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### **Prospects for Cooperation in East Asia**

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## Prospects for Cooperation in East Asia

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Cooperation in East Asia currently offers a vision of unbounded vigor. That is, East Asian regional cooperation appears to be well on track, in terms of its scope, substance, and organizational structures. Looking to the future, therefore, it can be anticipated that regional cooperation in East Asia will unite the efforts of the 13 nations concerned, not only yielding economic integration in East Asia but also advancing political, security, and social cooperation in the region, bringing an “East Asian community” closer to reality, and stimulating growth.

### **The mechanisms for East Asian collaboration are constantly evolving**

The construction of collaboration mechanisms in the East Asian region essentially seems to have passed through three distinct stages. The period 1997 to 1999 could be regarded as the initial stage. When the 1997 Asian financial crisis occurred, 13 East Asian nations (the ten ASEAN nations plus China, Japan, and South Korea) gradually came together to form the so-called 10+3 regional cooperation mechanism, and this can be seen as the precursor for the development of a path towards the creation of formal institutions. This was how the three principal nations of the Northeast Asian region—China, Japan, and South Korea—first came to be incorporated into a single cooperative framework.

Initially, however, the so-called 10+3 framework was merely an unstructured mechanism for functional cooperation that did no more than provide an opportunity for the leaders of the nations concerned to engage in informal talks.

The time from 1999 to 2004 could be described as the period during which East Asian collaboration mechanisms were established as institutions. At the third 10+3 summit conference, which was held in November 1999, consensus was reached on the fundamental principles of East Asian regional cooperation, the course that would be followed, and the key areas for cooperation. The adoption at this conference of the Joint Communiqué on Cooperation in East Asia could be viewed as a pivotal moment in the 10+3 process. The conference accepted South Korean president Kim Dae-jung’s proposal that an East Asian Cooperation Survey Group be established, and set out a plan for the East Asian cooperation process and its objectives. Subsequently, the mechanism for implementation of the 10+3 cooperative framework has gradually crystallized, and consists of the following three tiers. At the top level are summit conferences (which have since been upgraded from informal to formal). At the intermediate level are 10+3 conferences and 10+1 conferences (bilateral meetings between the ASEAN nations and either China, Japan, or South Korea), as well as trilateral summit conferences between China, Japan, and South Korea. Thereafter, meetings are also held at the ministerial level (so far these have involved finance ministers, foreign ministers, ministers for economics and fiscal policy, and senior vice-ministers from finance ministries and central banks). In addition, meetings between divisional chiefs are also held.

The 10+3 Laos summit conference, which was held at the end of 2004, took the decision to stage an East Asian summit. This transformed the East Asian collaboration regime from the 10+3 summit to an East Asian summit conference and elevated the multi-faceted top-level cooperation mechanism in East Asia to a higher plane. As regional cooperation has become stronger, discussion has switched to the establishment

of a scalable high-efficiency permanent organization, to which authority could increasingly be delegated, so that the principal multi-faceted cooperation mechanism could be made continuously available. The East Asian summit will remedy the deficiencies of the existing 10+3 mechanism, accentuate the roles of China, Japan, and South Korea, and provide a springboard for a more equitable integration process for East Asia. Due to the mutual lack of trust between China and Japan, the two nations are not able to take a joint lead in the regional cooperation process. However, since both nations are apprehensive about the other assuming leadership, there is a tacit agreement between them that they will use ASEAN's existing mechanisms to advance the cause of regionalization. As a result, the smaller nations will have to demonstrate the necessary leadership, and the adverse consequences that would have arisen from a dispute between Japan and China over the right to lead will be avoided. This would seem to be necessary in the initial stages of the integration process. As the cases of Western Europe and North America have demonstrated, in the future, East Asian integration will demand more participation by key nations, such as China and Japan. Also, as the Malaysian foreign minister has remarked, "The East Asian summit should provide a platform for the ASEAN+3 nations to engage in constructive dialog with countries from outside the region as well."

### **East Asian cooperation aims for a more ambitious target**

As cooperation in the East Asian region intensifies, a new division of labor between the economies of East Asia is taking shape, the volume of trade is increasing, and, with growing consensus among East Asian nations over major political and security issues, there is now a more ambitious target for the integration process—an East Asian community. What are the implications of such an East Asian community and how should it be viewed? In the opinion of this author, the nations of East Asia ought to start by constructing mechanisms for cooperation on all fronts. As well as emphasizing the strengthening of regional economic unity and the establishment of an East Asian free-trade zone, these cooperation mechanisms should strengthen cooperation in areas such as the social, political, and security spheres, allowing the nations concerned to collaborate in the political sphere, complement one another in the economic sphere, and develop mutual trust in the security sphere. That is, the nations concerned should first establish an East Asian free-trade zone and bring about closer cooperation in areas such as energy conservation, environmental protection, and high technology. Establishing a free-trade zone for the entire East Asian region would entail not only the liberalization of trade in goods, services, and information, but also increasingly strong and wide-ranging economic cooperation, for example on credit and currency issues. Once an East Asian free-trade zone has been established, therefore, it will doubtless serve as a stable platform for an East Asian community. Next, an effective security mechanism will have to be established within the region. The standing of any East Asian community in political and security terms will likely be dependent on the establishment of an effective security accord at the outset. The main role of this mechanism would be to find ways to resolve problems in trouble spots within the East Asian region so as to prevent political and security disputes between states in the region from escalating to the level of crises and clashes. Taking the long view, the nations of East Asia should make use of this security accord to formulate standards for joint action in the area of security, and will eventually have to transform the security accord mechanism into a genuine security mechanism. Moreover, as the nations of East Asia engage in the process of building a community, ceding of some national and state sovereignty must be viewed as inevitable; however, this will chiefly consist of compromises in relation to

