



CICP Working Paper

No. 36

EAST ASIAN COMMUNITY BUILDING: CHALLENGES AND FUTURE PROSPECTS

Cheunboran Chanborey

Cambodian Institute for Cooperation and Peace

January 2011

With Compliments

This Working Paper series presents papers in a preliminary form and serves to stimulate comment and discussion. The views expressed are entirely the author's own and not that of the Cambodian Institute for Cooperation and Peace

Published with the funding support from
The International Foundation for Arts and Culture, IFAC

About Cambodian Institute for Cooperation and Peace (CICP)

The CICP is an independent, neutral, and non-partisan research institute based in Phnom Penh, Cambodia. The Institute promotes both domestic and regional dialogue between government officials, national and international organizations, scholars, and the private sector on issues of peace, democracy, civil society, security, foreign policy, conflict resolution, economics and national development.

In this regard, the institute endeavors to:

- organize forums, lectures, local, regional and international workshops and conference on various development and international issues;
- design and conduct trainings to civil servants and general public to build capacity in various topics especially in economic development and international cooperation;
- participate and share ideas in domestic, regional and international forums, workshops and conferences;
- promote peace and cooperation among Cambodians, as well as between Cambodians and others through regional and international dialogues; and
- conduct surveys and researches on various topics including socio-economic development, security, strategic studies, international relation, defense management as well as disseminate the resulting research findings.

Networking

The Institute convenes workshops, seminars and colloquia on aspects of socio-economic development, international relations and security. So far CICP has published nearly a hundred books, papers and articles in various development issues and we have affiliated with many regional and global academic network including a regional association of similarly oriented think tanks known as the ASEAN Institutes of Strategic and International Studies (ASEAN-ISIS), Council for Security Cooperation in the Asia Pacific (CSCAP), East Asian Development Network (EADN) and Global Development Network (GDN). In addition, CICP is one of the founding members of Economic Research Institute for ASEAN and East Asia (ERIA), which is initiated by the Ministry of International Trade and Industry (MITI), Japan.

Cambodian Institute for Cooperation and Peace, CICP
Pum Paung Peay, Sangkat Phnom Penh Thmey, Khan Russey Keo,
Phnom Penh, Kingdom of Cambodia
P.O.Box 1007, Phnom Penh, Cambodia
Phone: 85512 819953
Tel: 85516 982558
Fax: 85516 982559
Email: cicp@everyday.com.kh; cicp.cambodia@gmail.com
Website: <http://www.cicp.org.kh>

About the Author

Mr. Cheunboran Chanborey is currently ASEM-Desk Officer, Department of Europe, Ministry of Foreign Affairs and International Cooperation, and Research Fellow, Cambodian Institute for Cooperation and Peace (CICP), with the areas of interest in regional integration and international politics. He is also a lecturer of the Faculty of Social Science and International Relations, Pannasastra University of Cambodia (PUC), and of the Department of International Studies, Institute of Foreign Languages (IFL).

He got a Master of Arts in Diplomacy and International Studies from the Institute of Diplomacy and International Studies (IDIS), Rangsit University, Bangkok, Thailand; and a Bachelor of Arts in International Relations from the Institute for International Relations, Hanoi, Vietnam.

Abstract

The concept of East Asian community building is not a new idea, coming out of the blue. It is, actually, a development that is based on the previous initiative and the ongoing regional cooperation frameworks, namely the East Asia Economic Group (EAEG), the ASEAN+3, and the East Asia Summit (EAS).

There are four main factors that have enabled the region to engage in regionalism: (1) the end of the Cold War which brought an end to political and ideological differences and accelerated regionalization and regionalism across the globe, (2) strengthened regional economic interdependence, (3) ASEAN's centrality in regional cooperation, and (4) regional powers' interest in East Asian integration.

East Asian community building is a mega project that is in its infant period, but is facing with not a few challenges, primarily the lack of regional leadership and the lack of common vision. Due to these facts, the paper would like to postulate two possibilities that East Asia community building might be evolving in the future: (1) desirable but less feasible: open community that based on common principles and shared values, and (2) less desirable but more practical: functional cooperation; of which the second one should be strongly encouraged.

EAST ASIAN COMMUNITY BUILDING: CHALLENGES AND FUTURE PROSPECTS

1. Introduction

The notion of East Asia and concept of East Asian regionalism are relatively new to the region. The first round of serious thinking of community building in the region started after the Cold War, with the Asia-Pacific Economic Cooperation Forum (APEC), which is a process for trans-Pacific community building. Shortly after that, former Malaysian Prime Minister Dr. Mahathir Mohamad initiated East Asia Economic Group (EAEG) in the early 1990s. However, the idea died out in vain, leaving only track waiting a new effort.

With the Asian financial crisis of 1997-98, regionalism in East Asia took a new turn with a stronger momentum. A new trend toward East Asian community building has been clearly seen as more dynamic and more active than APEC in recent years.

In 1997, the Association of Southeast Asian Nations (ASEAN) initiated a new dialogue process with its three Northeast Asian neighbors, China, Japan, and South Korea, which is called ASEAN Plus Three (or ASEAN+3). In 2000, a new mechanism called the Chiang Mai initiative was established in which a series of bilateral currency swap agreements were signed among ASEAN+3 countries to prevent another round of financial crises. At the end of 2005, the first East Asian Summit (EAS) took place in Malaysia, which brought leaders of 10 ASEAN countries, the Plus Three Countries (China, Japan, and South Korea), as well as India, Australia, and New Zealand.

Due to the fact that regional interdependence and regionalization have been promoted over the last decade, there have strong discussions among scholars and practitioners as well as regional leaders alike about the future East Asian community.

