



# RSIS COMMENTARIES (2/2007)

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## **The future of East Asian Institutionalism**

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THE 12<sup>th</sup> ASEAN Summit in Cebu this week (January 10-14) is an important event for the region. Economic and security issues, as well as a proposed draft of the ASEAN Charter, are expected to dominate the agenda. The ASEAN heads of state and government will have the usual opportunity to discuss a range of issues with their counterparts from the wider region. The ASEAN Summit complements the activities of the Asia-Pacific Economic Cooperation (APEC) forum, the ASEAN Regional Forum (ARF) and the ASEAN+3 (APT) in the wider process of institution-building in East Asia. Besides their immediate relevance, the holding of such summits forces us to reflect on the kind of institutional architecture being developed in East Asia today.

### **Trends in East Asian Institutionalism**

Some trends characterize the East Asian multilateral architecture when examined from a security perspective.

First, the region now accommodates a great variety of security structures, ranging from bilateral to multilateral arrangements. The nature of such arrangements varies from military alliances to institutional expressions of cooperative and comprehensive security.

Second, East Asia has seen the emergence of new multilateral institutions since the end of the Cold War, such as APEC, the ARF and the East Asia Summit (EAS), as well as groupings operating at Track Two levels like the Shangri-La Dialogue and the Council for Security Cooperation in the Asia-Pacific (CSCAP). East Asia has therefore moved from being dangerously under-institutionalized, as famously argued by Aaron L. Friedberg in his *International Security* article, to having a variety of overlapping multilateral structures.

Third, particularly since the Asian financial crisis, there has been a growing recognition of the close relationship between economics and security. The APT has sought to incorporate economic-security linkages as part of its cooperative structures. ASEAN perceives the construction of security and economic communities in Southeast Asia as complementary and mutually reinforcing. The objective is to move towards deeper economic integration while developing a region free from military conflict.

Fourth, existing institutions in East Asia have taken on 'new' security roles since 9/11 and the 2002 Bali bombings. ASEAN, the ARF and even APEC, originally formed to encourage trade and investment liberalization, have been accorded a role in the campaign against terrorism. Health concerns, transnational crimes and other issues are also increasingly discussed at the multilateral level.

Finally, despite the presence of a growing number of overlapping structures, institutionalism in East Asia continues to suffer from weak structural capacities that limit their ability to

respond to security challenges. The ARF has enjoyed some success in confidence-building but it is questionable whether it will succeed in moving toward preventive diplomacy. The APT does not have the capabilities to address security challenges and the complex relations between China and Japan should continue to undermine its effectiveness. The EAS should in the short to medium term be expected to be another confidence-building exercise in the region.

### **Driving Forces in East Asian Institutionalism**

In light of these trends, what will be the driving forces for change in East Asian institutionalism in the coming years? Institution building in the region should continue to be influenced by three primary factors: United States participation, the nature of China's involvement and regionalism in Southeast Asia.

The US is likely to remain the hegemon for years to come although its exercise of power in East Asia will be complicated by the rise of China. Consequently, the nature of the US involvement in multilateral arrangements is pivotal. The US has generally been supportive of multilateral initiatives in East Asia. The long-term relevance of multilateral structures may be undermined however by unilateralism and bilateralism in US foreign policy. The Bush administration has repeatedly indicated its preference for flexibility over institutionalized arrangements. A disinterested US participation would most likely weaken the multilateral architecture in the region. The negative impact on the ARF of a non-active US involvement was sensed when Secretary of State, Dr Condoleezza Rice, decided not to attend the ministerial meeting in Vientiane in July 2005. Dr Rice's participation at the 13<sup>th</sup> ARF Foreign Ministers' Meeting held in Kuala Lumpur in July 2006 eased concerns however over the possible diminishing US commitment to existing institutionalized arrangements. East Asian institutionalism would certainly benefit from a more active US involvement that looks beyond the issues of terrorism and maritime security.

China has added a new diplomatic activism to its growing economic and military growth. The Chinese 'charm offensive' toward Southeast Asia, including its offer of a free trade area with ASEAN and its support for the EAS, is in contrast to China's previous suspicion of multilateralism. Nonetheless, considerable uncertainties remain. One is related to the evolution of China's domestic order and how this may impact on regional stability. Another involves the possibility of a damaging crisis between China and Japan or between China and the United States over Taiwan. Such events would directly influence the process of institution-building in East Asia. The nature of China's future involvement is also uncertain. Will China continue to be an accommodating power or might it adopt a more assertive position in regional arrangements in the coming years? Assertiveness could consist of Beijing pressing for change in the norms of cooperation, adopting a restrictive position on the agenda setting, and/or pushing for a more exclusive approach in terms of membership.

The US would most likely refuse to be excluded from regional institution-building. The Southeast Asian countries would be particularly uncomfortable with an assertive Chinese leadership. An ongoing accommodative Chinese participation would on the contrary contribute to the development of an institutional framework where multilateral arrangements complement one another in the promotion of peace and stability.

Finally, the future of East Asian institutionalism will be influenced by the strength of regionalism in Southeast Asia. The Southeast Asian region has been undergoing political transformations and has faced a series of non-traditional security challenges. Such changes in regional dynamics raise two significant questions for institution-building in Southeast Asia. First, how will domestic political changes impact the stability of key states and the security of

the region? Second, will the nature of the challenges facing the region lead to further institution-building as suggested by current efforts to develop an ASEAN Community and Charter?

For more than a decade, ASEAN has been driving multilateral cooperation in East Asia – whether in the form of the ARF, the APT and the EAS. ASEAN’s assigned managerial role derives as much from its unparalleled institutional experience in East Asia as from the lack of an alternative source of leadership acceptable to all. As long as it succeeds in being innovative, ASEAN should play a leading role in institution-building in East Asia. Whether ASEAN moves toward a new era of legalization and regionalism as suggested by recent initiatives (ASEAN Communities and Charter) will therefore have an impact on East Asian institutionalism.

## **Conclusion**

Southeast Asian regionalism has traditionally developed with a supportive but non-active US participation and a limited Chinese role in the sub-region. This model however cannot be transferred to the East Asian level. An active US involvement and an accommodative Chinese participation are necessary. Lately, China’s activism with regard to the institutions has been effective in not only changing the Southeast Asian perspective about China but also in bringing new life to regional multilateral initiatives. The engagement between China and ASEAN is particularly impressive, as recently celebrated by the commemorative summit marking the 15<sup>th</sup> anniversary of ASEAN-China dialogue relations in October 2006. Yet these achievements need not be at the expense of the US. Beijing’s gain must not be regarded as a loss for Washington. US influence in the region remains strong and deep rooted and its participation in the process of institution-building essential.

An active US participation and an accommodative Chinese foreign policy combined with strong regionalism in Southeast Asia would constitute the best possible scenario for East Asian institutionalism. It could lead to a stronger ARF and APEC complemented by arrangements more limited in their participation and geographical scope like ASEAN, the APT and the EAS. The region should also be aware however of the consequences of less beneficial scenarios where regional institutions might compete and cancel each other out.

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