IS NORTHEAST ASIAN REGIONALISM THE CENTRE OF EAST ASIAN REGIONALISM?

Edited by:
Bhubhindar Singh

SPECIAL POLICY REPORT
THE CENTRE FOR MULTILATERALISM STUDIES
S. RAJARATNAM SCHOOL OF INTERNATIONAL STUDIES
NANYANG TECHNOLOGICAL UNIVERSITY

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Introduction

Bhubhindar Singh

The RSIS Centre for Multilateralism Studies held a workshop on the theme "Is Northeast Asian Regionalism the Centre for East Asian Regionalism?" on 6 July 2012. This meeting brought together experts from China, Japan, South Korea and Southeast Asia to address key issues as well as challenges of Northeast Asian regionalism from both the policy and academic perspectives. The workshop was organised in response to two inter-related reasons. First, Northeast Asian regionalism is probably one of the most under-studied and under-analysed aspects of East Asian regionalism. This issue has not featured prominently in Southeast Asian policy circles, which is usually dominated by the Association of Southeast Asian Nations (ASEAN)-led East Asian multilateralism. Second, the purpose was to take into account the strengthening of Northeast Asian regionalism especially since 2008 (discussed in greater detail below). Some have argued that the strengthening Northeast Asian regionalism is a challenge to the ASEAN-led multilateral structure. Our aim for this workshop was to advance the debate on Northeast Asian regionalism and understand its place in the larger East Asian multilateralism.

Northeast Asia is an important sub-region for East Asia and for the rest of the world. It is one of the fastest growing regions in the world. It is home to two of the top three economies in the world (China and Japan). The combined population of China, Japan and South Korea is around 1.5 billion people, and these three countries account for around 20 per cent of the world's gross domestic product. Apart from its economic significance, Northeast Asia is also characterised with a range of security concerns that could destabilise the sub-region and the entire East Asia as well. Some of these core issues are uncertainty associated to China's political, economic and military rise, North Korea's ballistic and missile programmes and its repeated acts of belligerence, and a range of territorial disputes. Northeast Asia is also home to the largest United States overseas military deployment outside of Europe, namely in Japan and South Korea. Supported by the U.S.-Japan and U.S.-South Korea alliances, the United States military presence is a cornerstone of peace and stability for Northeast and Southeast Asia.

One of the most important developments in Northeast Asia has been the gradual strengthening and institutionalisation of regional cooperation between the Northeast Asian states. There are many meetings with various membership configurations that attest to this point. One of these meetings is the Trilateral Cooperation Meeting between China, Japan and South Korea. From meeting on the sidelines of the ASEAN Plus Three summits, they decided to hold separate trilateral summits from 2008. The institutionalisation process of these annual meetings has advanced with the establishment of a Trilateral Cooperative Secretariat in 2011 and the appointment of a Secretary-General by rotation among the three countries. They have thus shown a serious commitment to strengthening this regionalism, albeit at a modest pace. The institutionalisation of this trilateral arrangement has advanced significantly especially in economic terms since its inception. At the last meeting in May 2012 held in Beijing, China, Japan and South Korea agreed to start negotiations on a trilateral free trade agreement and signed a trilateral investment agreement, discussed in greater detail in the commentaries below.

The presentations and discussions at the one-day workshop addressed various aspects of Northeast Asian regionalism and ASEAN's responses to this very important development in the region. Three general points stood out:

First, as all the commentaries alluded to, the strengthening of Northeast Asian regionalism is a positive development for the sub-region and East Asia as well. Despite the existence of a series of political challenges between the three countries, this progress will continue at a steady pace especially in the domain of economics. This is because pragmatism is the defining feature of Northeast Asian regionalism.

Second, another conclusion all commentaries reached was that the strengthening of Northeast Asian regionalism is not a challenge to ASEAN's centrality in East Asia multilateralism. This is due to the entrenched nature of ASEAN's role in East Asian multilateral structure and the bilateral tension fuelled by an unsettled historical legacy between the three countries that precludes further commitment by China, Japan and South Korea to the trilateral arrangement to the fullest extent beyond economics. Moreover, China, Japan and South Korea are active participants in various ASEAN-led political, economic and security arrangements as well as strong proponents of ASEAN's centrality in this structure. Nevertheless, ASEAN should not be complacent and work hard to reinforce its unity and leadership role in the East Asian multilateral structure. Any signs of weakness within ASEAN could lead to a decrease in confidence among the Northeast Asian states in ASEAN's leadership and strengthening Northeast Asian regionalism.

Third, the ASEAN-led East Asian multilateralism and the developments in Northeast Asian regionalism are not mutually exclusive but complementary. The development of Northeast Asian regionalism should be seen as another leg of a chair that supports the East Asian regionalism.

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Rise of Northeast Asian Economic Regionalism

Takashi Terada

Trilateral integration between China, Japan and South Korea has progressed steadily despite the existence of a series of political difficulties between them. This is a result of an external factor, namely the progress in the U.S.-led Trans-Pacific Partnership (TPP).

At the Summit Meeting held in Beijing on 13 May 2012, leaders from China, Japan and South Korea reached an agreement that the trilateral Free Trade Agreement (FTA) negotiations should be commenced within the same year, following the trilateral investment agreement which was signed by their trade ministers. This represents that Northeast Asian regionalism finally displayed its willingness to move into a similar level of economic integration to that of other regions such as Southeast Asia.

A major feature surrounding Northeast Asian regionalism is that while respective bilateral relations among themselves tend to be strained by persistent historical and territorial disputes, the move towards the formation of a trilateral FTA or investment agreement has been steadily progressing. This does not, however, mean that the cooperative mood is well developed. There is no bilateral FTA concluded by any Northeast Asian countries despite the fact that China, Japan and South Korea have signed a constellation of bilateral FTAs with, for instance, the Association of Southeast Asian Nations (ASEAN) and its individual member countries.

The development of trilateralism can be attributed to a low profile and gradual approach, which the three nations have employed, so that the negative impacts of their bilateral political strains can be countered. For example, the very first trilateral summit started as an informal breakfast meeting in 1999, producing no joint statement and specific cooperative initiative. Only in 2003 the first joint statement was launched and a small-scale secretariat was established in Seoul in 2011. This low profile approach also included the effective use of the non-governmental institutions, such as research institutions to facilitate policy dialogues in areas, such as FTA and investment. The non-governmental trilateral FTA feasibility study group continued to produce annual policy suggestions to the governments in 2003–2009 concerning the desirability of a trilateral FTA. This was instrumental in facilitating more time for a stronger momentum to emerge for the trilateral FTA negotiations through the eventual involvement of government officials, and the socialisation of the economic merit of trilateral integration within all three countries. During this period, trilateral cooperation was also institutionalised through the establishment of 18 ministerial-level meetings, along with the intra-governmental policy networks. Of symbolic significance was the fact that areas such as tourism, culture and education were initially promoted for inter-governmental trilateral cooperation because these areas were considered as less politically contentious and easier for reaching a consensus.

Even though time-consuming, this low profile approach has allowed the three governments to sustain the motivation for strengthening trilateral integration even at a politically difficult time. For instance, even after the China-Japan clash over the Senkaku Islands in September 2010, the vice-minister of Chinese Commerce Ministry continued to express his hope to start negotiations for a trilateral FTA the following year. In the same vein, after a Korean maritime police officer was killed by a captain of an illegally operated Chinese fishing boat in the Korean Exclusive Economic Zone of the Yellow Sea on 12 December 2011, the Korean FTA negotiation representative stated that though this was a serious event, it would not affect the trilateral FTA talks.

China and Japan disagreed on whether a FTA or investment agreement should be completed first—a major contentious point to the efforts to build Northeast Asian economic regionalism. China was reluctant to advance the investment agreement partly because it contains the national treatment clause, which states that foreign and national companies must be treated equally. Since the investment chapter has been included in all of Japan's bilateral FTAs, the Chinese clung to the position that a trilateral FTA, which China proposed in 2002, should be established ahead of the investment agreement. While there remained differences in priorities between China and Japan, South Korea (who supported Japan's position as a major investor in China) has been reluctant to resume FTA negotiations with Japan and was thus not overly receptive to the trilateral FTA.

