to be proactive in regional or sub-regional economic cooperation. In fact, many Chinese analysts have a high expectation of an East Asian regional FTA to be forged on the basis of China-ASEAN, Japan-ASEAN, and South Korea-ASEAN FTAs. On NTS issues, China has also clearly demonstrated enthusiasm. China has cooperated with Indochinese countries in countering drug trafficking and other cross-border crimes. Various legal frameworks for regional joint efforts to tackle non-traditional security issues have also been set up and China is part of many of those mechanisms. Increasingly, China is also more and more interested in engaging other states in maritime cooperation, which to some extent overlaps with the NTS arena. It is therefore conceivable that China will be willing to be a partner in functional cooperation in the economic area and NTS.

It will be much harder for China to agree to or make any commitments in traditional security issues, largely because of China's concerns of other major powers' intentions and any impact on the Taiwan issue. Functional cooperation on hardcore security issues will require a much higher level of military transparency, a requirement that China is not prepared to meet. For the same reason, China may still be reluctant to agree to functional cooperation on NTS issues that may require extensive involvement of the navy despite some PLA analysts' preference of doing so. Also, due to the lack of strategic trust between China and other major powers, any grand-scale and overarching regional institution building efforts will perhaps have to proceed gradually. And China will be con-

cerned if such institution or functional cooperation is dominated by any other major power. China will be more receptive if such institution or functional cooperation comes from and is coordinated by ASEAN, instead of any other major power.

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JAPAN AND EAST ASIAN REGIONAL COOPERATION

Bhubhinder Singh

Japan has been a strong supporter of regional cooperation and institutional building since the onset of the postwar period. Its participation and contribution to regional cooperation during the early postwar years signalled Japan's return to international affairs following the devastating World War Two defeat. During the Cold War period, Japan focused on the economic aspect of regional cooperation due to its economic superiority and need for access for markets and resources from the region. Japan widened this focus in the post-Cold War period. Not only has it expanded its regional multilateral cooperation to include security issues, Japan has also shown leadership in institution-building efforts. The evidence for this is Japan's active participation and contribution to the ARF and ASEAN+3. Tokyo's support for regional cooperative efforts is supplemented by other bilateral (U.S.-Japan alliance) and unilateral or sub-regional efforts (SPT and the Trilateral Security Dialogue [TSD])—representing an amalgam of approaches in its foreign policy strategy.

This research brief attempts to provide an overview of Japan's approach to regional cooperation and institutional-building in East Asia. Despite the recent efforts to strengthen bilateral relationship with the U.S., the principal point is that Japan continues to be a strong supporter for region-wide (East Asia) cooperation and the promotion of regional cooperation will continue to be an important aspect in Japanese foreign policy. All Japanese prime ministers since the onset of the post-Cold War period have supported efforts to promote regional cooperation that combines bilateral, multilateral, and unilateral or subregional levels.¹ The Hashimoto Doctrine and the former Prime Minister Koizumi

Junichirō's push for the development of "community that acts together [and] advances together" are just two examples in this regard. The region-wide institutions play a crucial role in enhancing Japan's profile in East Asia due to a combination of two reasons. First, due to the tensions resulting from the historical legacy that define Japan's bilateral relations with other states, the promotion of regional cooperation is the only viable option available for Japan. Second, the reliance on the U.S.-Japan security alliance is insufficient for Japan. Though the U.S.-Japan bilateral relationship continues to be a pillar of Japanese foreign policy, the leadership in Tokyo is cognizant of the value in a diverse approach to promote Japan's interests. The combination of these two reasons reduces suspicion surrounding Japan's role in the future.

The rest of the brief is divided into three sections. The first focuses on a brief overview of Japan's contribution to regional cooperation and institution-building efforts in the post-Cold War period. The second section focuses on the crucial factors that influence Japan's interest in regional cooperative efforts. The final section introduces the key points related to the prospects of Japan's support of regional multilateral initiatives.

JAPAN'S CONTRIBUTION TO REGIONAL COOPERATION

In economic terms, Japan's efforts to promote economic regional cooperation began in the Cold War period as a means of rapprochement with the rest of the region. Japan's economic dominance and the need for access to markets served as a means for Japan to promote regional cooperation, namely with ASEAN. In the post-Cold War period, efforts to promote regional cooperation developed a region-wide dimension, especially since the 1997 financial crisis. Japan's initiatives were directed based on the premise of searching for a regional solution to a regional problem, and in turn, demonstrating Japan's commitment to the region and leadership aspirations. Though its 1997 proposal of establishing the Asian Monetary Fund (AMF) was rejected by the U.S. and China, Japan was able to develop alternatives in the form of the Miyazawa Initiative in October 1998 to provide funds to ailing regional economies, and the Chiang Mai Initiative of May 2000 to establish ASEAN's Swap Arrangement and establish a network of bilateral swap arrangement

among China, Japan South Korea, and ASEAN. These were reinforced by new opportunities offered by FTAs that Japan pursued with individual countries (such as Singapore), with sub-regional institutions (ASEAN), and the region as a whole (ASEAN+3).

The end of the Cold War raised the profile of multilateralism as a means to address security challenges that were beyond the Cold War framework. Japan responded to this development as multilateral institutions were regarded by the security policy community at home as an appropriate means to carve out a more active and responsible role in regional and international security affairs. One of the first attempts in showing leadership in the promotion of regional cooperation and institution-building was Japan's proposal of a multilateral political dialogue based on the ASEAN Post-Ministerial Conference (PMC) proposed by the then Foreign Minister Nakayama Tarō. This, also known as the Nakayama proposal, was an initiative that subsequently led to the formation of the ARF in July 1994—the first multilateral security institution in the Asia Pacific.² Japan's leadership in promoting the regional political dialogue was attributed to keeping the U.S. entrenched in East Asia in response to fears of U.S. disengagement from the region in early post-Cold War period, and bringing China to the table in the hope of enhancing transparency and certainty in China's behaviour in the context of its economic and military ascendance. In addressing the key security challenges of the post-Cold War period, Japan also showed active support for issue-based smaller cooperative efforts with the other major powers in the region. Japan has been involved in smaller multilateral efforts to address North Korea's nuclear concern, such as the U.S.-Japan-South Korea Trilateral meeting (known as the Trilateral Coordination and Oversight Group), the Korean Energy Development Organization (KEDO), and the SPT, and more recently in the TSD mainly directed at addressing the rise of China's military power in the region.

FACTORS DETERMINING JAPAN'S CONTRIBUTION TO REGIONAL COOPERATION

Japan undertook a review of its foreign policy objectives and approach at the onset of the post-Cold War period. One of the outcomes of this

review was for Japan to promote policies that would strengthen regional cooperation and institution-building. This development in Japanese foreign policy can be explained by a combination of external and internal, and material and ideational factors, as discussed below.

The structural transformation represented by the end of the Cold War had a direct impact on the U.S. military commitment and presence in Japan and East Asia. Japan and other East Asian countries were of the view that the U.S. would reduce its military presence, and hence, directly impacting East Asian security. This was a result of the U.S. troop reduction from its bases in East Asia, such as in South Korea, and even base closures in the Philippines. The reduction of the U.S. troop presence in East Asia, according to Japanese policymakers, posed a serious challenge to the security and order of the East Asian region that has been based on the U.S.-led hub-and-spoke system, stressing the need for a new approach for East Asian security.³

The structural transformation brought about by the end of the Cold War also had a normative dimension. The rivalry-based security arrangement of the Cold War period was replaced by the collective security characterization at the international level.⁴ The social structures surrounding the Cold War's security arrangements and threat perceptions were renegotiated by the international community. While certain features continued to exist, social structures that defined new ideas were introduced into the discourse. A sense of prolonged peace in inter-state relations temporarily replaced the threat-based discourse that defined the relationship between the two leading nuclear powers of the day, the U.S. and Soviet Union. Moreover, multilateral governance became the preferred foreign option for states supported by the UN, overcoming its disadvantageous position during the Cold War, to become a primary actor in international relations; the increased acceptance and reliance of multilateral organizations to resolve inter-state disputes; and the adoption of the concept of collective security as a means to resolve military disputes replaced the Cold War bipolarity. This normative context set the stage for Japan to pursue regional cooperative policies in both economic and security spheres.

The U.S. role in East Asia, namely through the U.S.-Japan alliance, traditionally had a direct influence on Japan's contribution to East Asia

regional cooperation. However, the influence of the U.S. has gradually waned. The comparison of Japan's responses—its opposition at the East Asian Economic Caucus (EAEC) and its support of the ASEAN+3—is a clear case in point. Moreover, analysts have pointed out that Japan is moving towards developing a more independent relationship from the U.S., albeit the prospects of the U.S. military departing from Japan remains very slim in the near future.⁵ As Japan develops a more independent role, regional cooperation with its East Asian neighbours will rise in policy priorities, especially in the context of China strengthened leadership activities in the region.