East Asian community building has taken root and is still in the evolving period and rough road is certainly waiting ahead. So, in addition to the description of the background, evolution, and the factors contributing to the East Asian community building, this paper seeks to identify the challenges confronting the community

building, and tries to prescribe the future prospects of this community, with the hope of contributing moderately to this mega project of region.

2. The Evolution of East Asian Integration

With the end of the Cold War and the spread of regionalism, the ideas of regional cooperation and integration in East Asia has been emerged, starting with the initiatives to establish the East Asia Economic Group, and then the creation of ASEAN+3 cooperation as well as the East Asia Summit, which are the important foundation for the on-going discussion on East Asian community building.

2.1. East Asia Economic Group

In 1990, Dr. Mahathir Mohamad, Prime Minister of Malaysia, proposed the idea of East Asia Economic Group (EAEG) during the dinner in honor of Prime Minister Li Peng, who was visiting Malaysia. The rationale for the EAEG elaborated by Dr. Mahathir is that:

“If ASEAN is to have a bigger say in trade negotiation internationally, then it must work together with East Asian countries. The EAEG would be sufficiently strong to gain the respect of both the EC and the NAFTA... But the potential for growth of the EAEG is far greater than that of the EC and the NAFTA... It is important that the EAEG should not be a trade bloc. All the countries of the group should be free to trade with anyone under GATT rules. But when it comes to negotiation to maintain a free trading system for the world then the group should meet to discuss issues and take a common stance. It would be very difficult for the trading blocs of Europe and America to ignore the common stance of the EAEG. Unless we have this group, ASEAN and every country in the region will be at the mercy of the trade blocs of Europe and America. There will be so many conditionalities and linkages with non-trade issues that the growth of ASEAN countries will be retarded. We will all remain developing countries forever” (Severino, 2006: 265-266).

From the above extracts, one can see that Dr. Mahathir had two agendas in his initiative: (i) setting up an economic group, in which he believed it became necessary

in order to ensure economic balance amid a growing trend toward regionalism in many parts of the world, notably in Europe and America, and (ii) consolidating efforts of countries in East Asia to develop themselves to be developed nations were being blocked by countries in the West through various measures.

Mahathir's proposal on the EAEG had its root in his "Look East" Policy he initiated in 1981 to learn from Japan's economic success and was heavily influenced by regional grouping in Europe and America (Said, 2002). Moreover, in the early 1990s, there was a major political change after the collapse of the Soviet Union. Political ideological difference was no longer a barrier for cooperation between countries, which used to be the case in different political camps, during the war. Japan, as the second largest economy in the world, was approached and lobbied to support the idea. Japan, a close ally of the US, was quite reluctant to the idea and hence cautiously responded by saying that it would prepare to consider if the idea proposed by Malaysia was endorsed by ASEAN.

During his opening remark at the ASEAN Economic Ministers' Meeting (AEM) in Kuala Lumpur in October 1991, Mahathir explained the his idea on the EAEG was to enhance economic influence and bargaining power of countries in East Asia.

In 1993, ASEAN Foreign Ministers and Economic Ministers agreed that the EAEG should be turned into the East Asia Economic Caucus (EAEC) within APEC. It was also agreed that consultation with other East Asian countries in APEC were needed in shaping the EAEC.

The idea of EAEC was never realized and eventually died out by the end of the 1990s. There are some factors contributing to the failure of the EAEG. First is the lack of consultation with other ASEAN Member Countries. Malaysia did not consult with other ASEAN colleagues, a traditional ASEAN's practice. Indonesia was highly suspicious about the idea and was unhappy, as it was not consulted beforehand. Second is the lack of a clear idea about the concept. It appeared that the EAEG was more to do with counter-balancing the EU and the NAFTA than promoting economic cooperation. Therefore, it was difficult to convince countries involved to see the value and benefit of the EAEG. Some countries were highly skeptical of Malaysia's hidden agenda. Third, the EAEG, which later turned into the EAEC, was seen as anti-western

grouping. There was no secret that Mahathir firmly believed in an Asian-only grouping and was disappointed to see ASEAN member countries joining APEC. The EAEG was in fact APEC without US, Canada, Australia and New Zealand. Fourth, the US had strongly objected the creation of the EAEG due to the concern that EAEG, whose proposed members are majority of APEC, may affect a newly formed APEC. Due to US's strong objection, Japan refrained its support for the EAEG, even though some groups of people in Japan were receptive to the idea.

Though the EAEG has never been realized, it gave birth to the idea of setting up regional grouping in East Asia, consisting of Northeast Asia and Southeast Asia, which became a reality in a few years after the idea had been proposed.

2.2. ASEAN+3 Process

In 1997, the Leaders of China, Japan, and the Republic of Korea were invited to meet the Leaders of ASEAN at the sideline of the ASEAN Summit in Kuala Lumpur. This gathering gave birth to what is later known as ASEAN+3 Process.

There were two major factors that contributed to this historic meeting: (1) a strong desire of the host country to forge closer ties between Southeast and Northeast Asian countries and (2) in January 1997, Prime Minister Hashimoto Ryutaro of Japan visited Southeast Asia and proposed a meeting between ASEAN and Japan Leaders. ASEAN Leaders welcomed the proposal, but concerned that China would be skeptical of the proposed meeting. So, ASEAN decided to invite the Leaders of China and South Korea as well to join the new regional cooperation mechanism.

