ACRONYMS

ACD ______ Asian Cooperation Dialogue
AFTA ______ ASEAN Free Trade Area
AMF ______ Asian Monetary Fund (proposed)
APEC ______ Asia-Pacific Economic Cooperation
APT ______ ASEAN Plus Three (China, Japan, South Korea)
ARF ______ ASEAN Regional Forum
ASEAN ______ Association of Southeast Asian Nations
ASEM ______ Asia-Europe Meeting
CIDA ______ Canadian International Development Agency
CSCAP ______ Council for Security Cooperation in the Asia Pacific
DFAIT ______ Department of Foreign Affairs and International Trade
FTA ______ Free Trade Agreement
KEDO ______ Korean Peninsula Energy Development Organization
NAFTA ______ North American Free Trade Agreement
OECD ______ Organisation for Economic Cooperation and Development
PBEC ______ Pacific Basin Economic Council
PECC ______ Pacific Economic Cooperation Council
PMC ______ Post-Ministerial Conference
PTA ______ Preferential Trade Agreement
SAARC ______ South Asian Association for Regional Cooperation
SCO ______ Shanghai Cooperation Organization (“Shanghai 6”)
FOREWORD

The Asia Pacific Foundation of Canada is proud to sponsor the publication of the Canada in Asia Series on the Foreign Policy Dialogue. This series is a collection of papers that the Foundation commissioned in early 2003, in response to a dialogue on Canadian foreign policy initiated by Minister of Foreign Affairs Bill Graham. As Canada’s leading think-tank on Asia, the Foundation is at the forefront of policy analysis on Canada-Asia relations, and we periodically draw on the expertise of Canadian scholars to help us in our work. I am delighted Professor Paul Evans of the University of British Columbia has prepared this paper on Asia’s New Regionalism and am confident that his insights and recommendations will inspire further thinking on Canada’s role in Asia.

The task of rethinking Canada-Asia relations does not end with the Foreign Policy Dialogue. The Foundation produces a range of print and electronic products that provide insight on key developments in Asia. Our flagship publication — the Canada Asia Review — is an annual stock-taking and report card on major aspects of the trans-pacific relationship. We also publish a daily news service, weekly business intelligence bulletin, monthly investment monitor, quarterly economic and political outlook, and periodic commentaries on critical policy issues. In addition, the Foundation is the Canadian focal point for major Pacific Rim business and economic cooperation networks. I invite you to sample our products at www.asiapacific.ca and to join us in further dialogue and debate on the future of Canada-Asia relations.

John D. Wiebe
President and CEO
Asia Pacific Foundation of Canada
The Dialogue on Canadian Foreign Policy, launched by Minister of Foreign Affairs Bill Graham in January 2003, represents a modest but important effort to review key developments in the world since the government’s last major policy statement in 1995 — known as Canada in the World. The intervening years have been momentous, especially the events surrounding 11 September 2001. With the conclusion of the dialogue and release of the official report in July 2003, the stage is now set for a more far-reaching and in-depth debate on the re-orientation of Canada’s foreign policy priorities.

In Asia no less, the period 1995-2002 has been one of dramatic change. The Asian Miracle of the 80s and early 90s gave way to the Asian Crisis of 1997-98, triggering waves of political change, economic restructuring and social transformation. Against the backdrop of leadership transition, China not only avoided the Asian Crisis, but has also emerged as a formidable economic power and a skilful practitioner of international diplomacy. Japan, on the other hand, has experienced economic stagnation through this period. Written off by so many commentators, the “sick man of Asia” still happens to be the richest and most technologically sophisticated kid on the block, by a large margin. Structural reforms in Japan that strike at the core of Japanese economic, political and social organization have gone largely unnoticed.

For its part, India has completed a decade of fitful, but largely successful economic reforms and is anxious to take its place as a global and regional power. India tested nuclear weapons in 1998, followed shortly after by Pakistan, raising the spectre of nuclear war in the sub-continent. Southeast Asia is going through its own identity crisis. Having largely shaken off the stigma of the Asian Crisis, it now has to compete with China for the affection of global investors, while fending off unsavoury images of the sub-region as “the second front in the war on terrorism.” More broadly, there has been a proliferation of bilateral trading arrangements and a resurgence in East Asian regionalism, led by China.

These cross-currents, in addition to many other recent developments in the region, provide ample complexity for a serious re-evaluation of Canada’s foreign policy toward Asia.