During the onset of the post-Cold War period, the leadership had aspirations to play a larger role in the East Asian security affairs—a revision of Japan's identity in international affairs. According to Ashizawa, there was an enhanced recognition within Japan of its major power status due to its economic strength.⁶ Hence, the Japanese leadership embarked on a role to contribute and even build the regional order of East Asia. The Ministry of Foreign Affairs (MOFA) officials viewed multilateralism as an appropriate policy to reassure its neighbours of Japan's benign intentions related to its security role expansion, and also provide an opportunity for these countries to voice their concerns about Japan's security policy.⁷ This coincided with an emergence of a new approach within Japan's national security debates on the means to address Asia-Pacific security challenges. During the early post-Cold War period, the fluidity of the East Asian environment led the MOFA officials to argue that a new approach to maintain the peace and stability of the regional environment that went beyond the American hub-and-spoke system was required.⁸ This new approach would involve political dialogue on issues of mutual concern that would deepen political and security cooperation among regional countries—in addition to the bilateral approach.⁹ Both points laid the foundation to the introduction of the Nakayama proposal.

For Japan to contribute to the regional security environment, the leadership sought an avenue that could mitigate the existing high level of mistrust and suspicion against Japan from its neighbouring countries, especially China and South Korea. These countries are suspicious of moves from Japan that hint at an active security role due to their fears of a resurgent militarism by the Japanese government. There were fears

that Japan would fill the power vacuum left by the possible U.S. withdrawal during the early post-Cold War period.¹⁰ Hence, it was crucial for the Japanese leadership to pursue a security policy that did not suggest a return to militarism for Japan—an issue that was taken care of by the multilateral approach where Japan is integrated within a complex multilateral environment.

The other internal consideration was related to the constitutional constraints on Japan's security behaviour or policy, namely from Article 9. The constitution has been reinterpreted repeatedly allowing for the recognition of the Self-Defense Forces (SDF), the use of military force for self-defence and the gradual expansion of Japan's security role in regional and international affairs. Despite these changes, the notion of defence remains the kernel of Japanese security policy. There are still constraints that preclude Japan from engaging in collective defence initiatives, an overseas deployment of the SDF is only legally permitted for peacekeeping missions under strict conditions and for rear-area support during missions approved by the UN. Due to these restrictions, Japan's foreign policy approach has been to rely on its bilateral security relationship with the U.S. and pursue actively in efforts that promote regional cooperation and institution-building in the post-Cold War period.

JAPAN AND REGIONAL COOPERATION—KEY POINTS

This section discusses some key points that explain the patterns related to Japan's approach to regional cooperation and institution-building.

Japan has always supported functional cooperation

This project's theme is the promotion of functional cooperation among East Asian states—depoliticized cooperation to meaningful institution building in East Asia. Japan's initiatives of strengthening regional cooperation, since the postwar period, could largely be classified as pursuing functional cooperation. During the Cold War, these efforts were designed to promote trade with its neighbouring and the Southeast Asian countries in exchange for markets and resources, and reinforcing Japan's core position in East Asia. Due to its economic superiority, Japan extended the Official Development Assistance (ODA) to ailing East Asian economies

in exchange for favourable economic conditions for Japanese interests and investments in the recipient economies. Such an approach led to the creation of production networks based on Japan's keiretsu system of business, and the spread of the Japan-led developmental state model across East Asia.¹¹ While the hostile reactions to Tanaka Kakuei's visits to Indonesia and Thailand in 1974 led to an attempted revision to Japan's involvement in Southeast Asia, the depoliticized approach remained the dominant feature of regional cooperation in the Cold War period.

Functional cooperation continues to be a defining feature in Japan policies to promote regional cooperation in the post-Cold War period. However, three points deserve mention here. First, these efforts are no longer focused on reinforcing Japan's core position in East Asia due to China's economic and military ascendance, and ASEAN's leadership role in promoting regional cooperation. Second, Japan's efforts have expanded beyond the traditional focus on promoting economic cooperation to incorporate political and security dimensions. Third, functional cooperation is not the desired end goal for Japan. Instead, Japanese officials hope that with functional cooperation, shared behavioural patterns would develop based on a shared concept of East Asian identity. For example, one of Koizumi's objectives of promoting regional cooperation was to promote the concept of an "East Asian identity" that serves to clearly define what the regional policies and how they can be achieved based on the norms of the region set against targets agreed by the regional states.¹²

The "region" has becoming increasingly more important

East Asia, as a "region", is increasingly becoming a central dimension in Japanese foreign policy considerations.¹³ Japan, along with other major powers of the region, U.S., China, and South Korea, are aware that they share similar challenges in issues, such as the economic crisis, environmental degradation, the fight against terrorism, nuclear and ballistic missile proliferation. These states recognize that the solution to these challenges requires a regional solution through multilateral institutions. When the region-wide multilateral institutions do not produce desired results, these states have tended to rely on issue-based fora that incorporate the major stakeholders of a particular issue to exercise collective

leadership in seeking to address a regional challenge. The approach of regional cooperation described above is referred to by Gilson as “strategic regionalism” or, as this project suggests, “functional cooperation.”¹⁴ According to Gilson, this does not reflect a growth of “regional consciousness” but a “consciousness of a region”; hence, policymakers do not necessarily work towards the construction of an East Asian identity but extract value from the concept of a region.¹⁵ It is through such cooperative efforts at the regional level that “strategic trust” grows among the major powers that are expected to have competitive relationships.¹⁶

In addition to functional cooperation, there are also efforts to build cooperation among the states that is based on common East Asian norms and identity. The ASEAN+3 is a good example of this point. It adds a new dimension in Japan’s policy to promote regional cooperation between Northeast and Southeast Asia over a wide-range of areas.¹⁷ This mechanism is perceived to be a serious attempt by regional states to engage in cooperative efforts that is governed by the norms that define East Asian regional cooperation and formulating regional responses for regional problems, be it economics and/or security. Even though the U.S. is excluded from the ASEAN+3, Japan has been active in institution-building efforts in the context of the ASEAN+3—at variance with Japan’s reactions to the EAEC proposal in 1990. The ASEAN+3 is used to not only build integration as a region as a whole but also through ASEAN’s partnerships with China, Japan, and Korea. The individual partnership ASEAN has with the regional partners inadvertently strengthens the regionalization efforts of the ASEAN+3—what Japan calls a “two-track approach.”¹⁸

JAPAN IS SHOWING LESS SUPPORT FOR SECURITY MULTILATERAL INSTITUTIONS

According to Yuzawa, Japan’s interest in the ARF has decreased from the late-1990s—an approach that shows a shift from “optimistic liberalism” to “pessimistic realism.”¹⁹ The reasons attributed to this development are that the ARF has not produced meaningful cooperative measures and dialogue, and it has been unable to address Japan’s security concerns. Japan views that ARF is, at best, useful for confidence-building measures.

Japan's ARF policy is also limited by internal and external constraints: (i) U.S. misgivings about Japan's tilt towards regional security multilateralism; (ii) domestic organizational limitations; (iii) lack of consensus on the value of security multilateralism within Japanese government; (iv) lack of political support for bureaucratic initiatives; and, (v) challenges between the bilateral and multilateral security approaches.²⁰

Instead, Japan has pursued to strengthen its main pillar of security policy—the bilateral relationship with the U.S. Since the mid-1990s, Japan and the U.S. have worked closely to institutionalize a stronger bilateral defence relationship through the greater integration of the Japanese military into U.S. operations during both crises and peace periods.²¹ Due to the inability of large multilateral institutions to address existing security challenges, Japan has also focused on issue-based mechanisms such as the SPT directed at addressing North Korea's nuclear issue. More recently, Japan has shown keen interest in the TSD with the U.S. and Australia, which represents the emergence of Japan's value-based security policy—close cooperation with other democracies to address the leading security problems.²²

JAPAN ADOPTS A MULTI-TIERED APPROACH TO REGIONAL COOPERATION

Japan adopts a multi-tiered approach to regional cooperation that includes multilateral, minilateral, and bilateral mechanisms.²³ This approach allows Japan to do the following.

- Overcome the weaknesses of existing multilateral fora. As the existing multilateral fora failed to protect and/or promote Japan's national interests.
- Overcome the historical issue with its neighbours. Japan adopts the multi-prong strategy to circumvent the high level of mistrust and suspicion Japan faces from the neighbouring countries. It serves Japanese foreign policy in that the multi-prong approach facilitates a benign regional focus that permits Japan to assume the economic and security roles increasingly demanded of its by still wary neighbours.

