

The Future of Regional Cooperation in Asia: ASEAN's Policy Toward ASEM

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PREFACE

The Association of South East Asian Nations (ASEAN) was established in 1967 as a testing ground for regional cooperation among small nations. Now, although there are many similar regional organizations led by developed nations, it has been the most successful international body promoting regional cooperation. Notably, ASEAN has proven itself able to effect economic integration, exemplified by the admission of Vietnam in 1995, followed by Laos and Myanmar in 1997 and Cambodia in 1999, bringing the total number of member countries to ten. In addition, the ASEAN region, an attractive and gigantic market, has a total population of about 500 million, a total area of 4.5 million square kilometers, and a total trade of 737 billion dollars.

It is thus not surprising therefore, that major countries that have dominated the global economy are viewing the ASEAN market with keen interest. In particular, the United States, Japan, and Europe—countries that have enjoyed a distinct superiority in both capital and technology since the post-Cold War era and dominated

the world economy—have launched efforts to expand their influence in ASEAN through the Asia Pacific Economic Cooperation (APEC), the yen bloc, and the Asia-Europe Meeting (ASEM), respectively.

The 10 ASEAN countries are mostly small, former colonies, except for Thailand. Ever since these countries won independence, the major powers have dictated the regional order in Southeast Asia, provoking confrontation and hostility among many of these nations. Against this background, ASEAN was founded to promote unity in the region, to safeguard the sovereignty and independence of member countries, and to pursue an independent foreign policy.¹⁾ ASEAN has fended off the impact of the Washington-led APEC while adopting an independent and proactive multilateral policy to develop the regional economy and to guarantee its solidarity.

ASEAN'S POLICY TOWARDS REGIONAL COOPERATION

On the one hand, ASEAN played a leading role in regional cooperation. On such issues as multilateralism, however, it presented a reserved, or even negative attitude.

ASEAN played an instrumental role in launching many multilateral forums. For instance, it led the process to form the ASEAN Post Ministerial Conferences (PMC) and the ASEAN Regional Forum (ARF) which embraced the United States, Russia, and the European Union, expanding both regional horizons and the ideological spectrum. During the Asian financial crisis, ASEAN also launched ASEAN plus three—namely, the Republic of Korea, the People's Republic of China, and Japan—in practice, making the East Asia Economic Caucus (EAEC) a reality. This was something that ASEAN had been promoting for some time. Another organization,

1) Yang Seung-yun, *Southeast Asia and the ASEAN* (Seoul: Hankuk University of Foreign Studies Press, 1996), p. 266.

ASEM, is also the outcome of the active efforts of ASEAN.

In contrast, ASEAN has steadfastly maintained a reserved and passive stance towards the Pacific Economic Cooperation Conference (PECC), proposed by Japan in 1980, and towards the Asia Pacific Economic cooperation (APEC).

Let us examine the reasons why ASEAN has adopted such divergent positions toward regional cooperation.

First, regional cooperation can be very burdensome to developing countries because it imposes the same obligations on them as on the more powerful nations in terms of politics, economy, and the military. Also, regional cooperation pursues a higher level of cooperation than bilateral relations among ordinary states, and it can thus, possibly expose the vulnerability of participating countries. When the relations of individual countries are strained, withdrawing a diplomat can be used as an effective preliminary reaction, but once a country becomes a member of a regional cooperative body, it is difficult to secede or withdraw unilaterally when regional cooperation turns out to be disadvantageous.²⁾

Secondly, given the context of international politics and economics that divide the world into South and North, the issues of developing nations can be separated against their will. European countries, the United States, and Japan maintain an active and diverse diplomatic policy toward Africa, Latin America, and Southeast Asia, respectively, and they use these countries' joint policies to their advantage, sometimes even to weaken their ties with one another. ASEAN opposed this type of regional cooperation led by powerful countries.³⁾

The duality of ASEAN's position is also reflected in its policy

2) Donald Crone, "The Politics of Emerging Pacific Cooperation," *Pacific Affairs*, Vol. 65, No. 1 (1992), p. 71.

3) Byun Jin-suk, "ASEAN's Position and Strategy Toward Regional Cooperation in the Asian Pacific: Multilateralism and Small Countries," *The Korean Journal of Political Science*, Vol. 20, No. 3 (1996), p. 408.

toward ASEM. ASEAN argued for the creation of the ASEM and hosted the inaugural ASEM summit. At the same time, it opposed the institutionalization of ASEM, for example, and excluding discussions on human rights and democratic institutions from the agenda, thus impeding the rise of ASEM status.