This impasse was broken by the U.S.-led negotiations on the Trans-Pacific Partnership (TPP) agreement. This caused China to push more strongly than before for the promotion of a trilateral FTA. Significantly, Japan's interest in the TPP resulted in a more flexible Chinese stance towards Japan. China accepted a proposal from Tokyo to conclude a trilateral investment agreement first (a framework that Beijing previously resisted). The TPP is generally considered a high-standard trade arrangement fitting America's template for FTAs. Given the size of its market, the United States hopes to realise Japan's entry in the near future, which would greatly enhance the prospects that the TPP will result in the establishment of a region-wide FTA. China then moved away from its almost exclusive pursuit of an ASEAN Plus Three regional framework and towards greater interest in ASEAN Plus Six, which is Japan's preferred arrangement for East Asian regional integration. These concessions have helped Japan keep its FTA options open in case it does not gain entry into TPP.

In the meantime, China began negotiating a bilateral FTA with South Korea, which acted as pressure on Japan to view the trilateral FTA more seriously. If China-South Korea FTA materialised, Japanese exports would be put into a

disadvantaged situation in a gigantic Chinese market, as only Korean products could enjoy non-tariff status. It should be noted that the mechanism of the mutual concession by Japan and China did not generate through the accumulation of dialogues between China, Japan and South Korea but by the deepened involvement of the United States in Asia through the TPP. This "external pressure" can continue to act as a driving-force for the development of trilateral integration due to the structural vulnerability of the Northeast Asian regionalism represented by the existence of historical and territorial disputes. For example, over the last year, South Korean President Lee Myung-bak continued to raise the issue of comfort women during his meeting with Prime Minister Noda Yoshihiko, which led to the straining of bilateral relations between Japan and South Korea. However, China, which hopes to advance a trilateral FTA to emulate TPP development, has not kept the pace with South Korea. In this case, TPP prevented the expansion of the historical controversy between the three countries.

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The Korea-Japan-China Trilateral Cooperation and Northeast Asian Regionalism

Jo Yanghyeon

Trilateral cooperation has shown progress in the institutionalisation of cooperative measures in all areas except security. This commentary discusses the key challenges faced by this arrangement and argues for the continued support for the centrality of the Association of Southeast Asian Nations (ASEAN).

As far as regional cooperation is concerned, Northeast Asia has been characterised as a "wasteland for regionalism" or displays "stunted regionalism" in the post-war era. Its regional integration remains behind that of Southeast Asia, not to mention other regions such as Europe. The level of institutionalisation of cooperative measures in this region does not correspond to the actual economic integration of the region. Moreover, there is no effective multilateral mechanism to manage the regional political and security issues.

Over the past decade, however, alternative multilateral cooperative frameworks emerged in Northeast Asia. Two significant examples of processes not led by the Association of Southeast Asian Nations (ASEAN) were the Northeast Asian Trilateral Cooperation and the Shanghai Cooperation Organisation (SCO). The Trilateral Summit originated from the "Breakfast Meeting" of the heads of China, Japan and South Korea during the ASEAN Plus Three Summit in Manila in 1999. In 2008, the three countries held the first trilateral summit outside of ASEAN, in Fukuoka, Japan. Since then, five summits have been held annually in rotation among the three countries.

It is highly expected that this development contributes in constructing a Northeast Asian regional identity as well as deepening mutual inter-dependence in the region. The summit-level meetings have a symbolic meaning as the highest official-level arrangement as well as the "spark plug" for functional cooperation among the three governments. At present, there are 58 inter-governmental cooperation processes, including 18 minister-level meetings and one summit meeting. These processes cover various fields such as the foreign affairs, finance, economy/trade, logistics, environment, tourism, and science and technology, but not security. The Trilateral Cooperation Secretariat was launched in Seoul in 2011. It will further contribute to the institutionalisation of trilateral cooperation by supporting the operation of the above-mentioned processes.

The trilateral cooperation has possibly entered a new phase. As the Trilateral Summit meeting has been successfully institutionalised, the leaders started to focus on taking practical steps to concretise cooperative projects, rather than merely going through one meeting after another. The first summit meeting provided a starting point for the institutionalisation of trilateral cooperation. Priorities of the second and third meetings were given to keeping the momentum and suggesting long-term visions for trilateral cooperation. At the fourth summit meeting, which came after the agreement to set up a permanent secretariat, however, the three countries focused on dealing with the devastating March 2011 earthquake and tsunami crisis in Japan. Finally, the fifth summit focused on enhancing functional partnership, cultural and social cooperation as well as their cooperation on non-traditional security issues, and deepening the economic and trade cooperation.

Challenges and Tasks

Despite the successes discussed above, there are many challenges that could hinder the progress of the trilateral process.

First, to expand and deepen the trilateral cooperation, China, Japan and South Korea have to minimise the negative impacts from the bilateral conflicts that are related to historical issues, territorial disputes, ideological confrontation, nationalism and competition for regional hegemony. Especially this year, as leadership changes are expected in South Korea and China in addition to political instability in Japan, the three governments have to pay

attention to manage potential bilateral problems.

Second, the three countries need to ensure the continued effectiveness of functional cooperation. Northeast Asia is a region where values, such as national interest and sovereignty take priority, albeit its regional integration is accelerated by economic activities. It is unlikely that the three countries would seek regionalism that is supported by the political will that accepts the transfer of national sovereignty to a transnational organisation. The functionalist approach seems to be more realistic for the region at least for the near future. The question is how to effectively realise the agreed projects. Follow-on measures, such as concretising the details and formulating binding institution are required. The difficulties lie in how these three countries overcome conflicts and bridge their differences in the process.

Third, all three countries face a challenge in building security cooperation. Differing from the "functional cooperation" in economic and social issues, there is no effective high-level consultative body in the security area among the three governments. If the construction of a "security community" is unrealistic in Northeast Asia, the multilateral security cooperation could be its alternative. While the Six-Party Talks remain halted and the ASEAN Regional Forum (ARF) is insufficient in dealing with highly subtle issues, the Trilateral Summit could be the official channel where the countries could discuss regional security issues. For example, at the third Trilateral Summit, the leaders of the three countries discussed the controversial Cheonan incident (not included in the original agenda), even though they failed to delve deeply into it. It is important that the three countries start a high-level consultative body to discuss common security issues.

Fourth, the trilateral cooperation needs to find its place within the East Asian regional architecture. Northeast Asia regionalism flourished during the past decade, in contrast to the slowdown of East Asia or Asia Pacific regionalism. This is because it showed its utility. In order to survive as a substantial framework in the future, the trilateral arrangement has to differentiate its own utility from other Asia Pacific, East Asia, Southeast Asia and Trans-Pacific frameworks, yet develop mutually beneficial relationships with them.

Implications for ASEAN Centrality

The institutionalistion of Northeast Asian Trilateral Cooperation is likely to contribute to the deepening of the "multi-layered regionalism" in Asia and accelerating its "de-ASEAN-isation". Coupled with the United States', Russia's and India's expanded involvement in Asia, the development of minilateralism, such as the trilateral arrangement, is likely to possibly weaken ASEAN's leading role in the regional architecture.

However, this does not necessarily mean that the Northeast Asian trilateral arrangement regards ASEAN as a "competitor". On the contrary, China, Japan and South Korea support ASEAN to keep its role as "driver" of East Asian regionalism. The leaders of China, Japan and South Korea reaffirmed at the fourth Trilateral Summit that they would advance East Asia regional cooperation by using not only the trilateral arrangement but also the various vehicles available in the region, namely the ASEAN Plus Three, East Asia Summit (EAS), ARF and Asia-Pacific Economic Cooperation (APEC). As far as ASEAN is at the centre of these bodies, it will keep its advantageous position.