- Avoid isolating China. Japan engages with China through bilateral and in multilateral fora. Both countries realize the importance of maintaining a stable economic and political relationship for themselves and the region. The multi-prong approach offers the means of countering both tensions with China and concerns over growing U.S.-China dialogue.
- Address the perceived rise in threats from China and North Korea. The rise in perceived threats from North Korea and China has led to the strengthening of bilateralism in Japanese foreign policy, namely the U.S.-Japan bilateral relationship. An important point to note is that Japan's prioritization of the bilateral relationship with the U.S. has a direct impact on the multilateral process. For example, when Japan and the U.S. strengthened their bilateral security relationship through the revision of the defence guidelines in 1999 and the agreement to cooperate in the Theatre Missile Defence (TMD) project, China viewed these developments as part of a strategy to contain China.²⁴ This directly hampered Japan's efforts to seek progress in the ARF process. Moreover, it is open to question whether Japan will support the ARF's progress to the Conflict Resolution phase—third phase of ARF process.²⁵ According to Yuzawa, such an international mechanism might constrain the U.S. military activities and undermine the credibility of its commitment to the bilateral alliance.²⁶

CONCLUSION

This research brief provides an overview of Japan's approach to regional cooperation and institution-building. It offers an overview of Japan's involvement in regional cooperative efforts in the postwar period, the main factors that influence Japan's policies towards regional cooperation, and a summary of the key points that explain the patterns related to Japan's approach to regional cooperation and institution-building.

As explicated above, Japan's approach fits well with the theme of the project—functional cooperation. Since the postwar period, Japan's involvement in promoting regional cooperation could largely be classi-

fied as functional cooperation. However, this is not the end the goal for Japan. Such efforts, described as functional cooperation, are seen as initial steps to introduce a context conducive for the emergence of norms and lay the foundation for the construction of an East Asian identity. While the ASEAN norms have governed East Asian regional cooperation, these are not necessarily East Asian norms. There is a need for the process to take its course for such norms to emerge. To encourage further regional cooperation, it is important to promote a loose, non-binding mechanism for states to be involved in.

The key points related to patterns of Japan's regional cooperation and institution-building efforts are:

- Japan has always supported functional cooperation.
- The East Asian region has becoming increasingly more important for Japan's foreign policy considerations. Functional cooperation is not only in reference to a depoliticized cooperative endeavour but could also refer to the coming together to address a specific concern, such as ARF's purpose of addressing the rise of China. One such example has been the relative success of the SPT to disarm North Korea from a nuclear capability.
- Japan is showing less support for security institutions due to the slow progress as perceived by Japan.
- Japan adopts a multi-tiered approach to regional cooperation that includes multilateralist, bilateralist, and minilateralist or sub-regionalist efforts.

NOTES

1. Kuniko Ashizawa, "Japan's Approach towards Asian Regional Security: From 'Hub-and-Spoke' Bilateralism to "Multi-tiered." *The Pacific Review*, Vol. 16, No. 3 (2003), pp. 361–382.
2. Paul Midford, "Japan's Leadership Role in East Asian security Multilateralism: The Nakayama Proposal and the Logic of Reassurance." *The Pacific Review*, Vol. 13, No. 3 (19), pp. 367–397; Takeshi Yuzawa, "Japan's changing conception of the ASEAN Regional Forum: from an optimistic liberal to a pessimistic realist perspective." *The Pacific Review*, Vol. 18, No. 4 (2005), pp. 463–497.

3. Ashizawa, "Japan's Approach towards Asian Regional Security", p. 370.
4. This is based on the premise that the international structure does not necessarily have a single anarchical characterisation. According to Wendt, "anarchy is what states make of it". The social interaction between states determines the "culture" of the international environment within which all states operate. The international security environment can be categorized by various cultures. Wendt's categorization includes Hobbesian war, Lockean rivalry, and Kantian security communities, while Frederking's includes war, rivalry, collective security, and security communities. See Alexander Wendt, "Anarchy is what states make of it: the social construction of power politics." *International Organization*, Vol. 46 (1992), pp. 391–425; *Social Theory of International Politics*. Cambridge: Cambridge University Press, 1999; Brad Frederking, "Constructing post-Cold War collective security," *American Political Science Review*, Vol. 97 (2003), pp. 363–378.
5. Julie Gilson, "Complex Regional Multilateralism: Strategising Japan's Response to Southeast Asia." *The Pacific Review*, Vol. 17 (2004), p. 82.
6. Ashizawa, "Japan's Approach towards Asian Regional Security".
7. Yuzawa, "Japan's changing conception of the ASEAN Regional Forum".
8. Ashizawa, "Japan's Approach towards Asian Regional Security".
9. Yuzawa, "Japan's changing conception of the ASEAN Regional Forum", pp. 465–6.
10. Ashizawa, "Japan's Approach towards Asian Regional Security", p. 373.
11. See Chalmers Johnson, *Japan: Who Governs?: The Rise of the Developmental State*. New York and London: Norton, 1995; Walter Hatch and Kozo Yamamura, *Asia in Japan's Embrace: Building a Regional Production Allianc*. Cambridge: Cambridge University of Press, 1996.
12. Gilson, "Complex Regional Multilateralism", p. 90.
13. Julie Gilson, "Strategic Regionalism in East Asia." *Review of International Studies*, Vol. 33 (2007), pp. 145–163.
14. Gilson, "Strategic Regionalism in East Asia".
15. Gilson, "Strategic Regionalism in East Asia", pp. 161–2.
16. Gilson, "Strategic Regionalism in East Asia", p. 151.
17. Gilson, "Complex Regional Multilateralism", p. 84.
18. Gilson, "Complex Regional Multilateralism", p. 85.
19. Takeshi Yuzawa, "Japan's changing conception of the ASEAN Regional Forum: from an optimistic liberal to a pessimistic realist perspective." *The*

Pacific Review, Vol. 18, No. 4 (2005), pp. 463–497.

20. Yuzawa, “Japan’s changing conception of the ASEAN Regional Forum”.
21. Christopher W. Hughes, *Japan Re-emergence as a ‘Normal’ Military Power*. Oxford: Oxford University Press for International Institute of Strategic Studies (IISS), 2004.
22. The TSD is still at a nascent stage, where the focus is on policy consultation and information-sharing—basically more of a diplomatic tool. Japan’s aims are to revive U.S. interests in Asia and to hedge against China.
23. Ashizawa, “Japan’s Approach towards Asian Regional Security”.
24. Thomas J. Christensen, “China, the U.S.-Japan Alliance, and the Security Dilemma in East Asia.” *International Security*, Vol. 23, No. 4 (Spring 1999), pp. 49–80.
25. Yuzawa, “Japan’s changing conception of the ASEAN Regional Forum”.
26. Yuzawa, “Japan’s changing conception of the ASEAN Regional Forum”, p. 481.

INDIA'S PERSPECTIVE ON REGIONALISM IN ASIA

Kripa Sridharan

INDIA'S ROLE IN OLD REGIONALISM

The idea of Asian regionalism grew alongside the Asian countries' anti-colonial struggle in the aftermath of the World War Two. Anti-colonialism provided the foundation for solidarity among Asian peoples divided along racial, linguistic, religious, historical, political and geographical lines. It triggered the idea of pan-Asian gatherings, which provided a valuable platform for these nations to meet and mingle. Regional cooperation was perceived by them as the best means of consolidating their shared aspirations and forging an Asian union.

In the early part of the twentieth century, elites in India regarded their adjacent regions as familiar to them because of India's association with them since antiquity. In fact, Southeast Asia was perceived as the cultural frontier of India as the region figured prominently in India's world view soon after independence. At that time the noteworthy strand in Indian thinking was that Western imperialism had erected unnecessary barriers between Asian societies and that once colonialism ended these nations would rediscover each another to their mutual benefit. Elites like Jawaharlal Nehru were strongly persuaded by this argument and this led them to organize large conclaves such as the Asian Relations Conference (ARC) in 1947 and Conference on Indonesia in 1949.

The initial phase of regional cooperation was guided by empirical as well as normative concerns. It was empirical to the extent that some of these states promoted collective action at the regional level to achieve their goals for national autonomy and economic development. At the

normative level, regionalism was expected to create regional peace, order and stability. Regionalism was regarded as a good thing to pursue and states were therefore keen to participate in efforts that were devoted to the establishment of a regional entity.