ASEAN-EU RELATIONS AND ASEM

Considering the long-standing relationship between the EU and ASEAN, it was not unusual for ASEAN to play a leading role in the launch of ASEM. Europe and Southeast Asia have always enjoyed a special relationship with European nations, in effect, their former colonial rulers. Even after the end of the colonial era, they maintained close ties in many fields, including politics and the economy.

Before ASEM was materialized, ASEAN-EU Ministerial Meetings were held beginning in 1978. At the second ASEAN-EU conference held in Malaysia in 1980, the dialogue channel between the two regions was institutionalized by the conclusion of the Cooperation Agreement between the European Economic Community and Members of ASEAN.⁴⁾ They were held bi-annually until 1997 with ministers of foreign affairs, and the economy, as well as the president of the EU.

In the economic sector, EU-ASEAN dialogue was assessed as successful. By 1995, the trade volume between the two regions had increased five-fold, with ASEAN representing 6 percent of imports by Europe. However, there has not been much progress in other fields, namely, democracy and human rights. A case in point, Indonesia ignored the Portuguese opposition to the East Timor issue,

4) C. M. Dent, "The ASEM: Managing the New Framework of the EU's International Conference on Vision and Realities in the 21st Century: The Role of Economic Relations with East Asia," *Pacific Affairs*, Vol. 70, No. 4 (1998), p. 502.

and ASEAN also extended silent support to Indonesia. This reflects the limitations to the cooperation between the two regions in non-economic areas.

As a result, during the ASEAN-EU Foreign Minister's Meeting held in the Philippines in 1992, the need for a new agreement to address the limitations to existing agreements was raised. Based on the judgment that Europe's engagement with Asia was relatively looser than that of the United States, Europe desperately hoped to strengthen its strategic alliance with Asia. In a report on a new strategy toward Asia, the EU's intention was disclosed. In November 1992, EU-ASEAN Foreign Ministers Meeting in Germany stressed the need to expand cooperation with the Asian region.⁵⁾

The prevailing climate paved the way for ASEM. Singapore's Premier Goh Chok-Tong officially proposed the concept in 1994 during his visit to France. By January 1995, most countries in the region realized the importance of developing balanced relations with both the United States and Europe, and they forged a joint position on ASEM's future role.⁶⁾

However, Japan was lukewarm about the launch of ASEM owing to its existing special friendly relationship with the United States in the fields of politics, the economy, and security. China was also hesitant to provide active support for ASEM because of its traditional resistance to multilateral international forums and the fear of being victimized. Under the circumstances, it was natural for ASEAN to take on a vital role in a new international organization, ASEM.

5) European Commission, *Toward a New Asia Strategy: Communication from the Commission to the Council*, COM (1994), p. 314.

6) Goh Chok-Tong, "Europe-Asia Partnership for Growth," Speech at the World Economic Forum (1995).

ASEAN'S POLICY OBJECTIVES TOWARDS ASEM

The diplomatic objectives consistently pursued by ASEAN are interdependence, sovereignty, and unity.⁷⁾ ASEAN faithfully stuck to these objectives in the process of establishing the ASEAN Free Trade Area (AFTA). It adopted two principles: a vote must be unanimous and there would be no interference in internal matters, in order to respect the group's objectives. These principles not only brought ASEAN countries closer, but served as crucial basis for the "ASEANization" of Southeast Asia.

There is a significant difference in the perspectives of the EU and ASEAN. In seeking regionalism, the EU aims to spread Western values, as reflected in the Maastricht Treaty signed in 1992. ASEAN, on the other hand, aims to induce participation of interested countries in the dynamism of regional cooperation. Through the admission to ASEAN of Myanmar and Cambodia, whose policies are not in line with Western values, ASEAN expected to bring about positive changes to ASEAN itself and to the two countries as well. Thus, ASEAN expects that developing the economic potential of new member countries will contribute to stability within the region, and it has tried hard to highlight this point.⁸⁾

There were also conflicting interests between ASEAN and the EU in terms of the development of the EU-ASEAN relationship and the formation of ASEM. First, there was the issue of East Timor, forcefully annexed by Indonesia, with which the Portuguese have taken issue since 1977. The other was the issue of whether to accept Myanmar into ASEAN considering the democratic movement and the response by Myanmar authorities toward it. With respect to

7) Eero Palmujoki, "EU-ASEAN Relations: Reconciling Two Different Agendas," *Contemporary Southeast Asia*, Vol. 19, No. 3 (December 1997), p. 276.