At their 1st Summit, the ASEAN+3 Leaders discussed possible cooperation in East Asia in the 21st century as well as the strengthening of economic stability in light of the devaluation of the Thai Baht on 2 July 1997 as well as the need to coordinate after the establishment of Asia-Europe Meeting (ASEM) in 1996 – a forum between Asian and European countries. They saw the need to meet again in Vietnam in 1998. At the 2nd ASEAN+3 Summit in Hanoi in 1998, the Leaders agreed to meet annually. China proposed an informal meeting of finance and central bank deputies to explore how to promote financial cooperation. More importantly, South Korea proposed the establishment of an East Asia Vision Group (EAVG) to set a vision for cooperation

and integration in East Asia. At the ASEAN+3 Summit in Manila in 1999, the ASEAN+3 Leaders adopted “Joint Statement on East Asia Cooperation” which formalized ASEAN+3 Process and set out areas of cooperation, including the fields of economic, finance, social, human resource development, science and technology, ICT, development, political and security. At the 4th ASEAN+3 Summit in Singapore in 2000, South Korea proposed the establishment of an East Asia Study Group (EASG) to look into recommendations of the EAVG. At the 5th ASEAN+3 Summit in Brunei in 2001, the EAVG submitted a report titled “Towards an East Asian community: Region of Peace, Prosperity, and Progress”, recommending the formation of an East Asian community and measures to strengthen ASEAN+3 cooperation.

Malaysia proposed the idea of transforming the ASEAN+3 Summit into the East Asia Summit (EAS). However, due to the geopolitical complexities, which will be discussed hereafter, the EAS is not the evolution of the ASEAN+3, but rather a new regional framework. As a result, regional cooperation in East Asia is going on through two different processes at the same times – ASEAN+3 and the EAS.

2.3. East Asia Summit

The East Asia Summit was proposed by EAVG in 2001 – in line with the position of Malaysia – as an evolution of the ASEAN+3 Summit and recommended by EASG in 2002 as a long-term measure.

In 2003, Singapore proposed that the Plus Three countries should be given a chance to host a Summit. China offered to host the 1st EAS, while Malaysia also lobbied to be the host of the EAS in 2005. Amid the competition to host the Summit, Japan was highly suspicious about China’s offer, while Indonesia strongly opposed the convening to the EAS because it was concerned that ASEAN integration might lose momentum.

After months of intense lobby, Malaysia emerged as a winner. However, this came with a price. Being aware that it could not stop the EAS, Indonesia pushed for the inclusion of Australia and New Zealand. Meanwhile, due to the concern over the growing influence of China, Singapore pushed for inclusion of India in the new regional framework. Malaysia opposed the expansion of membership beyond the

ASEAN+3 countries but had to give in, as it badly wanted to be the host of the first EAS.

Three criteria were set by ASEAN (Singapore) for the non-ASEAN countries' participation in the EAS: (i) being a full dialogue partner, (ii) acceding to Treaty of Amity and Cooperation in Southeast Asia (TAC), (iii) having substantive relations with ASEAN. The criteria were believed to preempt Russia's desire to join the EAS, as ASEAN considered its relations with Russia non-substantive, especially in economic and trade domains.

Australia and New Zealand regard themselves as part of East Asian. Both countries expressed keen interest to join the EAS and got a strong support from Indonesia. New Zealand had no difficulty to accede TAC, while Australia was highly reluctant. But, facing growing domestic criticism, Australian Government eventually agreed to accede the TAC as it did not want to miss the opportunity to join the EAS at the beginning and wanted to be part of East Asia community building.

India has been keen to join the ASEAN+3 to expand it into ASEAN+4 in order to form an Asian Economic Community. Since 1991, India adopted a "Look East Policy" to learn from the economic success of East Asian countries and to engage in these countries in order to form an Asian grouping with the expectation that the 21st century will belong to Asia. India also wanted to ensure a multi-polar world. India got the strong support from Singapore, a country predominantly ethnic Chinese, which wanted to bring in India to counter-balance a rising China (Cheunboran, 2009). At the end, Australia, India and New Zealand were admitted to the EAS, as they fulfilled the criteria set by ASEAN.

Moreover, there are many other countries that also wish to join the EAS. Russia also applied for the membership and got the support from some ASEAN Member Countries, including Malaysia. However, it was strongly opposed by Singapore, which argued that Russia did not have substantive relations with ASEAN.

The EU, Pakistan, and Mongolia also expressed their interest in the EAS. The EU is in the process of acceding to the TAC. Pakistan already acceded to the TAC, but not a full dialogue partner. Mongolia is neither a full nor a sectoral partner of ASEAN.

Therefore, it is unlikely that these countries will be able to join the EAS in the near future.

The US was not interested to join the EAS from the beginning, but many countries, especially Japan and Singapore, are keen to support its engagement in the process, which can help counter-balance the rising China. Since the new Obama administration took office in early 2009, however, US foreign policy in Asia has changed toward dynamism and proactive engagement in the region, witnessed by decision of the US Secretary of State Hillary Rodham Clinton to come to Asia before making the usual trip across the Atlantic to Europe. This visit would generate much confidence and engender a forward-looking attitude among Asian countries about engaging with the US in the most constructive ways (The Nation, 17 February 2009). More importantly, the US eventually signed the TAC in 22 July 2009, which paved the way for the US to join the EAS. At the end, the US has reluctantly expressed its interest in taking part in the EAS. Then a question has been raised and discussed among ASEAN members with regard to the enlargement of the EAS is that “why we only admit the US which has always been reluctant to join the EAS, while ignoring Russia which has all along shown its keen interests in participating in the process” (Interview with a Cambodian diplomat). As a result, with increasing role of Russia in the region, especially in the fields of security and stability ASEAN, with the consultation with its partners, agreed at the ASEAN Summit in Hanoi in 2010 to admit the US and Russia to join the EAS next year.