There was nothing definitive about the shape of such a body; nonetheless, persistent efforts were made to establish some rudimentary structures. One of the first tangible results of such thinking was the ARC which met in New Delhi. This was principally a product of Nehru's vision. He discussed the idea of convening a pan-Asian conference with his Southeast Asian hosts in 1946 and was heartened by their positive response. Nehru was firmly of the opinion that India was ideally placed to take the initiative because, according to Werner Levi, Nehru believed that "quite apart from history and sentiment, there was the compulsion of geography in India's future status. This view made India the pivot of Asia's struggle for freedom, no matter what schemes of defence or strategy anybody might work out".¹

The ARC was largely an effort to raise mutual interactions from mundane to a lofty level where thoughts of Asian unity, Asian solidarity and Asian spirit could be endowed with form and substance. Being the first attempt, the organizers of the conference proceeded with caution. Great care was taken to avoid any controversial political issues from being included in the agenda. The focus was mainly on freedom movements, economic development, migration and racial problems.² Although India was the prime mover of the conference, it took immense care to avoid the impression that it was assuming a leadership role. Moreover, Nehru did not want the gathering to be perceived as directed against any other region or race.

The next major Asian gathering was the New Delhi Conference on Indonesia. It was specifically convened in the wake of the second Dutch "Police action" in Indonesia. Fewer nations attended this official conference as compared to the unofficial ARC. The conference succeeded in passing three resolutions. The first one condemned Dutch action and urged effective UN intervention. The second resolution entreated the participating nations to coordinate their response on Indonesia in their deliberations in the world body. The third resolution urged the participants to explore the possibilities of forming regional associations within

their geographical areas. Significantly, a large proportion of the conference time was spent on the last subject even though no consensus on the structure of a regional organization emerged from the deliberations. This was because of the vast diversity of views among the participants. While a regional organization seemed to hold some attraction, it was also feared that it could be used by the bigger regional states to dominate their smaller neighbours.

The next important Asian regional conclave was the 1955 Bandung Conference. It was the first major meeting of leaders from the newly independent states of Asia and Africa. Indonesia took the lead to convene the meeting with the aim of promoting mutual goodwill and to project a common world view. Although the objectives strongly stimulated the participants' interest and persuaded them to attend the meeting, there were scores of issues on which they were divided. This did not augur well for the future of Asian regionalism as such, and consequently, no further efforts were made to convene such large gatherings.

India's perspectives on regionalism were sharply influenced by the experience of these pioneering endeavours. They shaped India's subsequent attitude towards Asian regionalism in a number of ways.

First of all, these gatherings were an eye opener of a painful kind for India. They disposed of the myth of Asian solidarity leading to a benign pan-Asian federation.

Secondly, India realized that there was a great deal of reluctance among Asian states to establish any central organization to propel forward Asian integration. The newly created Asian Regional Organization, following the ARC, never matured as a regional body of consequence.

Thirdly, the unspoken but palpable competition between the two Asian giants, China and India, created apprehensions in the minds of their smaller neighbours who feared that Sino-Indian rivalry would compel them to choose between the two. India was acutely aware of the suspicion of the smaller South and Southeast Asian states that Western imperialism might be substituted by Asian imperialism. Given this feeling, India was reluctant to advocate any concrete cooperative scheme that might provoke an adverse reaction. But without an Indian lead, it was unlikely for any meaningful regionalism to take off in Asia.

Fourthly, following the ARC meeting, three factors put paid to any

hopes of India exerting itself to construct a regional edifice: the communist victory in China; the beginning of the Cold War; and, the outbreak of the Korean War.

India grew extremely sensitive about any proposal that called for a regional gathering to discuss regional issues since it could raise the ire of Communist China. Precisely because of this concern, India's participation in the 1950 Baguio conference tended to be lukewarm. By that time, India was convinced that motivations for regional cooperation in Asia were not powerful enough. The intrusion of the Cold War in Asia raised a real security threat and therefore for India, the projection of non-alignment became more compelling than Asian regionalism. Nehru's focus turned towards the creation of a peace area instead of a specific regional institution. By peace area, he meant an area free from Cold War inspired alliances and military pacts. India concluded that it was more imperative to forge a common foreign policy outlook among like minded states before embarking upon any scheme for building a regional structure.

Finally, India, which had initially been very keen on these large gatherings, began losing interest in them. Nehru gradually moved away from schemes of "federalist unification before the first conference, to coordination through the ARC, to inter-governmental consultation as suggested in the Indonesian conference", thus slowly whittling down the original intent towards a regional entity.³ Earlier, Nehru had tended to view an Asian grouping as an alternative to a world organization. Had the UN been ineffective he reasoned, the need for an exclusive regional effort would have been automatically strengthened. But as it transpired in the Indonesian issue, the UN had responded somewhat favourably and there were indications that it would do so in the Korean case. Therefore, a separate regional process did not seem all that imperative.⁴

Precisely at the time when India's interest in Asian regionalism was waning, the interest of the super powers in regionalism began to grow. Initially, from the vantage point of major global powers regionalism at the peripheries seemed a wasted effort. Neither of the super powers championed the cause of Asian regionalism. But the situation changed dramatically with the onset of the Cold War. Subsequent regional efforts became a by-product of the bipolar conflict as they manifested in the form of alliances and defence pacts. India was vehemently opposed to these

defence treaties and lobbied hard to prevent smaller Asian states from joining them. Although it did not wholly succeed in this effort, it began devoting its attention to the strengthening of the non-aligned movement as a counter to the Cold War military alliances. This naturally caused it to shift its attention away from regionalist concerns.

To Nehru, the two fora of association possible for India were those of the UN and the Commonwealth. Both were not regional but worldwide associations and neither was aimed at any military or political grouping in the world. He also felt that frequent gatherings of the new states were unnecessarily causing alarm in the West since these were perceived as attempts to form a separate bloc. In any case, these conferences embarrassingly brought out the latent conflicts among the participants and were in effect damaging the cause of Third World solidarity.

Although India continued to show some perfunctory interest in regional cooperation in Asia its heart was not in it. Periodically it floated the idea of a broad-based regional economic organization but it did not bother to flesh it out. New Delhi, however, continued to emphasize the benefit of cooperation on functional lines and was steadfastly against involvement in any security or defence oriented regional schemes. One might say that India at this time was more forthright about what it did not want in a regional forum rather than what it wanted. Unfortunately, India's economic cooperation proposal did not hold much water given its weak economic stature and inward looking economic policies.

Meanwhile, states in certain regions like Southeast Asia had moved on to the next regional phase with the formation of ASA and the abortive MAPHILINDO. Following this desultory beginning they eventually succeeded in forming a more viable association in 1967. The formation of ASEAN was a culmination of the regional process that began even before some of the ASEAN states became independent. ASEAN was limited in geographical scope and was essentially a sub-regional entity. After two decades of dabbling in both wider and narrower regionalism the member states of ASEAN settled for a smaller forum comprising like-minded states. Both from the point of geography and political orientation, India stood excluded from Southeast Asian regionalism. In fact, it was completely out of the Asian regional game by the end of the 1960s.

INDIA AND NEW REGIONALISM

The South Asian dimension

India's reengagement with regionalism occurred after a long hiatus in the 1980s. Since then this reengagement has occurred at different levels—regional, sub-regional transregional, inter-sub-regional, and super regional.

Let us first look at the South Asian regional level. India was a founding member of the South Asian Association for Regional Cooperation (SAARC), which came into existence in 1985. Contrary to regionalist experience elsewhere South Asian regionalism was neither initiated nor driven by the region's pre-eminent power. Instead, it was Bangladesh, under President Ziaur Rahman, that took the lead for the establishment of an institutional framework for cooperation in South Asia. The South Asian regional project eventually moved forward with a series of meetings held at the Foreign Secretaries and Foreign Ministers level in the early 1980s eventually culminating in the SAARC summit held in Dhaka in 1985.⁵

Right from the beginning, India was ambivalent about a formal regional arrangement in South Asia. It feared that the regional forum would be used by its neighbours to exert pressure on issues that bedevilled their relations with New Delhi.⁶ India was also worried that behind the regional project lurked an external hand, with its own agenda, and which could adversely affect Indian interests.⁷ But at the same time, India could not opt out of the regional process because that would have been imprudent given the nature of inter-state relations in South Asia. In the end, it decided to join SAARC after being assured that the association would be governed by the principle of unanimity, and bilateral and contentious issues would be kept out of its agenda. The first SAARC summit met amidst great hope. SAARC was perceived as a vehicle to build regional trust and lay the foundations for amicable relations between member states. Although this objective continues to elude SAARC, it is still a functioning entity. SAARC's progress has been marred by South Asia's bilateral problems that often trump regional cooperation.