As a contribution to the Dialogue on Canadian Foreign Policy, the Asia Pacific Foundation of Canada commissioned seven papers to look at key issues in the Canada-Asia relationship. There were three country-specific papers — on China, Japan and India. Two papers dealt with regional issues — nascent East Asian cooperation and the post-September 11 security environment in Southeast Asia. The remaining two papers looked at different sides of the Asian demographic in Canada — the supply of skilled worker immigrants from Asia, and implications of the growing Asian population for Canada’s international relations. We also launched a web forum on Canada-Asia relations, based on the seven papers, and held a workshop in Ottawa on 27 March 2003. The Foundation’s official submission to the foreign policy dialogue, available at <http://www.asiapacificresearch.ca/caprn/discussion/papers/apfc.pdf>, is the product of collective wisdom from the commissioned papers, workshop discussion, in-house research, and other expert input.

The purpose of this publication series is to make the seven commissioned papers more widely available and to extend the ideas and recommendations beyond a foreign policy dialogue into foreign policy formulation. I would like to express my personal gratitude to the authors for their contributions and for helping the Foundation in its mission to deepen the awareness and critical thinking of Canadians on our relations with Asia.

Yuen Pau Woo
Vice President, Research and Chief Economist
and Series Editor
Asia Pacific Foundation of Canada
ASIA’S NEW REGIONALISM

The 1995 Foreign Policy Review was written at a high water mark of optimism about Asia Pacific possibilities. It acknowledged potential instabilities in Asia but looked forward to deepening commercial ties and a sustained Canadian engagement across the Pacific.

Viewed eight years later – after the Asian financial crisis, the pepper spray debacle at the APEC meetings in Vancouver in 1997, and the events of September 11th – visions of an Asia Pacific community have faded. Human contact through immigration, tourism, and overseas study are booming. And Asia and Asians are a growing part of Canadian life. But Canada now looks across the Pacific toward places where it has interests and connections rather than seeing us as part of a new trans-Pacific community in the making.

In general terms, the main vectors of region-building are now continental – both within North America (and the Americas) and within Asia – rather than trans-oceanic. Within Asia, deeper economic interactions are being matched by the emergence of regional institutions and trans-national processes that are quietly and incrementally changing the face of its international relations.

The challenge that Canada faces in Asia is not the emergence of a new economic behemoth and political union, EU-style, in a three-bloc world. Rather it is a situation in which parts of Asia are integrating their economies and creating institutional arrangements in which Canada’s presence is increasingly marginal.

As an economic player, Canada is less important to Asia that it was eight years ago. In 1993 our market share of Asian imports and exports was 1.6% and the Asian share in Canada 9%. The respective figures in 2001 were 1.2% and 5.5%.

In political and security terms, Canada’s most important contribution to Asia in the 1990s was leadership and support in creating multilateral institutions. We not only wanted a seat at multilateral tables but we were willing to build them when none

This is the revised version of a paper prepared as part of the Asia Pacific Foundation of Canada’s submission to the Foreign Policy Dialogue and presented at a roundtable in Ottawa on 27 March 2003. It draws heavily on interviews and analysis from my chapter, “Between Regionalization and Regionalism: Policy Networks and the Nascent East Asian Institutional Identity,” that will appear in T.J. Pempel, ed., Remaking Asia (Ithaca: Cornell University Press, 2004 forthcoming). My thanks to Amitav Acharya, John Ravenhill, Richard Stubbs, Simon Tay, and Yuen Pau Woo for their comments on the earlier draft.
existed. From the mid-1980s through the late 1990s, it is difficult to think of a multilateral governmental or track-two process in which Canada did not participate. Our penchant for the theory and practice of multilateralism serendipitously coincided with the needs of elites in many parts of Asia to create new mechanisms for dialogue and consultation.

That distinctive role as supporter of multilateralism and facilitator of liberal ideas like cooperative and human security, economic openness, and good governance and human rights is dwindling. By drift and calculation, and because of declining resources and the deepening pulls of continental integration within North America and within Asia, the Canadian voice in Asia is weakening. And at home the significance of the Canadian role in Asia is little known and even less appreciated. APEC is not just four adjectives in search of a noun, to borrow Gareth Evans’ quip, but in many political circles a four letter word that summons up images of pepper spray and diplomatic embarrassment.

