

MULTILATERAL MATTERS

JULY 2012

FEATURED COMMENTARY: PRAGMATIC REGIONALISM IN TRILATERAL NORTHEAST ASIA FTA

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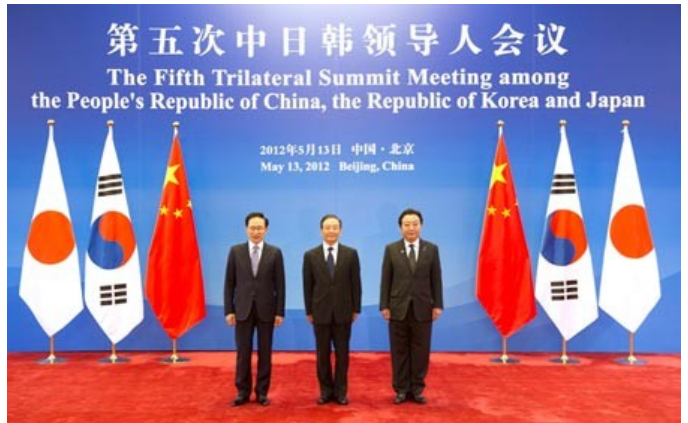
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By Bhubhindar Singh

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.

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.



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.

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.

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.

Bhubhindar Singh is Assistant Professor and a member of the Multilateralism and Regionalism Programme at RSIS.

A longer version of this commentary can be accessed at [RSIS Commentaries](#).

“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.”

26TH ASIA-PACIFIC ROUNDTABLE IN KUALA LUMPUR, MALAYSIA

The 26th Asia-Pacific Roundtable (APR) was held from 28–30 May at the Intercontinental Hotel, Kuala Lumpur, Malaysia. The conference, themed “Asian Security Governance and Order”, was organised by the Institute of Strategic and International Studies (ISIS) Malaysia and ASEAN-ISIS. CMS Senior Analyst Ong Suan Ee attended the event as a participant.

Among the speakers at this year’s event include Dr Muthiah Alaggapa (ISIS Malaysia), Allan Gyngell (Office of National Assessments, Australia) and Professor Zhang Yunling (Chinese Academy of Social Sciences). Among the topics discussed include the United States’ and China’s strategic interests in the region, Southeast Asian perspectives on regional security order and the future of governance and politics in Myanmar. Non-traditional security issues such as human rights and environmental challenges were also being tabled at the event.

Presenting the keynote speech at the APR was Malaysian Prime Minister Najib Razak. In his address, Prime Minister Najib said that Asia needed to change its mindset that had heretofore been programmed to focus on economic development at the expense of security issues.

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EXPERT TALK:

We asked several experts on their views on the role of ASEAN within Northeast Asian regionalism:

ASEAN states can certainly assume a **more proactive role as stabiliser**, perhaps by offering a **bridge role between the regional giants**: the United States, China and Japan. **It would not be a good policy option for ASEAN to balance China by overly relying on the United States** in response to what they see as China’s growing willingness to throw its weight around. At the same time, ASEAN countries need to be further **integrated internally** in order to play a more constructive role.

*Dr Koo Min Gyo
Department of Public Administration
Yongsei University, South Korea*

ASEAN Plus Three (APT) is the best format for helping Northeast Asian countries reconcile. [Also] the **United States, Republic of Korea and Japan** should start with the major decision aimed at **diplomatic recognition of the Democratic People’s Republic of Korea**. Once this crucial issues are resolved, trade, exchange and cooperation would surely lead to peaceful and sustained development of the region.

*Leonid Petrov
Lecturer in Korean Studies
Faculty of Arts and Social Sciences
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Given the enduring animosity and deep-seated suspicions among the three Northeast Asian 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**, namely the **APT, the East Asia Summit (EAS), and the ASEAN Defense Ministers Meeting Plus Eight (ADMM+8)** will play an important part in **ensuring the continuing interactions of the three countries even at times of political tensions.**

*Dr Kuik Cheng-Chwee
Lecturer in International Relations
National University of Malaysia*



PM Najib Razak delivering the keynote address at the 26th Asia-Pacific Roundtable.

“ASEAN states can certainly assume a more proactive role as stabiliser, perhaps by offering a bridge role between the regional giants: the United States, China and Japan.”