It is argued that a vigorous Indian role could inject a sense of purpose into South Asia's somnolent regionalism. There were moments

when regionalism did receive the necessary push from Indian leaders but these were few and far between. The smaller states' fixation with Indian "hegemony", no doubt, leaves very little room for a pro-active Indian role but the more important question is whether India regards SAARC as relevant at all. Doubts on this score abound. This is because, as a former Indian diplomat notes, "SAARC does, periodically tend to become a forum for 'India bashing' by any member that has a real or imaginary grievance with India". He further adds that it should, however, be made clear to other SAARC members that if we are not going to achieve substantive progress on expanding economic co-operation within the SAARC framework, we will seek to achieve this both bilaterally and sub-regionally outside SAARC. In any case, it is now time for us to look beyond the narrow confines of the subcontinent, shed some of our earlier inhibitions on projects of sub-regional cooperation and develop new links and strands of cooperation bilaterally, sub-regionally and regionally across the entire Indian Ocean region."⁸ This line of argument shows the impatient strand in Indian thinking verging on frustration, which holds it back from taking a pro-active role in SAARC.

Regional economic cooperation has been India's preferred option to make SAARC more effective. It is persuaded more by the neo-functional logic with its emphasis on "spill over effect" and cooperation in one area, engendering cooperation in other areas. The benefits from economic cooperation, India expects, would eventually dampen political differences between the regional states and strengthen the SAARC process.

In his speech at a conference of SAARC information ministers, former Prime Minister Atal Behari Vajpayee dwelt on the merits of putting economics before politics as the best way to transform bitter hostilities into friendly relations. He warned SAARC members that "they would miss the opportunities unleashed by globalization unless *they followed the example of EU and ASEAN where the member states had forgotten their traditional political rivalries and embraced the economic path to prosperity*". [Emphasis added]⁹ (Interestingly, speaking at the same forum Pakistan's Information Minister, Sheikh Rashid, however took an exactly opposite view of EU and ASEAN's experience. He said that "close cooperation and (economic) development can only develop in a

regional grouping *when there is complete political harmony* among its members” [emphasis added], as had been the case with other regional organizations.)¹⁰

In keeping with its preference for economic regionalism, India has made a series of proposals to boost South Asian integration. It has put forward the idea of a South Asian economic union, South Asian currency, multilateral tax treaty, investment dispute settlement mechanism and so on.¹¹ These proposals indicate India’s commitment to SAARC, which is a change from its earlier stance which was one of aloofness. According to Shaym Saran, former Foreign Secretary and currently, Special Envoy to the Prime Minister on Climate Change:

“During the past decade there has been a steady rethink in India’s approach to its neighbourhood. The new Indian approach is encapsulated in India’s current message to its neighbours—look upon India as an opportunity and not as a threat. From being a reluctant and often suspicious partner in SAARC, India is now an unambiguous champion of a vision of an integrated region where shared prosperity could help usher in peace.”¹²

Even though India recognizes that it cannot ignore South Asia, it is also aware of its uninspiring neighbourhood. The annual Failed States Index published by Foreign Policy and the Fund for Peace, an independent research organization, mentions a list of thirty five states that face the risk of cracking up. Of these several are in Africa but disturbingly five are in South Asia. They are ranked thus: Afghanistan at 7, Pakistan at 9, Bangladesh at 12, Sri Lanka at 20 and Nepal at 23.¹³ If five SAARC members are headed in this direction India might well wonder about investing more effort into SAARC even if it realizes that the consequence of being surrounded by failed states can be horrendous for India. That said, the need to engage with the region is unavoidable. This has compelled India, of late, to make unilateral gestures such as allowing duty-free imports of all goods from the least developed members of SAARC and a US\$100 million contribution to the SAARC Development Fund to help the weaker members. But at the same time, SAARC’s unimpressive progress and the foot dragging by individual members have led India to search for other regional options.

One such option is sub-regional economic cooperation in South

Asia comprising a smaller group of states. This was mooted in 1997 and endorsed by SAARC. The intention was to create a quadrilateral growth initiative comprising Bangladesh, Bhutan, India and Nepal (BBIN-GQ). Potential areas of cooperation in hydel resources, oil and gas, infrastructure, transport, tourism and industries based on natural resources have been identified and working groups have been established to take the initiative forward. India is aware that the quadrangle has the potential to develop as a critical sub-regional growth area but the Quadrangle is yet to take off in a meaningful way.

India had also proposed another sub-regional growth zone partnering Sri Lanka and the Maldives. But nothing under this scheme has materialized so far because of national sensitivities and reservations from the other members. For instance, when it was in power, the Bangladesh National Party (BNP) regarded these initiatives as a Machiavellian ploy by India to scuttle SAARC and dominate the smaller states.¹⁴ Pakistan has also been extremely wary of endorsing sub-regionalism in South Asia because it feels that India is using this approach to isolate it. Mini growth-zones are perceived as subversive by some SAARC members. The politics underlying these schemes seem to trump the economics that rationalizes them.

Beyond South Asia

Partly because of SAARC's unimpressive progress and its own growing global economic profile, India's interest in regionalism is no longer confined to South Asia. Without abandoning SAARC, it is expanding its presence in other regional clusters. It has also put on the table its own vision of Asian regionalism. One might say that India has broken out of the regional straight jacket as a reaction to the stalemate that prevails in South Asia. Obviously, not everyone agrees that it is wise to abandon the region which these moves supposedly imply. This is because, try as it might, India cannot ignore its neighbourhood and achieve its interests by leapfrogging into other regions without securing its backyard. A more vigorous engagement with its own region is considered vital for an India that seeks to play a wider international role.¹⁵

Nevertheless, India's engagement with Asian regionalism now is occurring at different levels—*sub-inter-regional*, *trans-regional* and

super-regional—and across different dimensions, economic, security, political and cultural.

Sub-inter-regional cooperation is reflected in the Bay of Bengal Initiative for Multi-Sectoral Technical Economic Cooperation (BIMSTEC).¹⁶ This initiative brings some of the states from South and Southeast Asia on a common platform. It was established in 1997 and currently comprises Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand.

The cooperation under this forum covers the following six areas: trade and investment; technology; transport; communications; energy; tourism; and, fisheries. Member states agreed to establish a BIMSTEC free trade area for which the framework agreement was signed in 2004. A Trade Negotiating Committee (TNC) has been set up and Thailand is the permanent chair of the Committee. A fair amount of progress has been made in the negotiations on the BIMSTEC Free Trade Agreement for trade in goods which is a promising start.

As Prime Minister Manmohan Singh noted in his speech at the inauguration of the Second BIMSTEC Summit, “BIMSTEC is an important part of the wider Asian community. It has the potential of playing a vital role in the Asian community of nations linked by effective road, rail, air and shipping services across which there would be free movement of people, capital, ideas and goods. India is firmly committed to the ideals and objectives of BIMSTEC.”¹⁷ India’s keenness to bolster BIMSTEC is because it is a better alternative to SAARC for augmenting trade and investment because there are no serious conflicts of interest among the member-states. BIMSTEC is also seen as providing an opportunity for the economic development and integration of India’s northeast region.¹⁸

The other inter-sub-regional framework of interest to India is the Mekong-Ganga Cooperation (MGC) which was launched in November 2000. Its members are Cambodia, India, Myanmar, Laos, Thailand and Vietnam. The Vientiane Declaration, marking the inauguration of the grouping, noted that it had been “inspired by a common desire to develop closer relations and better understanding among the six countries to enhance friendship, solidarity and cooperation.”¹⁹

MGC is organized around an annual ministerial meeting, senior officials meeting and five working groups dealing with tourism, education, culture, communication & transportation. The development of the East-

West corridor and the Trans-Asian Highway has figured prominently in the programme of action. India has made a US\$100,000 to the MGC fund in addition to the US\$1 million grant announced by the Indian Prime Minister for the establishment of a traditional textile museum in Cambodia.²⁰

The meetings of the MGC take place back-to-back with the ASEAN Ministerial Meeting and Post-Ministerial Conference that are held annually. While the MGC is a laudable effort to knit together an area that is also home to a great many poor people, the effort is still very much in its infancy. How effective this cooperative venture will be in harnessing the available natural resources to improve the life of the people remains to be seen. From its aims and the thrust of the statements made by the leaders, the expectation is that the MGC will offer ample opportunities for enhancing people-to-people contacts and communication which could eventually help in the development of the countries straddling the sub-region. The Asian Development Bank has been an enthusiastic supporter of sub-regional initiatives in South Asia as in Southeast Asia.

The India-ASEAN formal linkage through a dialogue partnership belongs in the *trans-regional* category. It must be pointed out that India's attitude towards Southeast Asian regionalism is markedly different from its attitude towards South Asian regionalism. Its positive view of the ASEAN region's spectacular progress was one of the main triggers for New Delhi's Look East policy. Following the articulation of this policy, New Delhi actively sought a formal linkage with ASEAN and became its dialogue partner in 1995.