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Trilateral Northeast Asia FTA: Pragmatic Regionalism

Bhubhindar Singh

Bilateral political tensions between China, Japan and South Korea stand in the way of the proposed trilateral Free Trade Agreement (FTA). However pragmatism by all three countries can strengthen their endeavour to forge Northeast Asia regionalism.

The announcement by China, Japan and South Korea on 12 May 2012 that they are to begin negotiations later this year on a trilateral Free Trade Agreement (FTA) portends a major development in regionalism in Northeast Asia. If realised, the new free trade area will be one of the largest free trade zones in the world, accounting for around 20 per cent of the global gross domestic product. The leaders of the three countries also signed an investment agreement as a "strong push to the promotion, facilitation and protection of reciprocal investment" among them.

Besides its economic significance, based on China and Japan being among the largest economies in the world, and making the grouping the third largest after the North American Free Trade Agreement (NAFTA) and the European Union (which account for 27 per cent and 26 per cent respectively), the proposed trilateral FTA hold out the promise of a pragmatic regionalism that transcends historical animosities and political nationalism among the three large economies of Northeast Asia.

Indeed these non-economic factors, particularly their different political systems, generate serious scepticism and considerable caution within and without the region about the prospect of such a FTA being realised soon. This doubt is underscored by the absence of any bilateral free trade agreement between the three countries, though there is a healthy two-way trade among them, mainly between Japan and the other two countries. Market analysts see potential difficulties being raised by the strong agricultural sectors in Japan and South Korea against farm products from China. However these have been eroded through the conclusion of FTAs between the three countries and the Association of Southeast Asian Nations (ASEAN), which have included agricultural products and services.

Political analysts see challenges being raised by the centrally-controlled communist system of China and the factionalised democracies of Japan and South Korea. The three countries have also been long divided by their different political and security affiliations. Nevertheless the three countries have demonstrated a willingness to meet these challenges by their commitment to negotiate the FTA. Their approach is based on the exercise of a strong pragmatism as a defining feature of regionalism. This assessment is based on the following three considerations.

Pragmatism Exercise

First, notwithstanding their bilateral tensions, China, Japan and South Korea have recognised the value of strengthening trilateral cooperation, which they initially engaged in through the ASEAN Plus Three (APT) dialogue mechanism that begun in 1997. From meeting on the sidelines of the APT summits, they agreed to have a separate trilateral summit from 2008, where they are able to focus on specific issues pertaining to Northeast Asia. The institutionalising of these annual meetings has advanced with the establishment of a Trilateral Cooperative Secretariat in 2011 and the appointment of a Secretary-General by rotation among the three countries. They have thus shown a serious commitment to strengthening this regionalism albeit at a modest pace.

Second, China, Japan and South Korea have shown pragmatism in ensuring that the trilateral meetings focus on economic issues with the aim of strengthening economic cooperation. This decision was based not only on economics being a "safe" area to boost cooperation but also in acknowledgment of their economic complementarities. This refers mainly to the synergies between the three economies, China's advantage in low-cost and efficient manufacturing and Japan's and South Korea's advantage in high technology sectors. While North Korea's nuclear programme and possible nuclear tests were possibly discussed, the three countries mainly focused their discussions on economic issues and cooperation.

Third, all three countries recognise the value of a trilateral FTA. Even though the negotiations could face many hurdles and be protracted, it is not inconceivable that an agreement could be reached. The FTA would be narrower in scope, with "sensitive" sectors omitted, as compared to other major FTAs. However China, Japan and South Korea are aware of the benefits of reaching an agreement for their respective countries and the region.

Challenge to ASEAN's Centrality?

Further evidence of the pragmatism displayed by China, Japan and South Korea is their understanding of the limits of the trilateral regionalism project. The three countries are aware of the many factors that could impede the strengthening of Northeast Asian regionalism. Some of these factors are the bilateral tensions fuelled by an unsettled historical legacy between the three countries, leadership issues within this arrangement, Japan's and South Korea's concerns of China's political and military rise, and the ability of Japan and South Korea to commit to the trilateral arrangement to the fullest extent, beyond economics, in light of their strong alliances with the United States.

Recognising these difficulties, China, Japan and South Korea still understand the value of strengthening trilateral cooperation. They will pursue a modest pace in the efforts towards Northeast Asian regionalism and keep economics as the main binding force in this endeavour. What this also means is that Northeast Asian regionalism will not compete with the ASEAN-led effort to establish an East Asian multilateral structure.

The possibility of Northeast Asia becoming the centre of an East Asian multilateral structure has often been discussed as an outcome of trilateral cooperation. It is important to note that China, Japan and South Korea are active participants in various ASEAN-led political, economic and security arrangements and strong proponents of ASEAN's centrality in this structure. It is therefore likely that a trilateral Northeast Asia FTA will complement and reinforce the development of an ASEAN-centred multilateral regional architecture in East Asia.

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Northeast Asian Regionalism: The Implication of the Shanghai Cooperation Organisation

Zhao Huasheng

The Shanghai Cooperation Organisation (SCO) is an important component of Northeast Asian regionalism. Despite many differences, this commentary argues that the SCO members have succeeded in shaping a regional cooperative framework.

The Shanghai Cooperation Organisation (SCO), created in 2001, covers a wide range of the Eurasian region with Central Asia as the centre. The organisation includes six member states (China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan), five observers (Mongolia, India, Pakistan, Iran and Afghanistan) and three dialogue partners (Belarus, Sri Lanka and Turkey).

Concentrating mainly in the Central Asian and Eurasian regions, the SCO is close to Northeast Asia both geographically and politically. In geographical terms, the SCO is directly neighbouring the Northeast Asian region. China is a Northeast Asian state, and Russia, the other key member of the SCO, is located in Northeast Asia as well. As a traditional European country, Russia is now pursuing a "Go East" policy that could lead to a higher degree of integration with the Asia Pacific region in general and Northeast Asian in particular. Besides, Mongolia, another Northeast Asian state, is an observer at the SCO. In political terms, it is in the SCO's interest to have positive interactions with the neighbouring regions, including Northeast Asia. Moreover, the different regions of the globe in the contemporary globalised world are inter-related. What happens in one region will certainly have an impact on its neighbours, and conversely, will be affected by it. This relationship could be precisely applied to the relationship of the SCO and Northeast Asia.

The SCO certainly impacts the dynamics of regionalism in Northeast Asia. By creating a regional cooperative regime, the SCO has not only promoted regionalism in Central Asia but in Northeast Asia as well, though not the whole Northeast Asia. It seems that regionalism in the Northeast Asian region is a complicated process, which is reflected in the various parallel or overlapping forms that this process has taken. The SCO is one of them. As a matter of fact, the Northeast Asian region is not beyond the scope of the SCO's activities, particularly in the security area. This was demonstrated by the fact that the two military drills of the SCO, the "Peace Mission–2005" and "Peace Mission–2009", had been conducted in the Northeast Asian region. The main goal of the SCO is to promote regional cooperation with the emphasis on security, economic and humanitarian areas.

With the border region safety as the starting point, the focus on security cooperation for the SCO has centred on combating against terrorism, separatism, extremism, drug trafficking and transnational crime. The effectiveness of the SCO in this area can be regarded as effective. By cooperating and coordinating among the member states, the SCO has formed a common space of security, where the member states adhere to the common principles and follow the common rules and regulations in fighting the common security challenges. The range of security cooperation within the SCO has been broadened. With the withdrawal of the U.S. troops from Afghanistan, the future of Afghanistan causes great worries in the region and beyond. As the local organisation directly bordering Afghanistan, the SCO has to face up to the challenges that could possibly occur. Regional instability is another challenge. The continuing chaos in North Africa and West Asia causes common concern among the SCO members. In the recent Summit held in Beijing this June, the SCO declared it will take coordinated political and diplomatic measures in case of the emergence of threats to the peace and stability of the region.