3. Factors Contributing to Integration in East Asia

There are several major factors that have enabled regionalism and community building in East Asia to happen. First of all, the end of the Cold War brought an end to political and ideological differences, and thus has allowed countries in the region to engage in regionalization and then regionalism. Moreover, the end of the Cold War has also enabled regionalism to accelerate across the globe, including in East Asia. Secondly, It has been said that ASEAN has played and, for foreseeable future, continues to play a driving-force role in regional cooperation and integration, justified by its central roles in various regional frameworks, such as ASEAN Regional Forum (ARF), ASEAN+1, ASEAN+3 and the East Asia Summit. Thirdly, regional powers in

East Asia, namely China and Japan, have shown keen interest in East Asian community building, although their views and perspectives are not necessarily always the same. Finally, East Asia's intra-regional trade ratio has remarkably risen. As a result, economic interdependence in the region has been remarkably strengthened to the level that regional countries need to find mechanisms to further promote cooperation.

3.1. The End of the Cold War

The end of the Cold War brought an end to political ideological differences, which used to divide countries in East Asia into two camps – liberalism and socialism. In September 1989, Vietnam began to withdraw from its Soviet-backed occupation over Cambodia, which helped fade away political and ideological tension in the region. By the end of 1991, East Asia, like the rest of the world, no longer had to live under the shadow of the Cold War. Vietnam and Lao PRD, which are still socialist countries, decided to join ASEAN in the mid 1990s, which brought the end to the ideological frontier in Southeast Asia. Moreover, in late 1970s, China opened itself to the world by adopting capitalism. As a result, difference in political ideology is no longer an obstacle to regional cooperation.

The end of Cold War also accelerated the fast speed of globalization and regionalization that go hand in hand. It has become increasingly difficult for any individual country to be in isolation. There has been a worldwide trend towards regionalism, such as the EU in Europe, the NAFTA in North America, and other regional integrations in other parts of the world. In this context, regionalism has also emerged as an influential paradigm in conceptualizing the politics of Asia. Regionalism in Asia has taken, most notably, from the ASEAN process. However, it was only at the turn of the 1990s that new multilateral initiative on a broader Asian region took root, to capture the benefits of regionalism as achieved by other regions in the world, in addition to the pressure of the regionalization in the region.

3.2. Strengthened Regional Economic Interdependence

Together with the expansion of inter-regional trade with advanced economies, intra-regional trade in East Asia is also expanding rapidly. As a result, economic

interdependence in the region has been remarkably strengthened to a level that regional countries need to find mechanisms to further promote the cooperation.

East Asia's intra-regional trade ratio has remarkably risen from 35% in 1980 to 55% in 2005 (Dent, 2008). If compared with other major trading blocs, intra-trade in East Asia is relatively high, which was 54% in 2003, higher than NAFTA about 46%, although still lower than the EU, which accounted for 64% during the same period (World Bank, 2003). East Asia's share to the world's trade rose from 10% in 1970 to 25% in 2005, higher than NAFTA (20%) and fast catching up the EU, accounting for one-third of the world's trade.

As far as the investment is concerned, the Plaza Accord of 1985 led to a major wave of investment from Japan to countries in East Asia. Japanese investors tried to find lucrative places for their investment after the appreciation of its yen as the result the Accord. In the aftermath of the event, many scholars suggested that development and industrialization in East Asia was occurring in the so-called the "flying-geese pattern" in which Japan was the pioneer of the development and modernization in East Asia, which helped flourish the four tigers, namely Hong Kong, Singapore, South Korea and Taiwan, then other countries in the region toward development and prosperity. However, due to the burst of Japan's economic bubble in the early 1990s and the rise of China to become the "factory of the world", the flying-geese pattern broke down and was replaced by the new one, "network-based production pattern" – a pattern that is based on comparative advantage. There is no leader and every country in the network has to depend on one another in the production network. This evolution has promoted that interdependence among countries in the region and facilitated the emerging regionalization in East Asia.

The 1997-98 Asian financial crisis has made countries in the region better aware of their interdependence. Regional countries learned a hard lesson that they could not rely on outside help, but instead on regional cooperation. They started to realize the need to develop regional cooperation framework. As a result, the first ASEAN+3 Summit held in Kuala Lumpur in 1997 led to the formation of the ASEAN+3 Process. In particular, in May 2002, the ASEAN+3 Finance Ministers agreed to establish the Chiang Mai Initiative, which was the bilateral swap arrangements to provide short-term liquidity to support participating ASEAN+3 countries in need. In February 2009,

ASEAN+3 Finance Ministers agreed to multilateralize the Chiang Mai Initiative and to enlarge its reserve pool up to \$120 billion from original \$80 billion.

3.3. ASEAN's Centrality

ASEAN has been playing the role as a driving force in regional cooperation and integration. ASEAN leaders want to maintain such a role while non-ASEAN countries in the region are willing to allow a group of these small countries to pursue the leadership role in emerging regional architecture. In his public lecture at the Institute of Southeast Asian Studies in Singapore in late 2009, Japan's Ambassador to ASEAN, Yoshinori Katori said: "For Japan, ASEAN is the hub of cooperation, development and stability". On a similar occasion, Xue Hanqin, China's envoy to ASEAN, declared: "China sincerely supports ASEAN Community building and its centrality in the East Asian cooperation" (Kesavapany, February 2010). This happens due to two main reasons. First of all, ASEAN has been doing well in strengthening regional cooperation and integration as well as in drawing major powers' participation in the region. For instance, ASEAN has explicitly assumed the responsibility of being the "primary driving force" of the ARF when ASEAN launched it in 1994. Over the years, it has remained the only region-wide forum for high-level discussions of political and security matters. Indeed, with the six-party talks stalled, the ARF is the only forum outside the United Nations (UN) where North Korea and the US sit together, with ample opportunity for bilateral discussions. It is the only framework, again outside the UN, where China, India, Japan, South Korea, and the US, with ASEAN at the core, gather together to build mutual confidence and undertake dialogue and consultation on the most vital regional security issues of our time. They also cooperate in many practical endeavors that call for regional cooperation.