India-ASEAN interactions have grown thicker in the last two decades. There is considerable convergence in the security perspectives of India and the ASEAN states. Both desire a stable and peaceful regional order, and safety of sea lanes, and share similarity of views on combating international terrorism.²¹ India-ASEAN interaction now comprise an annual summit, annual foreign ministers meeting, regular senior officials meetings and exchanges in specialized working groups that address various functional interests. The recently concluded free trade agreement between India and ASEAN has boosted the prospects of even closer ties between the two sides. Trade between them is expected to surpass US\$50 billion by 2010. India-ASEAN trade in 2007–2008 was around US\$38.37

billion and is slated to rise to US\$48 billion this year. Overall, a marked linear progression has occurred in India's involvement in Southeast Asian regionalism both at the formal and informal levels.

India's membership in the ARE, its participation in the East Asia Summit and the Asian Economic Community proposal would belong in the *super-regional* category. Membership in the ARE, in a way, has led India back to the days when it favoured broad based regional fora albeit with a noticeable difference. While in the era of old regionalism it was totally against any form of regional security dialogue or cooperation with any grouping, it no longer entertains any reservations about joining such fora.

India readily acknowledges the value of ARE, the only political and security dialogue forum in the region, which enables it to "engage with a broader range of countries and work towards the goal of ensuring regional peace and stability".²² India is keen on regional cooperation to enhance maritime security via the ARF platform. As a major user-state of the Malacca Straits it would like to contribute towards any effort that is aimed at securing this vital sea lane. It favours the idea of developing the existing sub-regional maritime security cooperation into a multilateral maritime security arrangement within the ARF framework.²³

Asia's multi-layered regional approach saw the birth of yet another forum in 2005. In order to broaden the base of regional cooperation and engage as many external powers as possible in the region, a new pan-Asian forum called the EAS was inaugurated in December 2005. EAS brings together the leaders of ASEAN, China, Japan, South Korea, Australia, New Zealand and India under a common umbrella. It is a forum for strategic dialogue to address the challenges facing the East Asian region.

The supporters of EAS regard it as a first step in the creation of an EAC. Initially, the EAS had difficulty getting off the ground because of China's reservations about including India and the others in the summit. Beijing ideally prefers to strengthen the ASEAN+3 process and manage the creation of an EAC under its leadership. It is not particularly in favour of letting EAS take the lead in community creation. Towards this end, it suggested that the EAS should have a differentiated structure divided between core and peripheral tiers.²⁴ However, this did not find favour with ASEAN. In the end, China had to accept reluctantly the reality of equal membership for all states. Indonesia, Singapore and Japan were

particularly keen that the summit should include India, Australia and New Zealand so as to make it more inclusive and outward-looking. ASEAN states also made sure that the summit was held in Southeast Asia following the annual ASEAN summits.²⁵ Earlier China had made a bid to host the summit but this was ruled out by the ASEAN states. ASEAN insisted that it should be the driving force for regional community building effort in the Asia-Pacific region. India sees merit in this argument as ASEAN has the necessary “software” to lead the process. It is also perceived as the least objectionable actor without any hidden agenda to steer the community building effort. India has been very enthusiastic about its participation in the EAS. On the eve of his departure to Singapore to attend the Third EAS Summit Prime Minister Manmohan Singh noted:

This Summit is one of the most ambitious exercises of community building and integration ever attempted in Asia. The East Asia Summit has identified five areas of cooperation—energy, education, finance, avian influenza and national disaster mitigation. India has taken and is ready to take many initiatives in these areas...East Asia is home to some of the fastest growing economies of the world. The creation of a cooperative framework in East Asia will have a profound impact on the global economy and international relations. India's role in the success of this enterprise is crucial.²⁶

India is of the view that the EAS provides the best opportunity for creating an enlarged Asian community of nations powered by shared values and interests. India's growing economic links with the 16 EAS countries is regarded as an essential step in building such a community. In 2006 the total volume of India's trade with EAS countries amounted to US\$80.1 billion. The share of EAS countries in India's total trade rose from 18 per cent to 26 per cent between 1991 and 2006.²⁷

According to India, the core group of consequence for the realization of Asian integration would be the major Asian economies that ASEAN engages annually at the summit level. Indian analysts refer to them as JACIK (Japan, ASEAN, China, India and South Korea) countries. There are considerable complementarities in their production and trade structures and JACIK economies have the potential to become “the third pole of the world economy”.²⁸ Close economic interaction between these countries has virtually created an economic community, a view that resonated

in Prime Minister Manmohan Singh's speech in 2004. He envisaged the establishment of an Asian Economic Community to augment growth in the region and move towards an integrated Asia because, as he put it, "Such a community would release enormous energy and constitute an arc of advantage ..." for the entire continent.²⁹

India's presence and role in Asia's evolving regional integration is no longer doubted by anyone. Many regional countries desire India to play an active role in existing and future regional arrangements so as to make them more balanced without being totally dominated by any one power. India is very much receptive to this idea and unlike before, it wants to be a key actor in these schemes. Of all the South Asian countries, India is certainly the best placed to realize the benefits of *super-regionalism*. Its growing economic weight is recognized by the East and Southeast Asian countries who welcome its presence amidst them. This has certainly made India more enthusiastic about projecting its views on regional integration.

Asian countries, however, are aware that while they share certain commonalities in their approach to economic cooperation, there are vast differences in their political and security outlooks. This is particularly so as far as the relationship between the three major Asian powers—China, Japan and India—are concerned. The China-Japan dyad and the China-India dyad are not always stable. They display a mix of conflict, competition and cooperation necessitating a multi-layered approach to Asian community building effort. In fact, the reason that multiple proposals for regional cooperation keep emanating from various countries in Asia is because of the differences in political and security perceptions among the members of the various sub-regions—South Asia, Southeast Asia, Northeast Asia and Australasia—even as they share certain common interests.³⁰ But as long as these proposals are not exclusive in nature and they reinforce the necessity for regional cooperation, they can do no harm as they are a product of both hope and conviction.

CONCLUSION

Asian regionalism is still evolving and it may take a long time for an all encompassing structure to emerge. It is encouraging to see that all the key Asian states are committed to the project. On its part, India has suc-

cessfully reconnected with Asian regionalism and is not averse to playing an active role in fostering a regional identity. It recognizes that the basis of formal cooperation exists in the wider Asian region even if its final shape is mired in uncertainty. India's perspectives on regionalism display elements of continuity and change. Much like the earlier period it still prefers a broad-based, functionally oriented inclusive regionalism. But unlike before, it is no longer a reluctant regionalist. Secondly, while in the past it was hesitant to welcome sub-regional cooperative endeavours it now views them in a positive light. In other words, it regards a multi-layered approach to regional cooperation with a mix and match strategy as inevitable in the Asian context. Finally, it is more forthright about the need for cooperation on regional security issues and perceives itself as a core state that has a role in the maintenance of a stable balance of power and security in Asia.

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THE CASE FOR AN INFORMAL APPROACH

AN AUSTRALIAN PERSPECTIVE

Robert Ayson and Brendan Taylor

Australian television watchers have in recent years been bombarded with garden renovation programs (including the subtly named “Backyard Blitz”) where a group of lesser celebrities descend on a suburban homestead and transform its external appearance over a long weekend. New wooden decks are built to support the Australian barbeque experience, tatty lawns become trendy paved areas, and large palms and trees are imported at great expense and craned into gaping holes dug by other large pieces of machinery. The lucky family returns from two days at an amusement park on Queensland’s Gold Coast to find the garden of their dreams (or otherwise) purpose-built for their future outdoor enjoyment.

In all the excitement of these instant “outdoor rooms” something of the adventure and reality of genuine gardening is lost. Part of the project will last. In twelve months’ time—and even in twenty years’ time—the formal garden structures will probably remain—the gazebos, water features and feature walls, although they will look increasingly dated. In other words the formal architecture of the new garden will be intact. But as the Australian sun beats down, and as the non-gardening family ignores many herbaceous cries for help, within just a few months the hastily imported plants may not be so lucky. In extreme cases the result may be plenty of outside buildings but no living things: the horticultural equivalent of a neutron bomb explosion.

Slow-growing and well-tended gardens also have structure. But the approach is quite different. As the trees which suit the climate and are best positioned for light and water grow together they create an informal

structure which also supports medium shrubs and smaller plants. The gardener is not an instant architect, but someone who tends, weeds, fertilizes and makes good and sometimes difficult choices—to prune back the overgrowing plant which threatens to dominate the landscape, depriving the garden of its balance, and to keep an eye for noxious specimens which must be removed entirely.

In approaching the management of Asia's security future, only one of these approaches will work. There are those hoping that it is a matter of getting the grand design elements right—the architects or engineers of Asian security—who exaggerate the importance of formal structure and compete with one another over the best organizational options. Or we can take a leaf out of the book of the gardeners who focus on living relationships between the major plants in their garden which they have been encouraging to grow over many years. We think Asia's security is going to prosper if we err with the gardeners over the architects. For this reason we argue here that the Asian architecture debate can be as desiccated and uninspiring as some of the products of instant backyard renewal. Asian security is not a weekend project. It is far more serious than that.