economic sovereignty and is certain to be limited in scope. The principal long-term tasks associated with East Asian integration are as follows: to establish a large single market for the region, thereby enabling the free flow of capital, technology, and manpower within the region; to demonstrate a significant degree of progress in cooperation on credit and currency issues; and eventually to present to the world a single Asian currency and ensure that it becomes one of the world's major currencies, alongside the dollar and the euro. In the political and security spheres, East Asian integration should also aim to maintain stability in the East Asian region and long-term peaceful co-existence between nations.

### **Bright prospects for East Asian cooperation**

There now seems to be a genuine opportunity for East Asian cooperation. First, the international order in East Asia is enjoying the benefits of peace. The role of organizations for East Asian regional cooperation has gained prominence and they have become the driving force behind regional integration (or quasi-integration) for East Asia, underscored by cultural ties and notions of geopolitical benefit, economic cohesion, and collective security. The Cold War greatly affected East Asia, and the region found itself freed from its constraints when it ended. Borne along on the rising tide of globalization, it has since displayed enormous energy and has with great vigor pursued regionalism and the development of regional cooperation. Second, the first 20 years of the twenty-first century represent a strategic opportunity to establish an East Asian community. Over the course of this time-span, East Asian economic power looks set to become increasingly effective, politically the region is likely to attain a position of comparative autonomy, and the East Asian economy appears likely to enter a period of fairly rapid growth. According to estimates by a London-based firm specializing in economic forecasting, the East Asian economy will achieve an average annual growth rate of 5.9% between 2004 and 2008, and the economic outlook over this period for China and Japan (whose economies comprise the greater part of the East Asian economy) is favorable. According to statistics, the gross domestic product (GDP) of East Asia in 1990 accounted for 19.3% of the total world-wide GDP; forecasts project that in 2025 it will reach 50 trillion dollars and comprise 25.5% of the world total (compared to 18.5% for the GDP of the USA and 19.4% for the GDP of Western Europe). As the overall economy comprising the states within the East Asian region has grown larger, trade within the region has expanded and increased in volume—most notably, the volume of trade between Japan and China has risen continuously. This expansion of trade has provided the initiative and the impetus for the nations of East Asia to establish a free-trade zone. Third, the protracted campaign to counter terrorism has reduced opposition to the establishment of an East Asian community, China has avoided being tagged by the USA as its principal rival, and furthermore, China has joined the ranks of the nations cooperating effectively on matters such as the Korean nuclear issue. In the future as well, the USA is highly likely to need long-term cooperation from China in areas such as counter-terrorism and nuclear non-proliferation. Since Southeast Asia has the largest Muslim population in the world, the region's ability to take effective measures against terrorism has a direct bearing on the prevention of terrorism world-wide and also affects the US national interest. Accordingly, US policy is to play down the adverse effects of the establishment of an East Asian community, in order to ensure the long-term survival of the components essential for preventing terrorism, and there is thus unlikely to be strong opposition to integration from outside the region. Fourth, the trend towards the formation of regional blocs appears to be gathering pace in the context of economic globalization. Around the

world today, continental America boasts the North American Free-Trade Zone and the Pan-American Free-Trade Zone, Europe has the European Union, and in Africa there is the African Union. It seems that—despite being the sole superpower—even the US does not feel strong enough to cope with economic globalization single-handedly and must seek support in regional blocs. It is thus no accident that the nations of East Asia have reached consensus regarding an East Asian community, and it is a necessary step in the increasing shift towards regional blocs. The expansion of this shift towards regional blocs is a logical consequence of Asian thought and behavior, and can only be regarded as historically inevitable. Fifth, the consistent expansion of East Asian cooperation has continued to strengthen the roles of the 10+1 and 10+3 mechanisms. During the latter half of the 1990s, the 10+1 grouping consisting of ASEAN and China announced that it would establish a free-trade zone in 2010. At last year's 10+3 summit, China, Japan, and South Korea issued a joint communiqué declaring that they would strengthen economic cooperation, in part through the establishment of a free-trade zone. The emphasis that the three nations placed on East Asian cooperation proves that actual cooperation is growing stronger too.