What is the nature of the new Asian regionalism? Does it have the potential to undercut trans-Pacific processes and undermine the global multilateral system, American power, and North American interests? Has our multilateral wand produced, like a sorcerer’s apprentice, a flood that will wash us away? How has the Bush administration reacted to the new Asian regionalism and how in a post-September 11th setting does this affect the Canadian latitude for independent action? What needs to be done to redesign and re-energize the Canadian approach to institution-building in Asia and across the Pacific?

THE DIMENSIONS OF ASIAN REGIONALISM
Regionalism, in its simplest terms, can be understood as increased transactions in a defined geographical space (regionalization) combined with the development of collective institutions and a common identity. Serious Asian interest in regionalism has developed more slowly than in Europe, Latin America, the Middle East, or Africa. As latecomers to the

Table 1: Canada’s Share in Top Asia Pacific Markets (percent)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>1.92</td>
<td>1.83</td>
<td>1.50</td>
<td>1.62</td>
<td>1.60</td>
<td>1.62</td>
<td>1.49</td>
<td>1.38</td>
</tr>
<tr>
<td>China</td>
<td>2.03</td>
<td>1.84</td>
<td>1.41</td>
<td>1.59</td>
<td>1.41</td>
<td>1.67</td>
<td>1.35</td>
<td>1.10</td>
</tr>
<tr>
<td>Hong Kong, SAR</td>
<td>0.63</td>
<td>0.59</td>
<td>0.65</td>
<td>0.65</td>
<td>0.55</td>
<td>0.66</td>
<td>0.57</td>
<td>0.44</td>
</tr>
<tr>
<td>India</td>
<td>0.94</td>
<td>0.89</td>
<td>1.06</td>
<td>0.56</td>
<td>0.63</td>
<td>0.68</td>
<td>0.90</td>
<td>0.64</td>
</tr>
<tr>
<td>Japan</td>
<td>3.24</td>
<td>2.90</td>
<td>2.89</td>
<td>2.72</td>
<td>2.54</td>
<td>2.30</td>
<td>2.20</td>
<td>2.10</td>
</tr>
<tr>
<td>Malaysia</td>
<td>0.53</td>
<td>0.60</td>
<td>0.78</td>
<td>0.64</td>
<td>0.58</td>
<td>0.46</td>
<td>0.42</td>
<td>0.41</td>
</tr>
<tr>
<td>Singapore</td>
<td>0.42</td>
<td>0.45</td>
<td>0.52</td>
<td>0.46</td>
<td>0.37</td>
<td>0.36</td>
<td>0.36</td>
<td>0.49</td>
</tr>
<tr>
<td>South Korea</td>
<td>1.92</td>
<td>1.81</td>
<td>1.79</td>
<td>2.12</td>
<td>1.50</td>
<td>1.31</td>
<td>1.29</td>
<td>0.88</td>
</tr>
<tr>
<td>Taiwan</td>
<td>1.54</td>
<td>1.32</td>
<td>1.39</td>
<td>1.11</td>
<td>1.01</td>
<td>0.85</td>
<td>0.93</td>
<td>0.83</td>
</tr>
<tr>
<td>Thailand</td>
<td>0.65</td>
<td>0.74</td>
<td>0.66</td>
<td>0.60</td>
<td>0.62</td>
<td>0.61</td>
<td>0.56</td>
<td>0.64</td>
</tr>
<tr>
<td>Total</td>
<td>1.72</td>
<td>1.59</td>
<td>1.54</td>
<td>1.37</td>
<td>1.35</td>
<td>1.32</td>
<td>1.24</td>
<td>1.08</td>
</tr>
<tr>
<td>Rest of the world</td>
<td>4.15</td>
<td>4.16</td>
<td>4.65</td>
<td>4.72</td>
<td>4.87</td>
<td>4.87</td>
<td>4.99</td>
<td>4.59</td>
</tr>
</tbody>
</table>


* Canada’s share of world import markets, excluding Asian countries listed.
Westphalian state system, among the last to throw off colonialism, deeply committed to nation-building, linked to the United States through a series of bilateral security alliances, and divided by culture, language, levels of development, political systems, and memories of history, Asian leaders (those in Southeast Asia a singular exception) have been slow to embrace or encourage the norms and structures of multilateral cooperation.