FORMALIZING THE INFORMAL—THE ASIAN ARCHITECTURE DEBATE

There is a touch of irony attached to a project examining the promise and prospects for functional cooperation among Asian states. At first glance, functional cooperation seems already to be such an engrained feature of regional cooperation in this part of the world. For decades now, the so-called ASEAN way has emphasized informality and incremental approaches over formal institution building. Technical or functional cooperation has been encouraged in relation to those less sensitive areas where consensus to act could be reached, with a view to gradually building the confidence and trust among regional constituents required to make headway vis-à-vis more sensitive or contentious issues.¹ A notable example is the South China Sea Workshops, an exercise in preventive diplomacy undertaken during the 1990s that was designed to reduce the chances of armed conflict among the countries of the South China

Sea region by encouraging them to take a functional approach to NTS concerns.²

Increasingly, however, a push to “formalize the informal” is becoming evident in both the theory and practice of Asian regional cooperation. This trend is perhaps best epitomized by popular use of the term “architecture” by both scholars and practitioners of Asian security politics. The emergence of this terminology can be dated back to the ending of the Cold War when it was first utilized by U.S. policymakers to describe early post-Cold War efforts to re-cast America’s international relationships with Europe and Asia.³ Its rise to prominence in Asian debates, however, occurred during the late 1990s, inspired largely by calls to reform the international financial “architecture” after the 1997–1998 Asian financial crisis.⁴ The subsequent decade has seen a veritable plethora of books, edited volumes, refereed journal articles, policy briefs and academic conferences embrace the architectural metaphor.⁵ Like the real world practice of architecture itself—the art and science of designing and constructing buildings—its usage immediately invokes heavy managerial connotations, implying a formal, unifying structure which appears to be the product of a top-down process of “intelligent design” that, once implemented, functions with a clear and coherent sense of purpose.

Calls for a more formal approach in Asian affairs seem to have grown in the discussion of prospects for enhanced regional cooperation. In the case of the SPT addressing the protracted North Korean nuclear crisis, for instance, some would like to see this informal, essentially ad hoc grouping become a formal security mechanism for addressing a range of concerns in Northeast Asia.⁶ A prominent Australian commentator has proposed an analogous course for the IISS Shangri-la Dialogue, suggesting that this grouping be formally institutionalized and treated as the pre-eminent security body in the region.⁷ The recent ASEAN Charter is also consistent with this trend, seeking as it does to provide a formal legal and institutional framework for ASEAN. Even outwardly informal second track mechanisms such as the ASEAN-ISIS and the Council for Security Cooperation (CSCAP) have become increasingly formalized, exhibiting greater levels of institutionalization.⁸

At least two factors explain this growing trend towards “formalizing the informal” in Asian regional cooperation. First, it can be attributed to

the crowded and increasingly competitive nature of Asia's institutional landscape. Predictably enough, as institutions elbow for attention and relevance in this increasingly crowded field—often by seizing upon the most visible and contentious issues of the moment—their agendas are exhibiting an increasing degree of overlap. The inefficiencies generated in the process—both in terms of human and financial resources—have led to speculation over whether some of Asia's institutions could well be expendable. Questions have been raised, in particular, over the relevance of APEC following the establishment of the EAS and the holding of the inaugural G-20 Leaders meeting in mid-November 2008.⁹ If it was possible, formal institutionalization might just offer APEC a measure of immunity against any proposed future dissolution. The same cannot be said for the South China Sea Workshops, of course, which withered and died not long after their chief sponsor, the Canadian International Development Agency (CIDA), withdrew funding in 2001. In that context, the trend towards “formalizing the informal” in Asian cooperation could be a manifestation of the phenomenon which Allan Gyngell calls “institutional stickiness”—in layman's terms, the tendency of organizations to resist doing themselves out of a job.¹⁰

The second explanation relates to a perceived need to coordinate and converge the multiplicity of cooperative mechanisms currently in existence. During the late 1980s and early 1990s, theorists and practitioners alike sought to make sense of the burgeoning Asian regional cooperation by compartmentalizing the raft of emergent processes into several “tracks” of diplomatic activity.¹¹ In particular the rise of opportunities for “second track” dialogue was heralded by liberal institutionalists and other optimists as a means to bring the more sensitive of issues into the regional discussion. The utility of this approach has been diminished by the fact that the artificial analytical demarcations between the formal and the informal in Asian regional cooperative activity it envisages are never inherently neat or tidy in practice. Indeed, one of the primary reasons for establishing the separate category of “one-and-a-half track” diplomacy was that the boundaries between first and second track processes were becoming increasingly blurred.¹² Hence, while the terminology of “tracked” diplomacy continues to be employed, it has become more fashionable among scholars of Asian regional cooperation to employ the

macro-analytical term “architecture”, which implies that an over-arching *structure* can be fashioned and implemented to address the daunting array of security challenges currently facing the region.

The sheer diversity—economic, cultural, geographic, historical and political—of “the region” may make it unsuited to such processes of formalization. The inherent difficulties in going down this path are already becoming apparent in continuing discussions about the emerging regional “architecture”, where scholars and practitioners alike appear unable to agree on what the appropriate geographical referent point for such a structure ought to be. Some refer, for instance, to an “Asia-Pacific security architecture”, some to an “Asian security architecture”, while some speak of an “East Asian security architecture”. To complicate matters further, some refer to sub-regional (i.e. Southeast Asia and/or Northeast Asian) “architectures” subsisting within the broader regional “architecture”. In many regards, these anomalies can be seen as reflecting the contested nature of the concept of “Asia” itself as well as the debates over the meaning and nature of regions as a level of international analysis.¹³ Until they are resolved, however, “formalizing the informal” when it comes to Asian regional cooperation will inevitably remain problematic.

The formalization of traditionally informal Asian cooperation can also inhibit the realization of better diplomatic outcomes. Formalization often encourages regional governments to view these mechanisms, and the relations between them, in increasingly zero-sum terms. This has certainly been a feature of Australia’s regional diplomacy over recent years. Eager to grab a seat at the East Asia Summit and seemingly intent on securing a place in any expanded version of the SPT process, Canberra has found it hard to resist the temptations of short-term diplomatic self-interests which are not always consistent with the long-term objective of stable relations between the genuine great powers of the region. The ASEAN Charter process appears to have been equally near-sighted given its focus upon formalizing existing norms and structures with little regard for what impact this may have on the functional utility of the organization itself. As Barry Desker recently observed, “While it moves ASEAN ahead, the charter is a disappointment because it codifies existing norms and maintains its historical identity as an inter-governmental organization. Doing thus means that ASEAN did less than it could have and, in some areas, it has even gone backwards.”¹⁴

INFORMALIZING THE FORMAL—DIGGING OUT THE ARCHITECTURE DEBATE

The architecture debate is in fact part of a long answer to the wrong question about Asia's security order: what is the optimal combination of institutions and structures which provide the best route to order in Asia? Some of these answers favour an ASEAN-centred universe where the architecture is built on and around the existing multilateral processes championed by many of the 10 Southeast Asian countries.¹⁵ Some of the answers suggest that strong steel and cement foundations of that architecture are provided by Washington's set of bilateral alliances.¹⁶ Many answers suggest that we need to weld these together so that we can mix the hope of multilateral progress with the insurance of alliance.¹⁷ This is what a number of hedging strategies would seem to suggest, although it must be admitted that the ratio between the hope of multilateral process and the pragmatism of alliance varies so greatly within the many depictions of hedging that one wonders if this is a category of any real meaning.¹⁸

It might be possible to consider Australian Prime Minister Kevin Rudd's Asia-Pacific Community idea as one of the latest and grandest additions to this architectural quest, and a response to the pervasive sense that the existing processes do not yet add up to what we need.¹⁹ Perhaps the most detailed depiction has come from Australia's Foreign Minister Stephen Smith who has spoken of the "idea of having a regional process that would for the first time: span the Asia Pacific, and include the U.S., Japan, China, India, Indonesia and other States in the region; engage in the full spectrum of dialogue, cooperation and action on strategic, security, economic and political matters; [and] encourage the development of a genuine and comprehensive sense of community, whose primary operating principle was cooperation."²⁰ But the alternating presentation of the Community as a fresh and familiar project has seen its depiction by Mr Rudd as a new regional body and also simply as a debate (and even a discussion) the region just has to have.²¹ It is also intriguing that in response to some of the criticisms within the region which have been leveled at the proposal, Mr Rudd and his colleagues have poured praise on the achievements of ASEAN which they have retrospectively claimed the Community can build on.²²

However, one might view the Asia-Pacific Community idea (and some of the cooler views are from countries who do not happen to be the U.S., Japan, China, India and Indonesia), some of the broader trends which have motivated the proposal, and past attempts at addressing what some used to call Asia's institutional deficit, remain deeply important. As a student of Asian geopolitics, for example, Mr Rudd knows that China is rising, that India is rising too, that the United States still plays a tremendously important role in Asia, and (after a slight pause when he was accused of forgetting Australia's largest export destination) that Japan and its changing international personality matters as well. It is not difficult to find strong support for the proposition that effective management of the relations between these Asian great powers is the biggest strategic priority for both them and the smaller powers of the region. But we then have a habit of jumping too quickly from the challenge to the response, and in terms of the latter, rather than thinking about strategic objectives, we move very quickly to the consideration of how we might organize and engage the great powers through formal institutions, processes, initiatives and arrangements. A similar problem can often occur in defence policy when there is precious little serious contemplation of what needs to lie between our assessment of the strategic environment and the specific defence capabilities we need to purchase. What is missing in both cases is strategy.