8) Kishore Mahbubani, "The Pacific Way," *Foreign Affairs*, Vol. 74, No. 1 (1995), p. 105.

external cooperation, the EU has traditionally stressed such values as “human rights,” and “democracy,” and imposed economic sanctions on Myanmar for the violation of these values. However, ASEAN took a markedly different position. It perceived the issue of East Timor as an internal matter of Indonesia, while it approached the Myanmar issue from the perspective of ASEAN’s unity and “One Southeast Asia.”

Despite the stark difference in the positions of ASEAN and the EU, there were a couple of agreements reached on basic principles in the first and second summits of ASEM. And that agreement was in keeping with ASEAN’s wishes.⁹⁾ Most of all, the ASEAN members made it clear that the process to launch ASEM should be based on equal partnership, mutual respect, and mutual benefits. Furthermore, they agreed to stimulate political dialogue, deepen economic cooperation, and strengthen cooperation in other fields through ASEM, with equal emphasis placed on each area.

These are in line with the basic ASEAN policy of regionalism and are a reflection of the will that any contents that might undermine the sovereignty and unity of the ASEAN countries should not be included. In the inaugural ASEM summit in Bangkok in particular, human rights and democracy were excluded from the agenda list, and this was seen as a diplomatic victory for ASEAN.¹⁰⁾ Though a few European member states of ASEM commented on the human rights situation in some Asian countries, major agenda items focused on ways to promote economic ties between Europe and Asia.

ASEAN admitted Myanmar in 1997 as scheduled. In 1999, it also granted Cambodia membership, realizing the “One Southeast Asia” policy. In other words, ASEAN maintained consistency in its strategies and policies while seeking an improvement in its relations

9) ASEM London’98, “Chairman’s Statement,” 4 April, 1998. [<http://asem2.fco.gov.uk/asem2/>]

10) Eero Palmujoki, *op. cit.*, pp. 281-282.

with Europe through ASEM. In addition, despite the launch of the ASEM, ASEAN continued to hold ASEAN-EU Ministerial Meetings, indicating that it would continuously stress the unique mechanism of ASEAN.

ASEM is expected to play a certain role in strengthening the ASEAN's voice in the international community in the future. The ASEM members agreed to have separate meetings when they met at the UN General Assembly and called for the reform of the United Nations.¹¹⁾ This can be interpreted as a demonstration of ASEM's will to proactively participate in international affairs beyond regional cooperation issues.

A CHECK ON APEC

ASEAN's policy toward ASEM can be explained by ASEAN's hopes to keep a check on the United States and its unilateral policy approach, and on U.S.-led APEC.¹²⁾ ASEAN and the EU shared the viewpoint that the U.S. strategy envisions stronger economic ties among member states of the North American Free Trade Agreement (NAFTA) and expanding regional cooperation with major Asian countries through APEC, with a view to building the Trans-Atlantic Trade Area (TAFTA) and finally, to control its relationship with Europe.

First, although ASEAN had decided to participate in APEC in 1989, it maintained a reserved attitude. The joint position of ASEAN members toward APEC is well illustrated in the joint statements

11) ASEM Bangkok'96, "Chairman's Statement," March 2. [<http://asem.inter.net.th/chairman/index.html>]

12) Lee Sang-kyun, "Motive and Possibility of Regional Cooperation Between Asia and Europe: Focusing on the Implications of ASEM in the Context of International Politics and the Economy," *International Regional Studies*, Seoul National University, Vol. 8, No. 2 (1998), pp. 36-37.

adopted at the meeting in Kuching, Malaysia. The six-point agreement called for the preservation of the identity and unity of ASEAN, and made it clear that the development of APEC should not undermine the relations among the ASEAN member states, nor ASEAN's ties with other non-member countries. ASEAN's stance on APEC, as shown in the Kuching agreement, is not that different from its position toward ASEM. Namely, ASEAN is participating in APEC because of APEC's economic importance, but will not allow APEC to undermine its status.