Like the ARF, the ASEAN+3 is another ASEAN's initiative. Apart from the annual summit meetings, it now cooperates in 20 areas, as mentioned in the earlier part. At their apex is financial cooperation, initiated partly in response to the 1997-1998 Asian financial crisis and benefiting from the support of the Asian Development Bank. At the core of the ASEAN+3 financial cooperation is the Chiang Mai Initiative, which has recently been multilateralized and the amount involved expanded to the equivalent of \$120 billion (Bangkok Post, 22 February 2009). In 2005, in the interest

of strategic balance and broader consultations, ASEAN initiated the East Asia Summit. Through the developments, it has been clearly seen that ASEAN has always been a driving force of regional cooperation.

The second factor is the fact that the ASEAN's leadership in the region happens by default. In fact, China and Japan are the two natural candidates for the regional leading powers in the region. However, everyone knows that the relationship between the two countries are endowed with a structural problem, which means that after the Cold War there is no longer a bipolar system, and hence the question is who will be the leading powers in the region (Weixing, October 2007). Therefore, both China and Japan yield their leadership to ASEAN. Moreover, in the eyes of regional countries, ASEAN is not the threat and will very unlikely, if not, impose any threat to regional countries. Therefore, ASEAN's initiatives to strengthen regional cooperation and integration tend to be accepted by other countries in the region.

However, not everything goes smoothly with regard to the leadership of ASEAN in regional cooperation and the emerging regional architecture. Former Singaporean Prime Minister Goh Chok Tong rightly asked the question of whether ASEAN could sustain the interests of its partners (The Straits Times, 6 November 2002). It is clear that ASEAN has to put its home in order first. It means that ASEAN member countries have to put more commitments and enthusiasm on building ASEAN Community, which based on three pillars, namely ASEAN Economic Community, ASEAN Political and Security Community, ASEAN Socio-Cultural Community. If the ASEAN Community building is to be successful, ASEAN will enjoy more credibility and strength to truly take the leadership in East Asian community building, in particular, and in the evolving regional architecture of Asia Pacific, in general.

3.4. Regional Powers' Interests in Deepened East Asian Integration

Since the late 1990s, it should be noted that the two big powers in the region – China and Japan – have gradually shifted from suspicions and reluctance to active approaches toward regional multilateralism. Given the China-Japan bilateral relations are endowed with rivalry and hatred, the two countries' willingness to engage in the

regional cooperation and integration in East Asia has signaled one of the most constructive moves toward rapprochement and confidence-building measures.

China's vital interest is to ensure the social well-being and stability and regime survival at home while expanding its influence abroad. Thus, one can say that China's policy in the region is to: (i) maintain a stable political and security environment, particularly on China's periphery, that will allow China's economic growth to continue; (ii) maintain and expand trade route transiting Southeast Asia; (iii) gain access to regional energy resources and raw materials; (iv) develop trade relationship for economic and political purposes; (v) isolate Taiwan through the pursuit of a policy which China calls "using all economic and diplomatic resources to reward countries that are willing to isolate Taiwan"; and (vi) exert influence in the region to defeat perceived attempts at strategic encirclement or containment as well as to eradicate the perception that the rise of China is a threat (Cheunboran, 2009).

Therefore, the cooperation and integration in East Asia and, especially, the East Asia community building provide a good opportunity for China to alleviate its neighbors' perceptions of China as threat, and to stabilize its relations with other countries in the region for the sake of China's peaceful external environment and continued economic development. Moreover, China strives to strengthen its political, security and economic cooperation with East Asian countries in its efforts to discourage the hegemonic and unilateral tendencies of the US, making it difficult for the US and other countries to gain the cooperation from Asian countries to contain China (Dinh, 2005).

For its part, Japan's incentive to engage in East Asia recently is an integral part of its policy, designed to ensure the economic security of East Asia as a base for Japanese production and business networks, to facilitate the recovery and continued growth of the Japanese economy, and to enhance its political and security relations with its East Asian neighbors.

The East Asian community presents Japan the opportunity to assert its political role commensurate with its economic strength in the region without causing concerns from its Asian neighboring countries. Since 2000, Japan has actively negotiated Free Trade Agreements and Economic Comprehensive Partnership Agreements with regional

countries. More importantly, being concerned about the rise of China and the ASEAN's banwagoning to China, Japan has initially changed its passive and unenthusiastic attitude to a more active and positive approach toward East Asian integration process, witnessed by Japan's active engagement in ASEAN's regional cooperation frameworks and by the former Prime Minister Yukio Hatoyama's initiative to build East Asian community.

4. Challenges and Future Prospects

4.1. Challenges of East Asian Community Building

The emergence of East Asia as the world's economic center and the evolving regionalism in East Asia are important not only to East Asia but also to the rest of the world. East Asia has witnessed unprecedented economic regionalization followed by regionalism. After decades of market-driven regionalization, East Asia is now witnessing government-driven regionalism, inter alia, a mega project on East Asian community building.

However, East Asia community building is not always on the smooth run. The efforts in building a community in the region have been hurdled by some challenges, such as the lack of regional leadership, and the lack of common vision on East Asian community building.