What we are much better at thinking about is structure and process—and about formal structure and process—as if this is what order in the region is all about. We thus become rather too easily seduced by the European fallacy that the cooperative relations between Europe's former great powers since the World War Two is based on the formal institutional relations between them (and not on their political determination to limit the possibilities for dangerous competition between them which allowed these formal institutions to develop). That might seem odd in light of the repeated protestations from Asian audiences for us not to seek an application of European ideas into a quite different regional context.²³ Indeed this protest is one of the main justifications for the informal, under-institutionalized, consensus based politics of Southeast Asian regionalism in particular. It is a protest built into the very fabric of the earlier Asian discussion of regional cooperation. And

yet the very presence of the architecture debate, of the Asian-Pacific Community proposal, and even of the ASEAN Charter, are clear signs that some view that Asia's formal institutional deficits can one day be a thing of the past.

Moreover, even though so much of Asia rejects the comparison with Europe as an odious and semi-colonial artifact, the renewed popularity calls for an Asian concert of powers (heard and understood in even such unlikely places as Chinese discussions of the region's future) suggests that the appeal of European models remains strong.²⁴ However, if there were to be a serious proposal by any of the great powers in today's Asia for a concert between them, it would most likely be treated as yet another initiative for an architectural option. We would immediately shift to a discussion of when (and more importantly where) the first such annual gathering should be held, what its agenda should be, and who should be invited (and left off the list).

In doing so we would have forgotten that a concert is as much an informal understanding between the great powers to collaborate in the management of the relations between them and that the bargains among them can exist as tacit understandings (as well as explicit statements of cooperation). In fact a concert may need to begin in this informal but effective manner before the institutional architects get the opportunity to formalize (and often to de-energize) the cooperation. To the extent that it existed, the European Concert of the early nineteenth century was a product of a simultaneous realization by the great powers that what Napoleon had been allowed to do to the regional balance could not be allowed to repeat itself. The elaborate diplomacy which ensued in Vienna was more a product of that grand bargain than its cause. The idea of concerted great power politics appealed to a Cold War statesman like Henry Kissinger not because of its formal and institutional trappings, but as a way of recognizing that the great powers had common interests in restraining their combative impulses for the sake of international order.²⁵

A similar philosophy can then be applied to the SPT, which have demonstrated the ability of at least some of the great powers to collaboratively manage a security issue in Asia—even if that collaboration has been limited and its effects at times disappointing. If this process is to

be the start of an ongoing effort among Asia's major powers to deal with a wider range of regional security issues, the trick is not to take the talks which have been hosted by China and regularize them into some sort of formal mechanism. Whether that happens is not the point. The key lies instead in extracting the very small and pale embryo of concerted behaviour from the talks and applying it elsewhere—as an informal norm of behaviour which can be built upon. Hence the notion of a 6–1+3 approach (North Korea out and India, Australia and New Zealand in) as an Asian security mechanism and other permutations are exactly the sort of architectural illusion which needs to be guarded against.²⁶ It would be much better to wake up one day and realize that a concert was taking shape because the great powers were collaborating than to kill it off prematurely by promoting it as the next and inevitable stage in Asia's formal institutional evolution.

COLLABORATION UNDER ANARCHY

A strong interest in the *informal* understandings which underpin effective international politics characterizes the work of Hedley Bull, the Australian-born scholar who made the largest contributions to our understanding of collaboration under anarchy. Bull nominated the “managerial system of the great powers”²⁷—which could include a concert or a condominium—as one of the essential foundations of what he famously called the anarchical society. He called that great power system one of the *institutions* of international order, but by institution he did not so much mean formal parts of an architecture within which the great powers are housed as essential pieces of the furniture. Instead the institutional aspect relates to the patterns of behaviour, indeed the actions of the great powers. Institution here is more about practice and relationships than about formal structure.

Hence Bull explains that “By an institution we do not necessarily imply an organization or administrative machinery” (which so much of our architectural discussion gets reduced to), “but rather a set of habits and practices shaped towards the realization of common goals.”²⁸ This typology bears striking resemblances to the work of another theorist of informal cooperation, Thomas Schelling, whose analogue of Bull's inter-

national order was an international stability based on informal bargains founded upon consistent patterns of strategic behaviour.²⁹ So rather than thinking about which gatherings, arrangements, fora and processes can combine to produce Asia's optimal architecture, we are better to focus on what habits and practices the great powers need to adopt—and how smaller powers and medium powers in the rest of the region (like Australia) can encourage that adoption.

If we take this challenge seriously, something noticeable happens. Suddenly we are less transfixed by the next meeting of the region's major leaders and what they say about each other, by whether the Americans turn up to the ARE, by China's preference for ASEAN+3 over the EAS, and by comparisons between APEC and Mr Rudd's Asia-Pacific Community proposal. These conversation fillers do not necessarily add much to our understanding of how Asia's changing power equation really is going to be managed. Instead we are faced with some of the more direct, and occasionally uncomfortable, questions which stem from the changing equation of power in Asia, to which China's rise above all is contributing. This forces us to focus on questions of strategy—that bridge between our wider aims for the region and the means we have at our disposal. And when we do get to the question of formal organizations, (because they are far from completely irrelevant) it is more likely that we will be thinking about how these can be used as instruments of order rather than as ends in themselves. We will be thinking in short about how they contribute to the garden we need to tend carefully and gradually, and which cannot be planned and erected as an architectural creation.

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CONTRIBUTORS

Mely CABALLERO-ANTHONY is Associate Professor and Head of the Centre for Non-Traditional Security Studies at the S. Rajaratnam School of International Studies, Nanyang Technological University, Singapore.

Robert AYSON is Senior Fellow and Director of the Graduate Studies in Strategy and Defence Programme at the Strategic Defence Studies Centre, Australian National University.

Youngho CHANG is Assistant Professor at the School of Humanities and Social Sciences and the S. Rajaratnam School of International Studies, Nanyang Technological University, Singapore.

Ralf EMMERS is Associate Professor and Coordinator of the Multilateralism and Regionalism Programme at the S. Rajaratnam School of International Studies, Nanyang Technological University, Singapore.

LI Mingjiang is Assistant Professor and Coordinator of the China Programme at the S. Rajaratnam School of International Studies, Nanyang Technological University, Singapore.

Helen NESADURAI is Senior Lecturer at School of Arts and Social Sciences, Monash University Malaysia, Sunway Campus.

Avery POOLE is a doctoral candidate at the Department of Political Science, University of British Columbia, Canada, and Research Assistant at the Centre of International Relations in the Liu Institute for Global Issues at the university.

Kripa SRIDHARAN is Adjunct Associate Professor in the South Asian Studies Programme, National University of Singapore.

Bhubhindar SINGH is Lecturer in the School of East Asian Studies, Sheffield University, United Kingdom.

See Seng TAN is Associate Professor and Head of Research of the Institute of Defence and Strategic Studies at the S. Rajaratnam School of International Studies, Nanyang Technological University, Singapore. He was Convenor of the Sentosa Roundtable on Asian Security from 2007–2009.

Brendan TAYLOR is Lecturer in the Graduate Studies in Strategy and Defence Programme at the Strategic and Defence Studies Centre, Australian National University.

Today, common concerns are driving East Asians to collaborate in ways unimaginable a few years ago.

In particular, recent developments in the financial, energy, health, anti-transnational crime, and other sectors suggest that “functional cooperation”—technical collaboration based on common interests or issues—is on the rise among East Asian states. *Collaboration under Anarchy* brings together ten leading experts who assess the prospects for deeper and more extensive cooperation in various “non-traditional” sectors of security, as well as the views of several regional powers and of ASEAN on functional cooperation within and by their region. Their analyses suggest that functional cooperation, while not without difficulties, could however prove indispensable to realizing East Asia’s collective aspirations for prosperity, security and order.



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