Yet the pace of institutional activity has risen dramatically in the past fifteen years. While the “noodle bowl” of Asian regionalism – APEC, ASEAN, ASEAN PM C, ARF, CSCAP, PECC, SAARC, SCO – is not as thick or rich as its “spaghetti-bowl” counterpart in Europe, the bowl has been filling quickly in a post-Cold War and post-economic crisis setting.

To be precise, there is no – or at least very little – Asian regionalism if by Asian we mean Asian-wide aspirations or activity. Pan-Asianism surfaced as an idea in the 1930s, reappeared briefly in the Bandung moment of the 1950s, and more recently has inspired two or three projects sponsored by Thailand (the ACD) and China (the Boao Forum). But there is not the material foundation, the ideas, the will, or the resources to seriously contemplate, much less pursue, a pan-continental agenda.

What is occurring is the intensification of interactions on a sub-regional, inter-regional, and trans-national basis. Governments are usually the main players, but they have been supported and frequently prodded by a proliferation of track-two policy processes and civil society groups. The new institutionalism in Asia is the product of an associational revolution producing trans-national contacts and networks at an unprecedented rate. The resulting institutional landscape is increasingly complex and multi-layered, some of it centred on sub-regions within Asia, and some of it connecting parts of Asia to places outside it.

The most significant combination of institution- and identity-building is centred in Southeast Asia. In longevity, reach, and achievement, ASEAN remains the most important organization in Asia. Whatever the problems of internal divisions, expanded membership, intermittent leadership, and institutional design, ASEAN now embraces all of the countries of Southeast Asia (realizing the vision of “One Southeast Asia”), operates a functioning secretariat, and promotes comprehensive activities that include more than 500 meetings per year. It also plays key roles as facilitator, leader, and inhibitor of multilateral activities that extend beyond Southeast Asia, including those of APEC, the ARF, and the APT process, that connect it directly to China, Japan, India, the US and its other dialogue partners. Now a decade old, AFTA is starting to produce modest results. In 1993 intra-ASEAN trade was 19% of its global trade. By 2001 that increased to 22%. In 1993 Thai exports to the rest of ASEAN totalled about C$5.1 billion and imports C$4.9 billion. In 2002 the respective figures were about C$21 billion and C$16 billion.

In South Asia there exists a high level of regional consciousness and trans-border connections but only a very low level of institution-building. SAARC has a modest record of achievement in creating functional cooperation but has had virtually no impact on political and security issues.

In Northeast Asia, economic interaction between the principal economies (China, Taiwan, Japan, South Korea) has increased and there are numerous plans for energy projects involving the Russian Far East. Dating back to a string of proposals in the late 1980s, regional cooperation is frequently discussed among research institutes and business groups but rarely advanced. There is very little regional consciousness and only the most tentative institution-building at the governmental level. As seen most starkly on the Korean peninsula, the Cold War is not yet concluded. A regional multilateral framework is needed but not within immediate reach.

In Central Asia, the need is also significant but has not produced a high level of institutional cooperation or
identity despite the efforts of Kazakhstan in particular. The most important multilateral institution is the SCO, which includes four Central Asian states plus Russia and China and concentrates on border demarcation and anti-terrorism. The presence of new American bases in the region and a stronger interest in energy and resources is intensifying diplomatic and economic interactions, though heavily with players outside the region.

A great deal of the effort to facilitate cooperation takes place on an explicitly extra-regional or Asian-plus basis. The most important of these run across the Pacific. APEC, PECC, the ARF, CSCAP, and a myriad of dialogue and consultative activities are constructed on a pan-Pacific basis. APEC remains the flagship of trans-Pacific multilateral cooperation and is the largest and most ambitious of the regional groupings. The capacity of the organization to promote its liberalization agenda is clearly declining and in many quarters there is a sense that APEC is listless and adrift. But it does contribute to trade facilitation and, through the leaders’ summit which continues to attract full turnout, plays a very useful role in political-security affairs. The ARF organizes a modest series of meetings in the general area of confidence-building but has not reached the point where it will tackle preventive diplomacy or conflict resolution. PECC and CSCAP, the supporting track-two networks, are active through their working groups. While the structures are in place, their capacity for innovation and the amount of high-level attention they receive both seem to be diminishing.

ASEM, explicitly constructed on an “inter-civilizational” basis, has also established a leaders’ summit, occasional inter-sessional activities, and a track-two network supported by the Europe-Asia Foundation.