4.1.1. Lack of Regional Leadership

Lack of leadership is a major weakness for East Asia's regional integration. There are no statesmen or leaders who have a vision for integration in the region. There are also no countries prepared to take a leadership in regional integration.

In East Asia, there are no respected figures like Jean Monnet, a French civil servant, and Robert Schuman, a French Foreign Minister, who had a foresighted vision for integration in Europe. Mahathir Mohamad of Malaysia or Kim Dae Jung of South Korea seem to be the only East Asian leaders who have a keen interest and vision in promoting regional integration. However, a major drawback of Mahathir is that he was often seen as an anti-western leader and thus was reluctantly backed, while Kim

Dae Jung's great ideas and later Yukio Hatoyama's initiative for regionalism in East Asia died out after they left office, respectively.

Moreover, no major countries in East Asia are willing and in the suitable position to take the leadership role in East Asian community building. China and Japan deserve to take this role. However, both of them are still unable to join hands like France and Germany did for European integration, and neither is prepared to see the other taking the lead.

ASEAN is recognized as a driving force of regional cooperation and integration in East Asia not because it is strong or firmly united, but simply because it is perceived by the Plus Three countries as not a threat to them or in the position to be hegemonic.

With limited financial resources, however, ASEAN has to rely on supports from outside, especially the Plus Three countries, which have stake and interest in the region and share a common destiny. This is due to the fact that the Plus Three countries, though much more developed, cannot cooperate among them without the intermediary role of ASEAN, which is relatively more integrated, but are less developed.

4.1.2. Lack of Common Vision on East Asian Community Building

Another reason that has stayed on the path of the community building in East Asia, according to Daojiong and Weixing, is the lack of a common vision about where the East Asian community should go and on what model this community should be built (Daojiong and Weixing, 2006).

The first aspect of the argument is that in East Asia, as mentioned earlier, there are two processes with the same purpose, namely ASEAN+3 and the EAS. Regional countries have different views and desire on which process should be the core of the East Asian community building. Even within ASEAN, differences on this issue have always existed. Malaysia has been a supporter of East Asian integration without countries outside the region. This can be tracked back to the former Mahathir's idea to create the EAEG – an Asian-only regional cooperation – in the early 1990s. For Singapore and Japan, due to the increasing concern about the rising China, have

preferred the EAS over ASEAN+3 to be the foundation of the East Asia community building as the former involves some other major countries, such as India, Australia, New Zealand, and the US and Russia in the near future, to counterbalance the rising China. Lee Kuan Yew, the former Prime Minister of Singapore, said in an interview with Times Asia in December 2005 that “India would be a useful balance to China, while bringing Australia and New Zealand into the EAS would erase any concern that the EAS would be a forum of ‘Asian versus White’ or an anti-American grouping” and that this is a matter of balancing.

China has been clearly shown strong interest in strengthening the ASEAN+3 process rather than the EAS. China sees the EAS as a forum for ASEAN+3 countries to engage major powers outside East Asia. However, China has never shown any strong objection to the inclusion of the non-ASEAN+3 countries to the EAS, due to the fact that China wants to minimize the fear among its neighboring countries that China will dominate the regional architecture.

The second aspect is that East Asia lacks a convincing and acceptable normative framework for regional institutionalization, partly because further growth of Asian regional institutional building will be constrained by East Asian countries’ persistent concerns regarding erosion of their national sovereignty (Daojiong and Weixing, 2006). Therefore, it would be very difficult for these states to give up their sovereignty for a regional supranational structure, which looks after regional security. Moreover, there is growing disagreement on the model and the nature of East Asia community. In China’s view as well as that of some ASEAN countries, East Asian community should continue to move on the basis of the practical functionalism, nurturing the functional cooperation and then eventually turn this functional cooperation within the framework of ASEAN+3 into East Asian community. On the other hand Japan and, to some extent, India and Singapore, are the supporter of a more principled regionalism, that should be based on some common values, such as good governance, the rule of law, democratization, and the respect for human rights. This has been intensified by the idea of Japanese Prime Minister Yukio Hatoyama of building the East Asian community that is based on the concept of fraternity and rule-based cooperation (Hatoyama, 2009).

4.2. The Future Prospects

Due to the above-mentioned challenges, East Asian community building is moving forward, though not in the fast pace. Regional statesmen and even businesspeople share the same view and desire to have community building moving forward, as economic and trade among regional countries are increasingly interdependent and complementary from time to time, and as people-to-people contact in region is increasing through tourism and exchanges in all forms and levels.

Moreover, the desire for East Asian community has also taken root out of the political and strategic consideration of regional countries to deal with the emerging security challenges and threats, the evolving regional architecture and, especially toward the rise of China.

To tackle with the rise of China, countries in East Asia, particularly Southeast Asian governments, among other things, employ the general strategy of “engagement”. Engagement is the strategy has been used to avoid possible confrontation with China. This involves encouraging Chinese participation in multilateral organizations and international dialogue and agreements. Engagement rests on the assumption that including China in regional activities will reduce tensions and bring about political convergence. Through regional multilateral frameworks, China will be persuaded to develop a sense of partnership with ASEAN. Instead of feeling of being excluded from the benefits the region has to offer, the Chinese will develop a stake in the mechanisms that facilitate a sharing of these benefits; and hence interdependence between China and regional countries is increasing to the level that is very costly for China to exit from the regional cooperation. The kind of engagement is evident through the signing of the ACFTA.

More importantly, the Chinese will be socialized into the “ASEAN Way,” concluding that consultation, consensus and cooperation are a more efficient means to pursue their agenda than confrontation and intimidation. To maintain peace and stability, regional countries might have learned the successful story of Europe to prevent conflicts and wars by involving in community building. Therefore, engaging China in the East Asian community building is also considered as a means to ensure peace and stability in the region as Chinese might have a sense of belonging and mutual trust,

and the feeling of sharing common vision and identity which are all important for the future relationship (Cheunboran, 2009).