### **“Twin-engine” role of China and Japan contributes to East Asian cooperation**

The existence of cooperation between China and Japan is the key to East Asian integration. Both theory and practice dictate that the evolution and development of regional integration must be driven by a single standard, and that this standard must create a centripetal force both to provide motive power and set direction. Currently, the best option would appear to be for ASEAN to take the lead in coordinating activities and carrying out organizational work. Objectively, it is imperative that the leadership position be entrusted to ASEAN, and this is also dictated by East Asian international relations. In the end, however, the success of East Asian integration is dependent on amicable and cooperative relations between China and Japan, without which genuine East Asian integration does not seem possible. Likewise, from the perspectives of geopolitics and international relations within the region, amity and cooperation between China and Japan are desirable and are essential to the establishment of a standard for economic regionalization in East Asia and East Asian integration. Essentially it could be said that this is the key to stability and success for the East Asian integration process. The crux of the East Asian economy is Northeast Asia, not Southeast Asia. The combined GDPs of China, Japan, and South Korea account for 91.2% of the total GDP for the 13-nation East Asian economy, with China and Japan alone accounting for 84.5% of the total East Asian GDP. Clearly, China and Japan are pivotal to East Asian cooperation. Unfortunately, however, a series of existing problems between the two nations has seen them lapse into mutual distrust, which has in turn affected the processes for cooperation in Northeast Asia and East Asia. As the two great regional powers (accounting for 84.5% of the total GDP and 70% of the total population of East Asia), China and Japan clearly exert a tremendous influence on the direction in which East Asia is headed. At present, China would appear to be faced with the following issues. The first issue is the health of Sino-Japanese relations and the problem of whether steady progress can be achieved in this regard. China and Japan have already reached a series of agreements—notably they have established a clear set of ground rules between them in the Japan-China Joint Communiqué, the Treaty of Peace and Friendship between Japan and China, and the Japan-China Joint Declaration. These three documents, which represent the hard-won fruits of the labors of the elder statesmen of China and Japan, must be adhered to, and the two nations must at all costs practice what they have preached. In matters where the practical interests of one or

other nation is at stake, the two nations must as next-door neighbors demonstrate mutual respect, compromise with one another, maintain consultations through dialog, and calmly resolve the problems at hand. It is of the utmost importance that this type of issue not be allowed to affect the overall picture. The second issue is mutual cooperation and whether China and Japan can avoid ostracizing one another. It is sometimes argued that China and Japan are vying with one another for the right to take the lead in the East Asian cooperation process, and that if China gains the ascendancy, Japan will decline, or if Japan becomes stronger, it will be dangerous for China. However, this interpretation does not seem to fit the historical record and appears to be divorced from current reality. China and Japan have never vied with one another for the “trophy” of Southeast Asia, and the two nations are not natural enemies, incapable of co-existence. Seeking an environment of long-term peace that is conducive to economic development, China has maintained a policy of friendship and good neighborliness towards the nations of Southeast Asia, and harbors not the slightest ambition for hegemony. Even now, Japan’s defense and foreign policy is controlled by the USA, and it seems highly improbable that these two would form a bloc and claim hegemony over South East Asia. The USA would probably not be able to remain on the sidelines if either China or Japan were to subsume Southeast Asia into its economic or political sphere of influence. In the future Asia will never belong to either China or Japan—it can only be a shared Asia, of which both China and Japan will be constituent parts. The third issue relates to the regional cooperation strategies that China and Japan will adopt. China and Japan must fulfill the role of “twin engines.” Economically Japan certainly enjoyed the position of top dog in East Asia during the heyday of its prosperity; however, at the time some Chinese were unsure as to whether they ought to participate actively in East Asian economic cooperation. Now the boot is on the other foot, and with the Chinese economy growing rapidly, Japan is likewise fearful of China assuming the leadership role. Both countries incline to the view that it would be detrimental if the other side were to lead. It has become hard for Japan—once the lone point-man for East Asia—to stay out front amidst the turmoil of economic globalization, regional economic integration, and rapidly growing new economies. Likewise, although China has achieved comparatively high economic growth, ironically its *per capita* GDP is still no higher than a middling developing nation, and it has neither the capability nor the will to assume the leadership role. Thus, China and Japan must be East Asia’s “twin engines.” If the two nations can play to their respective strengths and maximize their contributions to the East Asian region, this should greatly expedite the progress of East Asian regional cooperation. By actively participating in regional cooperation, China can make its stance abundantly clear. China’s foreign policy is placing ever greater emphasis on balancing the pursuit of its own interests with the preservation of common regional and global interests, and China is making great efforts to harmonize its growth with global trends and the course of world progress. Discussion of Asia naturally focuses on the link between the advancement of Asia and the growth of China. Advancing regional cooperation represents the logical conclusion and extension of China’s local policy of being good to its neighbors and being a friend to its neighbors. On the basis of its existing foreign policy of neighborly friendship, China has gone a step further and set out new policy objectives under the slogan “good neighbors, secure neighbors, and prosperous neighbors.” The goal of this policy is to establish an environment of peaceful stability, friendly co-existence, and shared growth in the surrounding area. It is our intention to strive for the realization of these objectives, not only through bilateral foreign policy, but also through regional cooperation.