Other multilateral fora have sprung up centred on the Indian Ocean and connecting Western Asia and the Middle East. On a “sub-sub-regional” basis, there have been various failed attempts at regional cooperation in areas like the Tumen River and bigger successes in the growth triangles of Southeast Asia and the Greater Mekong Sub-Region.

Comparing the state of regional institutions now and a decade ago, the most obvious point is that there are many more of them and that while governmental processes are the most prominent, beneath them lies an even more extensive web of non-governmental and semi-governmental networks. Yet if the expansion and broadening are very real, so is the fact that none have deepened to the point where they are the principal channels of governance or policy-making.

THE NEW CONTENDER: EAST ASIAN REGIONALISM

The variant of intra-Asian regionalism that deserves special attention at this point is being constructed on an explicitly East Asian basis. Though modest in ambition and achievements, it has momentum because of the attention it is attracting from senior government officials, political leaders, and intellectuals. In the longer term it has broad political implications because of the leadership role that is emerging for a rising China.

The material foundation of regionalism East Asian-style is the substantial intensification of intra-regional trade and investment in the past two decades and the growth of regional production networks and supply chains centred on Japan and, increasingly, China. Twenty years ago, intra-regional trade accounted for about 25% of the total trade of East Asian countries. Now it is approximately half. There is sharp debate about whether intra-Asian interactions are more important than extra-Asian ones, especially to the US. Researchers at the Berkeley Roundtable on International Economics make the case that “the overwhelming direction of the principal axes of interaction . . . go the wrong way: From one Asian nation after another, they run not to other Asian nations but to the US.” But there is no question that the volume of intra-Asian flows has increased dramatically and with them the perception of shared regional interests and possibilities.
In the realm of ideas, motives, and aspirations, the rationale for East Asian regionalism is best understood, as Simon Tay has claimed, as the desire “for function, for identity, and for geo-political weight.” Few doubt that deepening functional cooperation is necessary to encourage and manage an increasingly interdependent regional economy. On a political level, functionalists argue that emerging transnational problems related to issues like the environment require orchestrated regional responses and that the vitality of existing institutions like ASEAN depends on a stronger linkage to the more powerful states of Northeast Asia – China, Japan and South Korea.

Ideational arguments about a regional identity or consciousness take several different forms. One is the much-discussed “Asian values” approach advocated by Mohamed bin Mahathir, Lee Kuan Yew and others who have stressed distinctive values and historical experiences that are common to the region and that give it a unique character. An alternative formulation, what might be called “the cosmopolitan culture school,” looks not to history and values but to distinctive Asian responses to the universal process of globalization. In either approach, discovering or creating a compelling common identity has not been easy.

Geo-political arguments centre on the need for East Asia to increase its weight in the world and, to some, to counterbalance the influence of the US. Fred Bergsten points to the Asian desire to reduce excessive dependence on outside institutions, especially “the IFIs based in Washington, the authorities of the United States, and the private (predominantly Anglo-Saxon) markets that took their cues from both.” In part, this is an insurance policy in the event that the global trading system deteriorates or regional “blocs” in Europe and North America become more protectionist and assertive. Put in more positive form, there is the argument that East Asia needs to have a stronger voice in global institutions including the WTO and the IFIs.

Beneath these formulations is a set of feelings and sentiments rarely written about but frequently discussed in regional gatherings. One is the attitude of “never again,” referring to the desire to avoid another economic crisis and undue dependence on the US. Another is the feeling of humiliation that accompanied the economic crisis and the American management of it. Others speak resentfully about US arrogance, triumphalism, and America’s excessive presence in daily life in Asia. Though three East Asian governments supported the US-led invasion of Iraq, concerns about American power and unilateralism have increased.

East Asian regionalism is not a single strand of activity but rather several interconnected ones, all beginning from a fairly resilient, though not unchallenged, definition of the region. The strongest strands are on the financial side, including the Miyazawa Initiative of October 1998 for bilateral swap arrangements; proposals from several governments for the creation of an AMF; the Chiang Mai initiative to create a regional arrangement for orchestrating currency swaps at moments of crisis; monetary cooperation through the Network of Bilateral Swap Arrangements; the Manila Framework Group focussed on early warning mechanisms; regular meetings of groups like the executives of East Asian and Pacific Central Banks; and the creation of an East Asian-centred bond fund.