Economic cooperation is another area of focus for the SCO. The SCO has been working on promoting regional economic cooperation to enhance economic relationship among the member states. Initially the SCO set the three-step plan, which included facilitating trade and investment, formulating common recognised regulations and procedures, and finally, realising free flow of commodities, capital, services and technology. Energy, transportation, communication and information are important areas for cooperation among the members too. The SCO strongly pushes efforts to create the regional network by advancing infrastructure build-up, such as railways, roads, communication and others. As the strongest economy among the member states, China has been the most important driving force for the promotion of economic cooperation. China has provided financial support to the SCO totalling US$20.9 billion, which serves as the major financial source for the SCO.

The SCO is a regional organisation with great differences among the member states. However, it has succeeded in shaping a regional cooperative framework. The secret of its success lies in its political basis, which is named as the Shanghai spirit, referring to "mutual trust, mutual benefit, equality, cooperation, respect for diversified civilisations and common development".

Structural gaps between the member states are huge. The SCO is an organisation with a unique structure. One of the distinct features of the organisation is that the differences among its members are very large. The SCO consists of very big and very small countries. Russia is the largest and China is the third largest country in the world, with territory of 17.07 and 9.6 million square kilometres respectively.

Kyrgyzstan and Tajikistan are very small countries, with no more than 200 000 square kilometres of land. China is the largest country in the world in terms of population, with more than 1.3 billion people, while Kyrgyzstan and Tajikistan each have less than 8 million people. With respect to gross domestic product (GDP), the gap between the members is even more contrasting. As of 2006, China's GDP was estimated at US$2.69 trillion. For the same year, Kyrgyzstan and Tajikistan's GDP figures were no more than US$5 billion, making the difference more than 500 times. In 2011 China's GDP has reached to more than US$7 trillion, but the economic growth of the Central Asian states has been slower.

The member states of the SCO belong to different religious and civilisation origin. China's civilisation is mainly based on Confucianism, Russia in Orthodox and the Central Asian states in Islam. The member states follow different political systems and cultures as well. China is a socialist regime, Russia has adopted the Western political model and Central Asian states exercise the political institutions that show mixed elements of its tradition—the Soviet past and Western influence. Although the SCO is regarded by the West as an organisation with similar political regimes, in reality they differ from each other quite significantly.

The most important factors for the SCO to succeed are common interests, political equality, mutual respect and balanced benefits between the members. However, the practice of the SCO has also demonstrated that settlement of territorial disputes would be a vital factor to improve regional cooperation. It is not accidental that the SCO was established on the basis of solving territorial disputes between member states.

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Alliances/Trilateralism and Northeast Asian Regionalism: Complex Patchworks or Fraying Fabric?

Brendan Taylor

Despite the burgeoning of bilateral, trilateral, quadrilateral and multilateral initiatives within the U.S.-led structure, Northeast Asia is not ready for these new variations of security arrangements. This is due to four factors: (i) China's reactions to these new security arrangements; (ii) the historical legacy problem between the Northeast Asian states; (iii) domestic political pressures; and (iv) strategic culture that precludes binding relationships among Asian states.

Victor Cha's "complex patchwork" thesis has quickly emerged as a popular and compelling framework for understanding the place of traditional bilateral alliances and nascent trilateral security arrangements in Asia's emerging security architecture. At the heart of Cha's thesis is the view that viable security architecture already functions in Asia. It is an architecture based around a burgeoning number of bilateral, trilateral, quadrilateral and multilateral groupings. The bulk of these groups are informal in nature. They are also overlapping and interlinked. Taken together, these features are advantageous, in Cha's view, in that they facilitate and encourage interstate cooperation among different combinations of countries across a range of different issue areas. Cha sees America's Asian alliances as the "thread" which holds this "complex patchwork" together, both because many of the new trilateral and quadrilateral frameworks are direct "spin offs" from existing U.S. alliances and also because the system writ large has delivered the stability required to encourage interstate cooperation in a region ridden with deep-seated animosities.

Cha is right, of course, that a raft of new trilateral, quadrilateral and multilateral structures have emerged in Asia in recent times. Just as revealing, however, are the repeated "false starts" and "non-starters". A prominent example is the "Asian Quad" experiment between the United States, Japan, India and Australia, which Canberra unceremoniously backed away from in early 2008. The Six-Party Talks is another example of a group that Cha champions as a bilaterally-based mechanism but which stalled in 2009. Proposals for U.S.-China-Japan and U.S.-China-India trilaterals have failed to make any headway. A U.S.-India-Japan trilateral finally got off the ground in late 2011, but only after several false starts. To be sure, supporters of Cha's thesis might point to the 2012 Shangri-La Dialogue and the growing number of trilateral meetings held on its sidelines, such as that between the United States, Japan and South Korea. Yet the very initiative that the United States was reportedly pushing for most strongly during this meeting—an intelligence sharing agreement between Japan and South Korea—failed to materialise only a matter of weeks later after Seoul took cold feet only an hour before the agreement was formally signed.

In contrast to Cha's "complex patchwork" thesis, a case can be made that Northeast Asia remains extremely ill at ease with new modes of security cooperation to the point where a viable regional security architecture—at least in any genuine sense of the term—remains quite some way off. Why is that so? At least four factors are at play.

First and foremost, there remains a good deal of anxiety over Beijing's perceptions of and responses to such initiatives. The "Asian Quad" experience is instructive here.

Forged in the aftermath of the tragic Boxing Day Tsunami of late 2004 and formally initiated on the sidelines of the ASEAN Regional Forum in 2007, this new grouping quickly attracted China's ire. After the quad countries conducted a round of military exercises during the same year, each individually received a (less than) diplomatic démarche from Beijing. Australia and India quickly developed cold feet and Canberra was first to pull the plug on the quad when, in early 2008, the Australian Foreign Minister Stephan Smith publicly announced Australia's abandonment with his Chinese counterpart standing right beside him.

Second, problems of history remain a significant impediment to cultivating new modes of security cooperation in Northeast Asia. This has been particularly evident of late in relations between Japan and South Korea. Some commentators are keen to talk up the prospects for greater alignment between these two Northeast Asian U.S. allies, which makes perfect sense at a superficial level given the potential threats posed to each by China and North Korea. Yet relations between Tokyo and Seoul continue to be characterised by a deep sense of distrust and historically-based animosity. Tensions between them persist over a raft of issues, including comfort women and a territorial dispute. There is even evidence to suggest the persistence of a quiet, yet concerted arms race between them. As noted previously, these tensions came to a head most recently when South Korea withdrew rather dramatically from a proposed intelligence sharing agreement with Japan.

Third, domestic political considerations also condition and constrain the prospects for new forms of Northeast Asian security cooperation. Domestic political pressures were certainly at the very heart of Seoul's decision not to sign the aforementioned agreement with Japan. They were also integral to Australia's equally public withdrawal from the "Asian Quad", the catalyst for which was leadership change in Canberra. By contrast, the experience of the Trilateral Strategic Dialogue between the United States, Japan and Australia during the mid-2000s was initially a more positive one, precisely because the domestic political stars were in alignment. In the United States, the George W. Bush administration favoured the worldwide export of democracy, Prime Minister Abe in Japan advocated an Asian "alliance of democracies", while Prime Minister Howard in Australia was staunchly pro-American and also deeply conservative ideologically. Rarely in Asian security politics does such fortuitous convergence occur at the domestic political level though.

The final factor standing in the way of new forms of Northeast Asian security cooperation is perhaps deeper still. It relates to the issue of strategic culture and the propensity of many if not most Asian countries to avoid binding alliance relationships. India's reticence on the "Asian Quad", for instance, as well as its tentative approach to the more recent U.S.-Japan-India trilateral can be interpreted as reflecting its traditional preference for maintaining a non-aligned posture. Often less noted but equally important, non-alignment has been a recurring theme in Chinese foreign and security policy which may well explain Beijing's reluctance to sign up to the proposed U.S.-China-Japan and U.S.-China-India trilaterals. The cynic might suggest here that Beijing simply fears the prospect of the United States and its partners using these venues as yet another opportunity to "gang up" against rising China. But there are clear signs of "alliance allergy" elsewhere in Asia—particularly in Indonesia, Singapore and even South Korea—thus begging the question of whether there is in fact something more fundamental getting in the way of new forms of Northeast Asian security collaboration.