Moreover, community building in East is also regarded as the proper way that China and Japan can work together and hence to reduce, to some extent, the antagonism and strategic rivalry between the two countries. If this is the case, it is a very good development for East Asia, as the cordial relationship between the two countries is important not only for the mutual benefits of the both countries and their peoples, but also for the peace, stability and prosperity of East Asia as a whole, and beyond. Therefore, community building in East Asia is a common aspiration of regional countries.

However, East Asian community is in the evolving period, which its nature, modality, and even membership are in uncertainty.

4.2.1. Desirable but Less Feasible Future of East Asian Community

It is desirable to build East Asian community based on certain fundamental principles and visions, like the one that has been proposed by Japan in which East Asian community shall be an open regional cooperation. Moreover, Japan prefers the community that is not just about free trade, exchanges of goods and services, or security dialogue, but also a common ideology and shared concepts of democracy, human rights, individual freedoms, and the rule of law that constitute the normative foundation of its regionalism and regional institutions (Daojing and Weixing 2006).

However, this desirable idea for building East Asian community building is probably less feasible to be carried out due to the reality of the region. First of all, not all Asian politicians or even scholars agree that democracy is the universal values and that all countries and regional cooperation and integration must involve in the democratic process. This can be seen through the regional adoption of the “Asian Values”, which emphasizes on social order, political stability and economic prosperity rather than individual rights and freedom. For example, countries like, China, Vietnam or even Singapore and Malaysia, are not interested in having democracy and the respect for human rights as the backbone of East Asian community building. In an interview with CIB on 15 May 2008, a brilliant Asian scholar Kishore Mabubani suggested that “the

solution for development is to not bother having a debate on democracy or authoritarian states, but to focus on good governance, because you find that some democracies do well, like India, and some democracies do poorly, like the Philippines. Some Communist states do well, like Vietnam, and others do poorly, like North Korea. So the critical variable is not whether a place is democratic or not, but really whether there is good governance. All states eventually have to become democratic; there's no choice. There's no question about the destination, but the question is about the route" (Mahbubani, 2008).

Secondly, unlike the EU, the community building that begins with rule-based institutionalization seems to be difficult to take roots in East Asia for the time being. As pointed out earlier, the concept of state and sovereignty is still very strong and prevails over other theories and ideologies. So, countries in the region are unwilling to give up a part of their sovereignty for regional supranational mechanism that might hurdle their freedom of activities. ASEAN is a case in point. Only after over four decades of function does ASEAN have its charter in 2008. Regional countries are familiar and conformable with the "ASEAN Way", which emphasizes on equality in sovereignty, mutual respect, non-interference, informality, consensus, and peaceful settlement of disputes.

So, most of the countries in the region prefer a legally loose framework rather than a rule-based rigid institution that might affect their sovereign rights.

4.2.2. Functional Cooperation: Less Desirable, but More Practical

The second option is that East Asian community building should evolve on the basis of the practical functionalism. This might be less desirable for scholars, academic researchers, and some Western observers as it is a gradual, step-by-step fashion of community building. However, functional cooperation is a necessary, pragmatic way for East Asian community building, given that the region is so diverse and unorganized. The region should continue to nurture functional cooperation and then eventually turn this functional cooperation into East Asian community. This approach is in conformity with the principle that most of countries in East Asia are conducting, particularly the ASEAN Way and the peaceful co-existence of the Chinese.

So, functional cooperation should, first of all, center on economic and trade relations, and then expand the cooperation to cover political aspects through regional cooperative mechanisms. The last step in this direction is to build social and cultural cohesiveness in the region, which is an important factor in building and defining East Asia community. The growing exchange of culture and people throughout East Asia serves as a powerful regionalism engine.

With regard to the membership of East Asian community, a geographical footprint must be clearly defined otherwise we will mix things up, and hence complicate and slow down the community building process. Obviously, geographical definition is the precondition for any regionalism in any parts of the world; and it might be followed by other criteria, such as geopolitics, economic merits and so on and so forth. It is true that the EU just for countries in Europe, and NAFTA only for the countries in North America. In this regard, ASEAN+3 should be the core of East Asian community building, as all ASEAN+3 countries are geographically located in East Asian.

However, this does not mean that the future East Asian community will be bloc, inward-looking regionalism. It shall be an open and outward-looking framework of cooperation in which countries outside the region that share common interest and concern can be invited and consulted vis-à-vis regional issues. The existing regional framework, like the EAS, can play this role as it now engages major countries outside East Asia, such as India, Australia, and New Zealand, and the US and Russia in the upcoming time.

5. Conclusion

As mentioned earlier, East Asian community building is moving forward, though not in a fast pace. Regional statesmen and businesspeople share the same view and desire to have community building moving forward, as economic and trade among regional countries are increasingly interdependent and complementary from time to time, and as people-to-people contact in region is growing through tourism and exchanges in all forms and levels.

If this is the necessary path toward regional stability and prosperity all countries in East Asia have to make utmost efforts, with strong commitment, to build a

community in this region. China and Japan should learn from France and Germany, and their contribution to European integration. Some might argue that it is impossible for China and Japan to work together due to structural problems and strategic rivalry and historical legacy of the two countries. But if we look at the history of Europe, we might have a bigger surprise. Although in history, France and Germany had fought so many wars, eventually the two countries can join hands, taking the leadership role in building Europe Union, which is now the highest and deepest regional integration in the world. So, why cannot China and Japan do the same?