ASEAN disagrees with APEC's institutionalization because it wants to prevent some of the member countries, such as the United States and Japan, from dominating the Association and applying pressure on other countries. At a meeting held in Seattle in 1993, the U.S. raised issues on the involvement of heads of states, and introduction of the concept of "the economic community" in order to institutionalize APEC. Furthermore, it set the timetable for trade liberalization among APEC members in an attempt to utilize APEC as a negotiation forum that would have a binding effect on the APEC member countries. However, this U.S.-led attempt was diluted to a great extent by the fierce opposition of ASEAN member states.¹³⁾

Secondly, with the rise of APEC after 1993, ASEAN became concerned about its relatively diminished status, and it played an active role in creating ASEM in order to keep APEC in check.¹⁴⁾ The creation of ASEM was aimed not only at promoting cooperation between ASEAN and the EU but also at preventing the United States from becoming a dominant force in the new international order in the post-Cold War era. In other words, ASEAN showed a strong political will to independently determine its own future. Just as Europe's pursuit of stronger regional cooperation prompted the

13) Hadi Soesastro, "ASEAN and APEC: Do Concentric Circles Work?" *The Pacific Review*, Vol. 8, No. 3 (1995), pp. 483-485.

14) Michael Leifer, "The Issue is ASEAN," *Far Eastern Economic Review*, Vol. 11, No. 30 (1995), p. 34.

creation of APEC to keep Europe in check, it was U.S. dominance in APEC that spurred the creation of ASEM. ASEM was created to play a balancing role in the new world order that was being dominated by the United States, and to maintain stability. The imbalance in the international order overshadowed by the United States is not limited to economic areas.¹⁵⁾ ASEM is dealing not only with economic issues, but also political, security and cultural issues as its major agenda in order to strengthening comprehensive cooperation between the two regions for the balanced improvement of mutual interests. The principle is that cultural solidarity and common perceptions can occasionally be more powerful than institutions. ASEM is expected to benefit from the strengthening clout of ASEAN: It will identify new roles for Southeast Asia and Europe in the Asian region, while providing European support for raising the international status of ASEAN.

ASEAN was eager to invite South Korea, China, and Japan to join ASEM, which holds significant implications. ASEAN was born from the EU-ASEAN relationship, thus the inclusion of three Northeast Asian countries was not essential. While the EU prevented non-EU member countries, including Russia, from joining ASEM, ASEAN strongly encouraged the participation of South Korea, China, and Japan. Admitting the three countries was the best alternative for ASEAN to expand the scope and size of its role as the counterpart of the EU. As a result, with the creation of ASEM, East Asia for the first time created a mechanism for regional cooperation. With Malaysia at the forefront, most ASEAN member states have for a long time called for the creation of the East Asia Economic Caucus (EAEC)—but to no avail because of opposition from the United States, Australia, and other countries outside the region. ASEAN and the three Northeast

15) R. Higgot, "The Ghost at the Feast: The Future of ASEM and the Relationship with the USA," paper presented at the first Yonsei-Warwick Conference on ASEM, ASEM at the Crossroads (1998).

Asian countries (South Korea, China and Japan) had to formulate a joint response to Europe's strategy through ASEM, which gave rise to unprecedented policy consultations among East Asian nations. By doing so, ASEAN intended to stimulate regional cooperation in Asia that had remained dormant—unlike the active cooperation between ASEAN and the EU. In 1997, a year after the establishment of ASEM, a summit meeting of ASEAN was held in Kuala Lumpur, which included the heads of state of Korea, China, and Japan. This meeting marked the first ever summit talks in East Asia.

Until now, regional cooperation in East Asia has been minimal. However, ASEM has indeed opened a new chapter for regional cooperation in East Asia. ASEAN seems to have placed more emphasis on increasing practical gains through the promotion of ASEAN+3 than on achieving its political objective of reaping concrete results from ASEM.

THE FUTURE OF REGIONAL COOPERATION IN EAST ASIA

ASEAN certainly had reservations about the desirability of regional cooperation, for it was concerned that if a pan-regional cooperative body that included developed countries were formed, its status would be weakened. In addition, member states of ASEAN felt uncomfortable about maintaining cooperative ties with the United States and Japan, because these two countries were far more powerful than any other countries in the region.

Yet, before long, ASEAN was recognized for its promising potential to bring about regional cooperation in East Asia. Most of all, ASEAN members highly valued the economic dynamism of East Asian countries and recognized that they should pool this dynamism. These countries could not afford to ignore the dynamic economic development in East Asian countries, the resulting growth of mutual dependence, and the importance of the Chinese market for

the region's economic growth.