The four obstacles to new forms of Northeast Asian security cooperation identified in this commentary are each deep-seated in nature. Barring a major strategic shock, such as a dramatic downturn (or upturn) in U.S.-China relations, it is difficult to envisage them being overcome anytime soon. While this is not to suggest that existing U.S. alliances will not continue to survive and thrive during this period of uncertainty, the foregoing analysis suggests that nor are they likely to serve as the building blocks for Northeast Asian regionalism along the lines that Cha suggests. The prospect for his "complex patchworks" thesis appears somewhat bleak.

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Six-Party Talks: A Phoenix Waits for Reincarnation

Cheng Xiaohe

The commentary covers the strengths and weaknesses of the Six-Party Talks—regarded as one of the most established issue-based security arrangements in Northeast Asia. It raises key points relevant for its resumption after being stalled in 2009.

The Six-Party Talks (SPT), which made its debut in 2003, is designed to address three prominent and interconnected issues with regards to the Korean Peninsula, including North Korea's nuclear programme, normalisation of North Korea's relations with South Korea, the United States and Japan, and instituting a permanent peace mechanism on the Peninsula.

The SPT is the first multilateral security mechanism in Northeast Asia that includes all the major players in this

region since the 1954 Geneva Conference, which focused on the Korean Peninsula and Vietnam issues. The road to its formation was very torturous. The first North Korean nuclear crisis resulted in the U.S.-D.P.R.K. framework agreement signed in 1994. As this agreement began to falter, the Democratic People's Republic of Korea, the United States and China held three-way talks aimed at keeping the 1994 agreement alive. When this agreement broke down, it gave rise to the second North Korea nuclear crisis. This resulted in the two Koreas, the United States and China rushing to the negotiating table in an effort to find a new way out. This led to the formation of the SPT. This was based on the consensus that all member states were willing to participate in an arrangement that meets the expectation of all the major players.

Assessment of the SPT

Up to now, the six rounds of talks have failed to persuade the Democratic People's Republic of Korea to abandon its nuclear programme. North Korea conducted nuclear tests in 2006 and 2009. Pyongyang's defiant behaviour met strong opposition from the international community. For the first time, China joined the anti-North Korea chorus and endorsed the passage of two United Nations Security Council presidential statements and two resolutions. These resulted in the condemnation of North Korea's nuclear and long-range missile tests and the imposition of sanctions against the isolated nation. Resultantly, from 2009, the SPT slid into dormancy.

The twists and turns surrounding the SPT revealed certain strengths and weaknesses of this arrangement. So what are the accomplishments of the SPT?

- As the economic interactions and inter-dependency in this region become increasingly broader and deeper, the security links among the major powers in this region have been and still are relatively weak. The separation of economic and security issues has been and still is an outstanding phenomenon in Northeast Asia. The SPT is designed to address the weakness.

- The Talks could pull together major players in Northeast Asia whose interests were sometimes in head-to-head conflicts, and became the only venue to address some of the region's prominent security issues in a collective way. The initiation of the talks itself is a diplomatic breakthrough.

- The Talks formulated three objectives, conducted six rounds of negotiations and produced a number of positive results, including several joint statements, a set of norms and principles, such as "commitment to commitment, action to action".

- Under the framework of the SPT, all six parties agrees on establishing five working groups—on the denuclearisation of the Korean Peninsula, normalisation of North Korea-U.S. relations, normalisation of North Korea-Japan relations, economy and energy cooperation, as well as a joint Northeast Asia peace and security mechanism. These committees strengthened the institution-building process within the SPT.

However, the positive results that the mechanism has produced cannot cover the simple fact that the Talks failed to stop North Korea from conducting nuclear tests. The Democratic People's Republic of Korea has already made it clear that it is a nuclearised nation. Therefore, it is important to understand the weaknesses of this mechanism. They are as follows:

- The failure of the Talks is a testament to the lack of mutual trust among key players. Trust building is not only an objective that the Talks should promote, but also a pre-condition for a fruitful negotiation in other fields.

- The issue linkage led to a situation that the failure of negotiation in one field would automatically lead to the setback in other fields. The difficulty in settling North Korea's nuclear issue hinders any progress in the normalisation of bilateral relations and ensuring permanent peace on the Peninsula.

- The failure of the SPT in persuading North Korea from going nuclear demonstrated that this loosely organised multilateral mechanism was born with no power to enforce its will and effectively implement the action plan agreed to by the member states.

- There was inconsistency in some major member nations' policies. This made gridlock a hallmark of the Talks. Some of these included: the difficulties faced by the United States as playing the role as South Korea's ally and North Korea's negotiating partner; the confusion in the perceptions of China as being an honest broker within the SPT and a comrade-in-arms to the DPRK; and swinging back and forth of South Korea's strategy towards the North between the sunshine and "get rough" policies.

- The territorial disputes and other interest clashes among member states from time to time interrupted the process of the Talks.

The failure of the Talks arose suspicions that member states came to the negotiating table with its own agenda that were conflicting with each other. Nonetheless, all the member states believe that the Six-Party Talks is the only viable mechanism to deal with North Korea's nuclear issue. The question is when to wake this mechanism up from its more-than-three-year-long dormancy. It is too early to write a prescription, but certain factors need to be considered.

- Key member states should reach new consensus on the function of the Talks and this mechanism's structure. Some key issues to consider are: should the Talks continue to persuade North Korea to give up its nuclear programme or change the objective to prevent the Democratic People's Republic of Korea from exporting nuclear technology to other parts of the world?; are the current five working committees strong enough to

handle all the important issues?; should crisis control and management in Northeast Asia in general and on the Korean Peninsula in particular be included into the topic list of the Talks?

- Issue linkage may need to be abandoned. Relevant nations can make some diplomatic breakthrough in some issues, which in turn can help to build trust and pave the way for the resolution in other tougher issues.

- Key member states should redefine their respective roles in the Talks that best serve their long-term, strategic interests rather than short-term tactical gains.

- Time is not on the Democratic People's Republic of Korea's side, it must take first steps to move the process of the SPT forward.

No matter how the SPT evolve in the years to come, it will have a profound impact on the security situation on the Korean Peninsula and regional integration process in Northeast Asia that has been taking place mainly in the area of economics. The ultimate solution of the North Korea nuclear issue certainly will boost security cooperation in this region, while a long drawn-out diplomatic battle over the issue fuels anger and frustration may hinder the growth of a communal consciousness badly needed in the process of regional integration.

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Seeking a New Maritime Order in Northeast Asia: Between Sovereignty and Boundary Disputes

Koo Min Gyo

Recognising the complexities in the maritime and territorial disputes in Northeast Asia, this commentary argues for the separation of the delimitation issues and resource concerns from larger territorial concerns. This will allow for joint development at the multilateral level—an important initial step towards the resolution in these disputes.

Northeast Asia, and more broadly East Asia, is home to many of the world's most vexing territorial disputes. The territories in dispute need not cover the entire soil of a particular state, as in the case of the two Chinas and the two Koreas, in order to seriously strain interstate relationships. Even small, barely habitable offshore islands can serve as the most persistent and explosive bone of contention. Examples of unresolved island disputes include competing sovereignty claims to the Dokdo Islands in the East Sea, the Senkaku/Diaoyu Islands in the East China Sea, the Northern Territories/Kurile Islands in the Northwest Pacific Ocean, the Islands of Sipadan, Sebatik, and Ligitan in the Celebes Sea, and the Paracel and Spratly Islands in the South China Sea.

The danger of conflict escalation at sea has grown particularly large for the past couple of years. The diplomatic spat in fall 2010 between China and Japan over the Senkaku/Diaoyu Islands proves the point that any mishandling of maritime issues can hijack the subtle balance of power and interests in the region. Equally divisive are matters in the South China Sea, where China's growing assertiveness provokes not only its Southeast Asian neighbours but also the United States, which has thus far provided maritime stability for East Asia that is perceived to be increasingly challenged by China.

