PACIFIC ASIA

Strategic Developments in the East Asian Region

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There are many strategic developments in the Asia Pacific and the neighboring regions of South Asia and Central Asia. For instance, the normalization of relations between India and Pakistan opens a window of opportunity to create peace and stability in the sub-continent and could prevent a very dangerous nuclear confrontation from materializing. In Central Asia, the Six Party Shanghai security cooperation agreement provided the basis for the development of stable relations between Russia and China as well as for the involvement of some important Central Asian countries in countering terrorist activities, which is the main objective of the agreement.

For East Asia, two main strategic trends will influence future peace and stability in the region and are the key requirements for maintaining the region’s economic dynamism and growth.

The first trend is the strategic presence of the United States in Asia and future adjustments made imperative by the revolution of military affairs (RMA) and the restructuring of the Department of Defense’s area of operations. Since World War II, the United States has been the dominant power in the Asia Pacific region. Its presence has provided the underpinning for the region’s peace and stability, both during and after the Cold War. Now, as the only superpower, its “hegemony” is very real and is strongly felt in the region, where it has become the arbiter for maintaining peace and stability. Every country in the region, including China, recognizes this role.

After the Cold War ended, there was a debate in the United States body politic about a peace dividend and the future strategic role of the United States in the world and in the various regions, including East Asia. To prevent instability, a program under President Clinton proposed that the 100,000 U.S. troops in the region be maintained. Due to changes in strategy in the structure and operations of the U.S. military and in dealing with new threats and security issues—namely, global terrorism and weapons of mass destruction—the United States more than ever now has a military presence in the region, although operational deployments will have to be adjusted. Consultations on these adjustments are ongoing and are needed to prevent misunderstanding on the part of its allies and friends. I do hope, though, that the United States will also keep its interest in the economic field, particularly regarding the impact of globalization on the developing part of East Asia, which is still very much hurting. In general, most countries in the region accept the presence of the United States in East Asia, as was shown during the Iraq war, when some countries that could not openly support U.S. policies, such as Indonesia and China, did so with finesse.

The second strategic development in East Asia is regional community building. This has been driven mainly by the economic integration that began with the second wave of Japanese investment in the region in the mid-1980s. For the time being, community building will rest on economic cooperation, which has become the region’s main agenda since the financial crisis in East Asia in 1997. One major development in the financial field, based on the Chiang Mai Agreement, is to create self-help facilities that can help prevent and overcome financial crises in the region in the future. The Free Trade Agreements (FTAs)
being negotiated between ASEAN and China and between ASEAN and Japan should be seen as part of these efforts. In addition, a number of areas of functional cooperation, such as for SARS and the Avian Flu, have enhanced the region’s sense of solidarity. On an intellectual level and on a person-to-person level, dramatic strides have been made in the last decade.

The vision of an East Asian community is first and foremost about achieving peace, stability and progress. There are also three main strategic objectives: first, to create a regional institution that can accommodate a rising China as a constructive member of the region and to enable it to develop into a full status quo power; second, to assist in the normalization between China and Japan, the two major powers in the region and the two potential leaders of the East Asian community to be; third, to assist in alleviating the possibility of future confrontation between the United States and China, when China becomes a great or even a super power in its own right in the next few decades.

For this to happen, a lot of effort and creativity have to be mustered by East Asians to convince the United States that this new regional entity is not against it and to not limit its presence in the region in the future. Being the closest ally of the United States, Japan has a pivotal role to play to make the East Asian community acceptable to the United States. As Prime Minister Lee Hong-Koo pointed out this morning, the EU is one of our models for inspiration, although one not always to be emulated due to the diversity of East Asia.

The principle of open regionalism should be adhered to by this new regional entity. This is in the region’s own interest given its dependence on the global economy. East Asia should support efforts to revitalize the APEC process (the Asia-Pacific Economic Cooperation process): the primary Asia Pacific regional institution in which the United States plays an important role. It should also convince others outside the region, especially the USA, that East Asian regionalism is part of an effort towards and a building block in support of a global regime for peace and prosperity. East Asia will cooperate with Europe and the Western Hemisphere to build such a global regime.

In fact, the two main strategic trends should not confront each another, but should complement each other in creating peace, stability and progress in East Asia and the wider Asia Pacific region. For that to become reality, relations between the region’s two major powers, China and Japan, should be normalized and the United States should be convinced that this new East Asian regional institution is not against its interest. The media has written a lot about the China-Japan relationship and a few weeks ago the Financial Times ran a special section, especially about the ambivalence of the relationship. But the economic interdependence, and to a certain extent the integration, has been developing deeply and widely, and I think will create in the future the underpinning of a more normal relationship in the region. That will take time, and therefore the idea of East Asian community will also move forward step by step, first in the economic field and later in the political and security field. ASEAN can support the process with a readiness to transform the ASEAN Plus 3—China, Japan and South Korea—cooperation into a more full-fledged East Asian cooperation and community building that should involve some institutionalization as well.

An important question is, of course, always asked about ASEAN’s reaction to the rise of an economic power such as China. When China, at the end of the 1990s, became the manufacturing platform of East Asia, and to a certain extent of the world, all the countries in East Asia felt the competition, first among the labor-intensive economies such as Indonesia, Thailand, Malaysia and the Philippines, but also later by the NIEs [South Korea, Taiwan, Singapore and Hong Kong]. Quickly enough, the private sectors in the countries concerned took the necessary actions by finding their own niches through networking, creating joint ventures and making use of their own strengths, such as natural resource-based industries and some lower costs. Therefore, they became part and parcel of this economic platform, the manufacturing platform, of East Asia.
Then, of course, China, together with Japan, which already reached out to South-East Asia during the crisis of 1997, proposed an ASEAN-China FTA to be established, in agricultural products particularly. Then in the last two years, a booming China, as the United States and Europe were in recession or a slowdown, again assisted by opening its markets for ASEAN and also for Japan in the end. ASEAN exports to China increased by leaps and bounds. Indonesia alone last year increased its exports by 40% to China. Of course, it is also in the national interests of ASEAN to diversify—if there is a slowdown, we have to be ready.

ASEAN can support the building of an East Asian community also by getting its own house in order. In so doing, ASEAN in cooperation with South Korea could again play an important role as a catalyst for cooperation since the two big powers are at present not in the position to lead. Accelerated cooperation could assist in ensuring the strategic objectives mentioned above, which are so critically important to the region, can be achieved within a reasonable timeframe.

Since the Bali Concord II—that means last year—announced at the ASEAN Summit of October 2003, where ASEAN leaders agreed to establish an economic, security and socio-cultural community within the next decade and a half, ASEAN has regained some credibility. Many believe that ASEAN can get its act together again after a hiatus of seven years, that is, since the financial crisis of 1997. But it is most important that ASEAN also starts to implement vigorously this vision of an ASEAN community because only then will it be credible and can it then play the role of a catalyst for East Asian communities, as I have already said. That means that starting to get Myanmar to change, and get moving on its political development in the next year or two, is imperative.

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