As far as the modality of East Asian community is concerned, practical functionalism is a necessary, pragmatic way for East Asian community building, given that the region is so diverse and unorganized. This means that region should continue to nurture the functional cooperation and then eventually turn this functional cooperation into East Asian community. This is the way that ASEAN has evolved since its inception in 1967, which has earned it achievements and credibility, as the most successful regional grouping of developing countries. Therefore, due to very diversity of East Asia, politically, economically, and socio-culturally, functional cooperation is the pragmatic way for getting starts the community building in the region.

Moreover, multi-layered approach to regional integration is probably the most suitable approach to regionalism in East Asia, in which multi-structures can develop in tandem. East Asian construct, architecture, or community will not be built upon one single structure. Cultural and social cohesiveness is an important factor in building and defining East Asian community.

Meanwhile, the achievement of a community without war for a better East Asia can be a strong common vision for the region. Hence, it is important to demonstrate that East Asian community building is not meant to create an exclusive bloc, but aimed to promote peace and harmony in the region so that countries to live in peace and cooperation in order to cope with common challenges.

More importantly, regional countries have to promote mutual trust, which is a foundation for community building. Lack of trust among key countries in East Asia and ASEAN's traditional concern of being dominated by larger Northeast Asian partners are still major hindrance of East Asian integration. Non East Asian countries

are aware of these factors and happy to serve a counter-balance force. Some countries in the region have called for openness and inclusiveness, especially by the engagement of major outside countries in regional integration. However, the question is that does the appeal really derive from the lack of openness or simply the lack of trust among countries in the region? So, mistrust and suspicion should be got rid of, if we wish to build a community in East Asia for regional peace, stability and shared prosperity.

References

- Bergsten, F. (2007, March). China and economic integration in East Asia: Implications for the United States. *Policy Briefs, Peter G. Peterson institute for International Economics*. Retrieved January 13th, 2010, from <http://www.iie.com/publications/pb/pb07-3.pdf>
- Cheunboran, C. (2009, November). *China's soft power in Southeast Asia* (Cambodian Journal of International Affairs). Phnom Penh: Cambodian Institute for Cooperation and Peace (CICP)
- Daojiong, Z., & Weixing, H. (2006). *Building a neighborly community: Post-Cold War China, Japan, and Southeast Asia*. Palgrave: Manchester University Press.
- Dent, C. (2008). East Asia Regionalism. *Routledge*
- Dinh, L. (2005). Regional powers and the building of an East Asian community. *Institute for International Relations (IIR) of Vietnam*. Retrieved February 2nd, 2010, from http://wwwsoc.nii.ac.jp/eusa-japan/download/eusa_ap/paper_DinhThiHienLuong.pdf
- Hatoyama, Y. (2009, August 26). A New Path for Japan. *The New York Times*. Retrieved January 12th, 2010, from <http://www.nytimes.com/2009/08/27/opinion/27iht-edhatoyama.html>
- Kesavapany, K. (2010, February). *ASEAN Centrality in Regional Integration*. Special Lecture in Bangkok, Thailand. Retrieved January 2nd, 2010, from <http://www.iseas.edu.sg/aseanstudiescentre/asco07-10.pdf>
- Lee, Y. (2005, December). The rise of China. Interview with Time Asia. Retrieved January 20th, 2010, from <http://www.time.com/time/magazine/article/0,9171,1137705,00.html>
- Mahbubani, K. (2008, May). The World Through the Asian Lenses. (Interview by CIB) from <http://www.mahbubani.net/interviews.html>
- Ministers Agree to Boost Emergency Fund. (2009, February 22). *Bangkok Post*, Retrieved February 5th, 2010, from <http://www.bangkokpost.com/business/economics/136785/asian-fms-agree-to-boost-emergency-fund>
- Nair, D. (2009, April). Regionalism in the Asia Pacific/East Asia: A Frustrated Regionalism? *Contemporary Southeast Asia*: Vol. 31, No. 1(2008), p. 110-42
- Preston, P. (2000, August). East Asia: Prospects for the new decade. *Contemporary Southeast Asia*: Vol. 22, No.2, p. 231-57
- Said, R. (2002, August 29). Look East policy helped spur Malaysia's development. *News Straits Times (Malaysia)*

Severino, R. (2006). Southeast Asia in search of an ASEAN community. *The Institute of Southeast Asian Studies (ISEAS), Singapore*

Soesastro, H. (2003, April). Building an East Asian Community Through Trade and Investment Integration. *CSIS Working Paper (No 067)*. Retrieved January 15th, 2010, from http://www.csis.or.id/working_paper_file/26/wpe067.pdf

Weixing Hu. (2007, October). China and East Asian community building: Implications and Challenges Ahead. (Transcript produced from a tape recording), by Center for Northeast Asian Policy Studies, the Brookings Institution. Retrieved February 3rd, 2010, from http://www.brookings.edu/~media/Files/events/2007/1002_east_asia/1002_east_asia.pdf

World Development Report. (2003). *Sustainable development in a dynamic world: transforming institutions, growth, and quality of life*. Retrieved February 2nd, 2010, from <http://www.rrojasdatabank.info/wdr03/front.p>

I would like to mention East Asia Community building as the third challenge for East Asia. Over the last ten years, we have witnessed a rapid increase in East Asia's trade volume. In view of the Asian countries diversity, we cannot have a community building process similar to the Europeans. It would also be counterproductive to set up a big institution at the outset. Rather, we would prefer to advance practical cooperation in various fields. We are not quite sure how this community will look in the future. What we can say is that this community building is not based on some politician's personal initiative to create a body which would exclude others but that this process stems from a growing movement of people, goods, capitals and services in this growing and dynamic region.