A confluence of issues, including sovereignty disputes, un-delimited maritime zones, fisheries and offshore gas development in the region, has caused and escalated the latest maritime confrontations between China and its neighbours, including the Unites States. The complex balance of power and interests at sea does not allow for a single pacesetter. South Korea has longed for a balancer role among its giant neighbours with only limited success. Despite a certain degree of institutional resilience and adaptability, the Association for Southeast Asian Nations (ASEAN) has shown structural limitations in dealing with maritime challenges. Japan has been seeking greater room for manoeuvre while relying on the leaders of the United States to check China as a potential rival for regional hegemony. China's increasingly assertive maritime policy has greatly alarmed many in the region.

To make matters even more complicated, the United States has recently shown signs of reengagement in the region, departing from its earlier hands-off approach. As such, many analysts have warned that the volatile links between contested resource-rich maritime areas, high energy demand and competing national identities could create a perfect storm for conflict in the region.

In the meantime, Northeast Asian countries have repeatedly assured their neighbours that they would fully comply with the United Nations Convention on the Law of the Sea (UNCLOS) to resolve their maritime disputes. All the countries in the region with the exception of North Korea (and the United States as an extra-regional stakeholder) have ratified the UNCLOS and in some cases this development has facilitated the management of the region's fisheries resources. However, this normative progress has done little to mitigate political tensions

on overlapping maritime boundaries and resource development, let alone sovereignty issues. Aside from thorny sovereignty claims to the disputed offshore islands, the delimitation of exclusive economic zones (EEZs) and continental shelf boundaries and resource development therein are complicated because: (i) it is a game with many players; (ii) there are disputes on the baselines and base points; (iii) the concerned coastal states do not have common positions on the applicable principles on delimitation, whether equitable or equidistant; (iv) sovereign rights over the continental shelves and EEZs near disputed islands have become ever more important during a global shortage of energy and marine resources; and (v) the rise of China and the return of the United States in maritime Asia have placed unpredictable pressures on the balance of power and interests among the principal players in the region.

These observations lead to an important policy implication: delimitation issues and resource concerns should be separated from larger territorial questions in favour of joint development at the multilateral level. The first substantive step that should be taken is for claimant countries to agree on the "unimportance", for purposes of sea boundary delimitation and joint resource development, of the disputes concerning sovereignty over the islands in question. These tiny islets and reef features should not become the tail that wags the dog in maritime delimitation. The track record in Northeast Asia shows that resource development is subject to both cooperation and confrontation despite, and because of, sovereignty questions. On the one hand, resources are a material object that can be shared between claimant countries. From this perspective, Northeast Asian countries, especially China, are not creating resource wars at sea, because their political leaders have made decent efforts to cooperate with each other, while keeping sovereignty questions at bay. On the other hand, the aspiration to control resource-rich maritime areas has often served as an open invitation to conflictual territorial nationalisms.

What can be done to improve the situation? The maritime issues are so complicated that it is virtually impossible for any Northeast Asian countries to undertake unilateral or bilateral initiatives for regional cooperation. At the same time, without China's cooperation, it will not be possible to find a multilateral solution. China has insisted on bilateral negotiations with its neighbours to settle maritime disputes. This does not undermine the imperative of moving beyond bilateralism, although it seems to be a dominant strategy at the moment. This does not mean either that third-party arbitration is recommended. Rather, it calls for multilateral regionalism.

In order for the maritime boundaries to be completed multilaterally, a common understanding has to be shared across the region. The adoption of, and enhancement of, a code of conduct as seen in the South China Sea can be a good start to promote mutual understanding, while maintaining the status quo. In the past, maritime disputes in East Asia tended to take place separately from one another. As seen for the past couple of years, however, one flashpoint at sea is increasingly becoming capable of spreading to others. As a result, there cannot be an effective maritime regime without the full participation of all the major states: China, Japan, South Korea, the United States, Russia and ASEAN. A multilateral forum such as a maritime Six-Party Talks and ASEAN Plus Five talks will be useful in this regard. To conclude, the perfect storm of opportunity for more effective maritime cooperation vital to the common prosperity of the region may arrive only after the opening-up of all sorts of rock-and-hard-place problems in Pandora's Box.

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ASEAN's Centrality and Northeast Asian Regionalism

Ralf Emmers

This commentary assesses the notion of the centrality of the Association of Southeast Asian Nations (ASEAN) in the context of strengthening trilateral cooperation between China, Japan and South Korea. Despite the existing problems within the ASEAN-led regional architecture, the Northeast Asian states will continue to value ASEAN's centrality. This is due to the entrenched mistrust between the three Northeast Asian states.

The Association of Southeast Asian Nations (ASEAN) has succeeded in exercising at least nominal leadership of the emerging institutional architecture in East Asia. This managerial role is derived from its own institutional experience as well as from the lack of an alternative source of leadership acceptable to all.

ASEAN's own leadership style, based on consensus, informality and the lowest common denominator, has at times been criticised as being inadequate to steer East Asian multilateralism and address a series of regional and global challenges ranging from a shifting distribution of power to climate change. Moreover, ASEAN's own cohesion has continued to be undermined by feelings of mistrust between its members.

Still, despite these limitations, the ASEAN states have so far successfully maintained their centrality in East Asian regionalism.

Alternative regionalism

New proposals to strengthen the emerging institutional architecture in East Asia have originated from outside Southeast Asia in recent years. These proposals have included the Trilateral Summit initiative as well as the short-lived "East Asia Community" and "Asia-Pacific Community" proposals introduced respectively by former Japanese and Australian prime ministers. Let us focus on the one proposal that has so far endured.

The Trilateral Summit has gained momentum on the economic front. Organised in the midst of the global financial crisis and independently from the ASEAN Plus Three (APT) process, the first Japan-China-Republic of Korea (ROK) Trilateral Summit Meeting was held in Fukuoka, Japan, in December 2008. The trilateral talks focused on the challenges posed by the financial turmoil.

In 2012, China, Japan and South Korea agreed to launch free trade negotiations (FTA). If the negotiations between the three East Asian economic heavyweights were to succeed, ASEAN would stand to lose out especially in light of its difficulties in forming its own economic community.

Still, the divisive forces that still dominate the international relations of Northeast Asia should be highlighted as a major stumbling block towards deeper regional cooperation. For example, the third Trilateral Summit was hijacked by the sinking of the ROK navy ship Cheonan on 26 March 2010. The summit was undermined by the absence of a common response with China refusing to condemn its North Korean ally.

ASEAN still in control

While the Trilateral Summit has the potential to create a new core within East Asian regionalism, China, Japan and South Korea are not questioning ASEAN's centrality at this point.

The Association still shapes organisational and membership matters in East Asia's institutional architecture. Its emphasis on consensual decision-making processes remains acceptable to all. China, Japan, and South Korea in particular have not fundamentally questioned ASEAN's centrality and remain sensitive to the views taken by their Southeast Asian neighbours.

Has ASEAN's centrality been good for Northeast Asia?

While ASEAN's centrality in the emerging institutional architecture remains undisputed, one may question whether the ASEAN model of cooperation has served Northeast Asia well in recent years.

On the plus side, ASEAN helped China, Japan and South Korea come closer together. Their respective leaders held eight tripartite meetings on the sidelines of the APT summits from 1999 until 2007 discussing trilateral trade, energy and environmental issues. ASEAN thus contributed to a diplomatic rapprochement between the three Northeast Asian states by providing a venue for dialogue and confidence building. The APT will continue to play this critical role in the years to come.

Moreover, through the ASEAN-led institutions, the three Northeast Asian states have interacted regularly with other Asia Pacific powers, including the United States, India and Australia. This has occurred in a non-threatening multilateral environment based on the principles of equality, consensus and ASEAN's centrality. This approach to cooperation has recently been encapsulated by the enlarged East Asia Summit (EAS).