In accordance with this recognition, ASEAN countries halted earlier import-substitutive strategies and pursued export-oriented economic development in an effort to gain access to the markets of developed countries. The disappearance of the Cold War structures expedited the process of the socialist countries on the Indo-Chinese peninsula to join ASEAN, and ASEAN10 was completed, boosting regional cooperation in East Asia. The acid test was when East Asia was hit by the financial crisis in 1997, and APEC and ASEM turned out to be of no use. Yet, despite internal differences of opinion, ASEAN seems to have adopted the position that it recognized the justification for regional cooperation in East Asia and secured wide support for the need for cooperation between Southeast Asia and Northeast Asia.¹⁶⁾

In December 1999, Malaysian Prime Minister Mahatir Mohamad proposed the creation of The East Asia Economic Group (EAEG), comprising East Asian countries including South Korea, China, and Japan in a bid to strengthen the voice of East Asian countries in international trade negotiations and to solidify cooperative relations. Mahatir's concept of an EAEG was to set up a joint response strategy among East Asian countries which had held defensive positions in the Uruguay Round negotiations.

Mahatir also envisioned establishing an economic cooperative system in East Asia through EAEG to cope with the global trend of regionalism such as the EU and NAFTA. However, since it was excluded from the proposed EAEG, the United States was vehemently opposed to the concept. Some ASEAN countries also adopted a cautious stance, saying that EAEG might cause unnecessary friction with the United States. Accordingly, Malaysia modified its proposal, calling for a looser EAEC. Since then, the

16) Bae Geung-chan, "Prospects for EAEC: On the Occasion of the Failure of the Gathering of 6+3," *International Issues Review* 95-16, Institute of Foreign Affairs and National Security (1995), p. 2.

EAEC has been realized to some extent as ASEAN+3 along with the launch of ASEM.

There is a strong possibility that ASEAN+3 initiated by ASEM can establish itself in East Asia as the most appropriate and stable model for regional cooperation. ASEAN is not in a position to pursue hegemony in the region. Rather it can serve as a buffer zone for the competition between China and Japan. What is noteworthy is that all of the East Asian countries are positive toward regional cooperation. Thus, ASEAN+3 can be developed into an institutional device for *bona fide* regional cooperation while serving as a forum for policy dialogue among member countries.

Furthermore, ASEAN+3 is considered to have been instrumental in laying the groundwork for regional cooperation in East Asia. Although it has not yet produced tangible results, it is still significant that the heads of Northeast and Southeast Asian countries convened, sharing the view that joint action is required to deal with economic crises as well as cooperation. In other words, ASEAN+3 is expected to produce specific outcomes by institutionalizing government-level cooperation, whereas regional cooperation based on economics alone has failed to yield any results.

Meanwhile, President Kim Dae-jung's proposed the East Asia Vision Group (EAVG) was welcomed by heads of states participating in the ASEAN+3 summit meeting. The EAVG is a consultation body designed to come up with a medium- and long-term vision for cooperation in East Asia in the 21st century, and whose purpose is to find ways to expand and strengthen economic, political, social, and cultural cooperation for the facilitation of the development in East Asia. EAVG is designed to identify areas where cooperation is lacking or slow, in order to produce specific methods for improving cooperation.

In charting a medium- and long-term vision for East Asia, the Vision Group would consider not only liberalization of trade and finance but also the global proliferation of regionalism. To this end, it would try to establish a new paradigm for regional cooperation by

developing the potential of East Asia to find ways to contribute to economic development. In order to facilitate the implementation of the new paradigm for cooperation, the Vision group would present specific steps for cooperation to strengthen political, economic, social and cultural ties within the Asian region.

The proactive attitude toward regional cooperation in the region has raised to a higher level the prospects for regional cooperation in East Asia. In fact, major discussions on regional cooperation have been undertaken within APEC, the broadest framework thus far, but ever since the financial crisis in East Asia, Asian countries are playing a leading role in implementing governmental level cooperation in AMF, as well as in other areas, such as a regional monitoring system, the introduction of the Tobin tax, and currency cooperation. The regularization of the ASEAN+3 summit meeting and stimulation of EAVG will promote the actualization of regional cooperative bodies and boost the possibility of regional cooperation. In addition, these kinds of efforts to promote institutionalization will become more active as a result of the increased contacts among governments and private sectors in the region in the years to come. This is why East Asian countries are providing active support and showing such interest in utilizing policy cooperation among nations to resolve economic instability arising from globalization, such as market opening and financial liberalization, rather than letting the market alone deals with it.