Koo Min Gyo

TOWARDS A REGION-WIDE FTA: WHITHER THE TRILATERAL FTA

By Pradumna B. Rana



The Trilateral Summit in May announced that negotiations would begin later this year on a China/Japan/South Korea FTA or the C/J/K FTA. This suggests that two pathways to a region-wide FTA are starting to evolve in Asia. One is the ASEAN-led East Asian FTA and the Comprehensive Economic Partnership for East Asia (CEPEA). The alternative pathway is the US-led Trans-Pacific Partnership (TPP), which is already under negotiation .

Are the two pathways to region-wide FTA in Asia, complementary or competitive? Japanese Prime Minister Noda has been quoted as saying: “We will promote the TPP and the trilateral FTA in parallel. These efforts can be mutually reinforcing to each other.” Others have a different take. An eminent trade economist from Columbia University, Professor Jagdish Bhagwati, has argued that one of the major reasons for the stalled efforts to promote the Free Trade of the Americas between North America and South America was the insistence by the United States that high doses of non-trade related issues including labour standards be included in the talks.

Still many hurdles remain for the successful negotiation of the C/J/K FTA. In addition to those mentioned above, China is unlikely to make concessions that would threaten the state’s ability to control what it perceives as strategic industries, and agriculture producers in Japan and Korea have the political clout to defend the extensive trade barriers that benefit them.

If the intent of the Leaders’ announcement was to show support to the ASEAN-led pathway to a region-wide FTA in Asia—in view of the perceived threats from the U.S.-led pathway—they should overcome the political and other obstacles and conclude the negotiations as expeditiously as possible. At the end of the day that is what matters and not expressions of interest to begin negotiations.

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A longer version of this commentary can be accessed at [RSIS Commentaries](#).

26TH ASIA-PACIFIC ROUNDTABLE IN KUALA LUMPUR

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“While we value the assistance from our friends who have contributed immensely to regional stability, Asia must transform itself from being a consumer to a producer of security,” said Prime Minister Najib.

CMS Head, Associate Professor Tan See Seng, presented a paper entitled “Southeast Asian Perspectives on the Regional Security Order” at the conference. In his speech, Dr Tan noted the evolution of ASEAN’s institutional milestones and added that further steps needed to be taken to forge a strong ASEAN community.

“No substantive transformation from diplomatic to security community for ASEAN would likely be possible without the organisation’s ability to transcend existing constraints,” observed Dr Tan.

If the intent of the Leaders’ announcement was to show support to the ASEAN-led pathway to a region-wide FTA in Asia...**they should overcome the political and other obstacles and conclude the negotiations as expeditiously as possible.** At the end of the day that is what matters **and not expressions of interest to begin negotiations.**



The first day of the 26th Asia-Pacific Roundtable saw about 350 stakeholders from various countries.

Contributed by Ong Suan Ee.

(Pix: Maritime Institute of Malaysia)

NEWS AND COMMENTARIES/SELECTED PUBLICATIONS

[After Rio+20: What is 'The Future We Want'?](#)

Ong Suan Ee, 26 June 2012

[Trilateral Northeast Asia FTA: Pragmatic Regionalism](#)

Bhubhindar Singh, *RSIS Commentaries No. 098/2012*, 11 June 2012

[Beijing's Leadership Transition: Testing Times for China](#)

Benjamin Ho, Oh Ei Sun and Liu Liu, *RSIS Commentaries No. 097/2012*, 8 June 2012

[Many Lessons from African Union and ASEAN Responses to Crises](#)

Joel Ng, Walter Lotze and Andreas Stensland, *Jakarta Globe*, 8 June 2012

[The Korean Peninsula and Sino-US Relations: Implications and Prospects](#)

Ong Suan Ee, *China-US Focus*, 30 May 2012

[The Scarborough Shoal Dispute in America's Asia-Pacific Pivot](#)

Catherine Samaniego, *RSIS Commentaries No. 090/2012*, 28 May 2012

[Towards Monetary Integration in ASEAN](#)

Pradumna B. Rana, *The Business Times*, 23 May 2012

[What of Sino-North Korean Relations?](#)

Ong Suan Ee, *JoongAng Daily*, 11 May 2012

[Can China Become a Major Arctic Player?](#)

Francois Perreault, *RSIS Commentaries No. 073/2012*, 24 April 2012

[The Evolving Multi-layered Global Financial Safety Net: Role of Asia](#)

Pradumna B Rana, *RSIS Working Paper No. 238*, May 2012

UPCOMING EVENTS

ADBI-RSIS-MFA Workshop
on Sharing Asian
Experiences: Promoting
FDI Effectively
8-10 Oct 2012
Nanyang Executive Centre,
NTU, Singapore

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ABOUT THE CENTRE

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 cooperation and regional integration.