The limitations of the ASEAN-centric architecture have been apparent in the realm of traditional security, however. The ASEAN Regional Forum (ARF) has enjoyed some success in confidence building but it remains questionable whether it will ever succeed in moving towards preventive diplomacy. The Forum has had no impact on the situation on the Korean Peninsula, the East China Sea and the Taiwan question. It is therefore debatable whether it has contributed to Northeast Asian stability. Likewise, the EAS and the APT do not have the capabilities to address Northeast Asia's security concerns.

Beyond its immediate security flashpoints, the great power competition that still dominates Northeast Asia cannot simply be ignored in an "ASEAN Way". Moreover, ASEAN's centrality has resulted in a focus on Southeast Asia's non-traditional security issues.

Despite ASEAN's shortcomings, the Northeast Asian states have not established their own security forum. The Six-Party Talks, for example, has not been transformed into a wider regional security mechanism specific to Northeast Asia. This shift remains unlikely in the years to come due to conflicting responses to the North Korean question but also because of a series of on-going territorial disputes and deep sentiments of mistrust and antipathy.

China, Japan and South Korea are therefore more likely to leave nominal leadership in the hands of ASEAN in the short to medium term while relying on bilateralism and the United States in the case of Tokyo and Seoul to preserve stability in Northeast Asia.

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ASEAN and Northeast Asia

Rodolfo C. Severino

The Association of Southeast Asian Nations (ASEAN) need not be concerned of losing its centrality in light of the strengthening trilateral cooperation in Northeast Asia. This is not only due to the lack of an alternative to ASEAN's centrality, but also to the range of problems between all three Northeast Asian states related to the clashing historical perceptions and territorial claims. Nevertheless, ASEAN needs to show that it can lead through achieving a sufficient degree of political cohesion, economic integration and regional cooperation in dealing with common regional problems.

In discussing Northeast Asian regionalism, it is best to be clear about what we are talking about. In the context of regionalism, Northeast Asia is normally made up of China, Japan and the Republic of Korea.

However, geographically, Northeast Asia is bigger than that. There are Mongolia and North Korea. Defining Northeast Asia also raises certain questions. Should the United States be considered as belonging to Northeast Asia? With more than half of its land area in Asia, is Russia part of Northeast Asia? In any event, the Association of Southeast Asian Nations (ASEAN) has always been concerned with developments in Northeast Asia. Almost invariably, the ASEAN foreign ministers discuss what is going on in the Korean Peninsula. The ASEAN Regional Forum ministerial meetings, to which the two Koreas belong, certainly do. The ASEAN summits often do, too. The April 2012 ASEAN Summit declared ASEAN's support for the UN Security Council's resolutions on North Korea and called for the resumption of the Six-Party Talks.

In recent times, particularly since the financial crisis that started in East Asia in 1997, Northeast Asia has been emitting signals of closer cooperation among China, Japan and South Korea. In December 1997, at the invitation of Prime Minister Mahathir Mohamad of Malaysia, the leaders of China, Japan and South Korea joined their Southeast Asian counterparts on the occasion of the ASEAN Summit meeting. This started the process known as ASEAN Plus Three.

The centre-piece of the process has been the Chiang Mai Initiative (CMI), which was launched on the sidelines of the Asian Development Bank (ADB)'s annual meeting in May 2000 in that Thai city. The ASEAN Plus Three finance ministers had been meeting among themselves and with the ADB, the World Bank and the International Monetary Fund (IMF) during the annual meetings of those institutions.

The CMI started out as a network of bilateral currency swap agreements involving the relatively small sum of US$80 billion, with ten per cent of any transaction free of the usual IMF "conditionalities". The CMI also had training and research components and required the surveillance of the regional economy and of the individual East Asian economies.

A series of ASEAN and ASEAN Plus Three meetings in 2009 resulted in the multilateralisation of the CMI. The scheme would no longer be a network but a pool of currencies. As before, the purpose was mutual assistance and the discouragement of speculators seeking to attack the currency of any of the ASEAN Plus Three countries. The amount involved was raised to US$120 billion, with China including Hong Kong (32 per cent), Japan (32 per cent) and Korea (16 per cent) pledging the largest contributions.

In 2011, an ASEAN Plus Three Macroeconomic Research Office was opened in Singapore to serve as a secretariat of sorts. In 2012, the ASEAN Plus Three finance ministers agreed to expand the multilateral swap arrangement to US$240 billion and raise the amount free of IMF "conditionalities" to 30 per cent, with a view to raising it further to 40 per cent in 2014.

In addition to their outsize roles in the ASEAN Plus Three process, there have been other elements in the three major Northeast Asian countries' perceived regionalism. In 1999 in Manila, the leaders of China, Japan and South Korea pledged cooperation among the three countries for the first time outside the ASEAN Plus Three context. This was followed by a series of tripartite summits, ministerial and other meetings. It must also be remembered that, for many years since its inaugural summit in 1996, Asia was represented in the Asia-Europe Meeting by ASEAN and the three major Northeast Asian countries.

All this led to the popular notion that Northeast Asia was integrating and posing a threat to ASEAN's "centrality". It is a notion fed by the growing integration of the Northeast Asian market. The trade among the three countries has been around half of their total trade, approaching the proportion of intra-regional trade in the European Union and exceeding that among the three signatories to the North American Free Trade Agreement. Japan and South Korea are leading sources of investment for China, which has, in turn, become the leading trading partner for the two neighbours.

Yet, this notion of growing Northeast Asian economic integration often overlooks the fact that the growing proportion of intra-regional trade and investments is driven more by market forces than by political agreements among or decisions by governments.

As recently as May 2012, the leaders of the three countries announced the start of the negotiations before the end of the year on a free trade agreement among them, even as their ministers were signing an investment agreement. The international media and academic commentators heard in these agreements alarm bells signalling more go-it-alone policies among the three governments and, thus, a threat to ASEAN's "centrality" in East Asian regionalism.

There is no such threat, and ASEAN need not be so concerned. First of all, there is no alternative to ASEAN's role as convenor and hub of East Asian regionalism, certainly not from the major powers of Northeast Asia. The animosities and conflicts among them are much too deep-seated.

China and Japan disagree on the rendition in Japanese history texts of Japanese atrocities in China during the Pacific War. They have different perspectives on the "comfort women" issue and on visits by senior Japanese officials to the Yasukuni Shrine honouring Japan's war dead. They have conflicting claims to the islands and surrounding waters of Senkaku/Diaoyutai. They have clashing national interests on many fronts, including their rivalry over leadership in East Asia.

Similarly, Japanese and Korean politicians and peoples have bitter differences over historical perceptions, including history books and the "comfort women". They have their own territorial dispute over the Tokdo/Takeshima group of land features and their waters. Koreans never forget their 35-year colonisation by Japan.

Although relations between China and South Korea are less acrimonious, they do have North Korea between them. They have divergent perspectives on the reunification of the Korean Peninsula. South Korea has a military alliance with the United States, a rival of China's. And China did fight in support of North Korea during the bloody war between the two Koreas in the early 1950s.

Beyond the lack of alternatives, any improvement in the relationship among the three major Northeast Asian countries adds to regional peace and stability and should be good for and welcomed in Southeast Asia.

Nor, despite the lack of alternatives, should ASEAN be complacent in its "centrality". It needs to lead and not merely manage the process of Asia Pacific regionalism. In order to do this, ASEAN has to achieve a sufficient degree of political cohesion, economic integration and regional cooperation in dealing with common regional problems. It needs to inject more substantive contributions to East Asian regionalism, paying greater attention to Northeast Asian issues.

I have two suggestions. One is a regular briefing on the developments in the Korean Peninsula by the three major Northeast Asian powers as well as by others. The second suggestion is for an ASEAN push for reconciliation in Northeast Asia and improved relations among the countries there.

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ASEAN's Evolving Role in Northeast Asian Regionalism: From a Catalyst to a Parallel Partner

Kuik Cheng-Chwee

The Association of Southeast Asian Nations (ASEAN) has been the catalyst to the emergence of Northeast Asian regionalism and this role has evolved to being a parallel partner. ASEAN's centrality will be maintained at least in the short- and mid-terms, and it will continue to contribute to the strengthening Northeast Asian regionalism.

That the Association of Southeast Asian Nations (ASEAN) has been able to play a role in Northeast Asian regionalism is an anomaly in international affairs. It is puzzling if one looks from both the geographical and relative power dimensions. After all, ASEAN is in Southeast Asia, not Northeast Asia; and in terms of relative capabilities, the ASEAN members—even if taken collectively—are nowhere in comparison with the three Northeast Asian economic powerhouses of China, Japan and South Korea. What explains this anomaly?

I argue that ASEAN's role in Northeast Asian regionalism since 1997 has been made possible and shaped by the interplay of three factors, namely political, economic and institutional imperatives.

The first factor, the historical animosity and political distrust among the three countries, has long been the barrier to Northeast Asian regionalism. The recurring tensions over territorial disputes and the growing nationalism have aggravated the problem, further complicating any effort to establish a regional institution in Northeast Asia. Because of the political problems and historical baggage, none of them would accept a regional institution that is led by any other country. It is for this reason that the three Northeast Asian powers view ASEAN's leadership as politically more acceptable. ASEAN's "centrality" is accepted not in spite of, but because of, its member countries' relative smallness and non-threatening nature.

Nevertheless, it must be noted that ASEAN's role was not only due to political reasons, but also because of the economic and institutional dynamics after the 1997–1998 Asian financial crisis. The crisis highlighted the growing economic inter-dependence among the Southeast- and Northeast Asian countries. This necessitated an East Asian region-wide cooperative framework. The informal ASEAN Plus Three (APT) Summit in Kuala Lumpur in 1997, which was subsequently institutionalised as an annual meeting among the Southeast and Northeast Asian leaders, quickly emerged as the main platform for East Asian cooperation and integration.

While economic variables (the financial crisis and growing regional inter-dependence) explained why the East Asian countries agreed to initiate and participate in a region-wide cooperative platform in 1997 (unlike their earlier response to Mahathir's East Asian Economic Group (EAEG)/ East Asian Economic Caucus (EAEC) proposal in 1990), the variables did not explain why the larger Northeast Asian powers had come to accept ASEAN's central role in regional integration. In retrospect, the reasons for ASEAN's "centrality" at that critical juncture were two-fold. First, it was due to the political factor that the three Northeast Asian countries did not want to see the other from their own region assume a regional leadership role, as noted above. Second, and equally important, it also had a lot to do with the institutional conditions at that time. By 1997, not only had ASEAN stood as a regional institution that survived the Cold War and played a key role in shaping the post-Cold War environment (for example, in materialising the ASEAN Regional Forum in 1993–1994 and the Asia-Europe Meeting in 1996), but it had also developed institutional linkages with all three individual Northeast Asian countries (Japan has been ASEAN's dialogue partner since 1977, South Korea 1991, and China 1996). Against this backdrop, it was natural and logical for the three countries to accept ASEAN's invitation to take part in an ASEAN-led East Asian institution.

The congruence of the political, economic and institutional factors thus allowed ASEAN to play a central role in East Asian regionalism since 1997, via the APT platform. The deepening and widening APT cooperation in the subsequent years had the effect of consolidating the emerging East Asian identity and strengthening the region-wide institutional arrangements. It also had a "spin-off impact" of providing an opportunity for the Northeast Asian countries to take the first step of their own regionalism. In November 1999, the leaders of China, Japan and South Korea had an informal breakfast meeting on the sidelines of the APT summit. It was historic in that it marked the first meeting among the heads of the three governments. Since then, the leaders of the Northeast Asian countries met among themselves, back-to-back with the annual APT summit. In 2002, the informal breakfast meeting was replaced by an official trilateral leaders' meeting. In 2003, the leaders signed the Joint Declaration on the Promotion of Trilateral Cooperation.

During this nascent stage of Northeast Asian regionalism, ASEAN's role was both as a host and catalyst, providing an avenue for the three countries to meet, while serving to facilitate economic and functional cooperation among them through the Chiang Mai Initiative (CMI) and other APT arrangements.

But the conditions that allowed ASEAN to play such roles have since changed. While political problems have remained a hindering factor, the economic and institutional dynamics have gathered greater momentum, thereby pushing Northeast Asian regionalism into a new stage. Economic inter-dependence among the three countries, which was greatly deepened during the mid-2000s, was further intensified after the 2007 U.S. subprime problem and the 2008 global financial crisis. By 2009, China had become Japan's and South Korea's largest trading partner in terms of exports, imports and total trade.

Significantly, the growing economic inter-dependence has progressed hand-in-hand with deepening institutional ties among them. After a decade of regular and productive interactions on multiple sectors and at various levels, the trilateral cooperation has moved towards greater institutionalisation. In December 2008, the leaders of the three Northeast Asian countries met for the first time outside the APT framework. They decided to hold annual Trilateral Summit meetings on a rotational basis, while keeping the existing mechanism of trilateral leaders' meeting on the sidelines of the APT Summit. In September 2011, the three countries established the Trilateral Cooperation Secretariat in Seoul. In May 2012, they signed a trilateral agreement on investment and agreed to launch the negotiations for a trilateral free trade agreement.

By then, ASEAN's role in Northeast Asian regionalism has evolved from a host and a catalyst to a parallel partner. It is described as such because the institutionalisation of Northeast Asian cooperation outside the ASEAN-based framework is increasingly making the Southeast and Northeast Asian regionalisms as two anatomically separate but functionally parallel and interlocked wheels, which—along with the respective ASEAN Plus One mechanisms (i.e. ASEAN-China, ASEAN-Japan, and ASEAN-South Korea cooperation) and individual Northeast Asian countries' economic ties with individual ASEAN countries—coexist and work side-by-side, with complementary, invigorating and mutually-reinforcing effects of moving the larger East Asian regionalism forward. The transformation of the CMI into the Chiang Mai Initiative Multilateralization (CMIM) in 2010 is a case in point.

Will the recent progress in Northeast Asian regionalism undermine ASEAN's role? If the above analysis is anything to go by, one may contend that while the greater institutionalisation of the trilateral cooperation has provided a more formal and regularised platform for Northeast Asian regionalism to take off, ASEAN is likely to continue to play an important role in the process, at least in the short- and mid-terms. This is because, despite the progress in economic and institutional domains, the very factors that prevented the three Northeast Asian powers to develop a regional framework among themselves in the earlier periods, that is, the political distrust among them, have not disappeared. Far from it, the political problems have persisted and in fact worsened in recent years, as

indicated by the ongoing diplomatic row between Japan and China over the Senkaku/Diaoyu Islands, as well as the public uproar in South Korea over its government's plan to sign a military intelligence-sharing agreement with Japan. Given the enduring animosity and deep-seated suspicions among the three countries, it is not inconceivable that the trilateral meetings may be disrupted or derailed, should any set of the bilateral relations deteriorate in the future. Should this occur, the ASEAN-based multilateral forums such as the APT and the East Asia Summit (EAS) will play an important part in ensuring the continuing interactions of the three countries even at times of political tensions. Viewed in this light, ASEAN's future role in Northeast Asian regionalism may well be a "back-up facilitator".

Looking into the future, one can therefore optimistically expect ASEAN to continue to play a part in contributing to the stability and peace of Northeast Asia, even in the light of the gradual institutionalisation of trilateral cooperation.

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The Centre for Multilateralism Studies (CMS) is a research entity within the S. Rajaratnam School of International Studies (RSIS) at Nanyang Technological University, Singapore. The CMS team conducts cutting-edge research, teaching/training, and networking on cooperative multilateralism in the Asia Pacific region. The Centre aims to contribute to international academic and public discourses on regional architecture and order in Asia Pacific. It aspires to be an international knowledge hub for multilateral and regional cooperation.

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- To conduct scholarly and policy research on multilateral and regional issues.
- To facilitate policy dialogue and academic debate on regional cooperation and integration.
- To enhance the capacity of current and future leaders, officials, professionals, and students through executive and graduate education.
- To network and collaborate with other academic and research institutions.

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