It might seem perverse to treat the recent spate of bilateral PTAs as a manifestation of regionalism, especially since many of the PTAs are being negotiated with countries outside of Asia. Only China is concentrating all of its proposals and negotiations within East Asia. Some are explicitly intra-regional, chief among them the proposals for a China-ASEAN Free Trade Area and a Japan-ASEAN Comprehensive Economic Partnership. Others are part of a region-wide trend that has been led by changing thinking in Japan, China, and most of the ASEAN countries, especially Singapore. The proposals and agreements are justified (continued on page 10)
# Table 2: Status of Preferential Trade Agreements in Asia Pacific

## Intra-Asian (22)

<table>
<thead>
<tr>
<th>Countries</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFTA</td>
<td>Signed 1992</td>
</tr>
<tr>
<td>ASEAN + 3</td>
<td>Under discussion</td>
</tr>
<tr>
<td>ASEAN-CER</td>
<td>Proposed but inactive</td>
</tr>
<tr>
<td>ASEAN-China</td>
<td>Under negotiation</td>
</tr>
<tr>
<td>ASEAN-India</td>
<td>Under negotiation</td>
</tr>
<tr>
<td>ASEAN-Japan</td>
<td>Under negotiation</td>
</tr>
<tr>
<td>Australia-Japan</td>
<td>Under negotiation</td>
</tr>
<tr>
<td>Australia-New Zealand (CER)</td>
<td>Signed 1983</td>
</tr>
<tr>
<td>Australia-Singapore</td>
<td>Signed 2003</td>
</tr>
<tr>
<td>Australia-Thailand</td>
<td>Under negotiation</td>
</tr>
<tr>
<td>China-Hong Kong</td>
<td>Signed 2003</td>
</tr>
<tr>
<td>Hong Kong-New Zealand</td>
<td>Proposed but inactive</td>
</tr>
<tr>
<td>Japan-Korea</td>
<td>Under discussion</td>
</tr>
<tr>
<td>Japan-Malaysia</td>
<td>Under discussion</td>
</tr>
<tr>
<td>Japan-Philippines</td>
<td>Under discussion</td>
</tr>
<tr>
<td>Japan-Singapore</td>
<td>Signed 2002</td>
</tr>
<tr>
<td>Japan-Thailand</td>
<td>Under negotiation</td>
</tr>
<tr>
<td>Korea-New Zealand</td>
<td>Proposed but inactive</td>
</tr>
<tr>
<td>Korea-Singapore</td>
<td>Under negotiation</td>
</tr>
<tr>
<td>New Zealand-Singapore</td>
<td>Signed 2000</td>
</tr>
<tr>
<td>New Zealand-Taiwan</td>
<td>Proposed but inactive</td>
</tr>
<tr>
<td>Thailand-India</td>
<td>Under negotiation (to be signed Oct. 2003)</td>
</tr>
</tbody>
</table>

## Trans-Pacific (16)

<table>
<thead>
<tr>
<th>Countries</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASEAN-US</td>
<td>Under discussion</td>
</tr>
<tr>
<td>Australia-New Zealand-Chile-Singapore-US (P5)</td>
<td>Proposed but inactive</td>
</tr>
<tr>
<td>Australia-US</td>
<td>Under negotiation</td>
</tr>
<tr>
<td>Japan-Canada</td>
<td>Proposed but inactive</td>
</tr>
<tr>
<td>Japan-Chile</td>
<td>Proposed but inactive</td>
</tr>
<tr>
<td>Japan-Mexico</td>
<td>Under negotiation</td>
</tr>
<tr>
<td>Korea-Chile</td>
<td>Signed 2003 (ratification delayed)</td>
</tr>
<tr>
<td>Korea-Mexico</td>
<td>Under negotiation</td>
</tr>
<tr>
<td>Korea-US</td>
<td>Proposed but inactive</td>
</tr>
<tr>
<td>New Zealand-Mexico</td>
<td>Under discussion</td>
</tr>
<tr>
<td>New Zealand-Singapore-Chile (P3)</td>
<td>Under negotiation</td>
</tr>
<tr>
<td>New Zealand-US</td>
<td>Proposed but inactive</td>
</tr>
<tr>
<td>Singapore-Canada</td>
<td>Under negotiation</td>
</tr>
<tr>
<td>Singapore-Mexico</td>
<td>Under negotiation</td>
</tr>
<tr>
<td>Singapore-US</td>
<td>Signed 2003</td>
</tr>
</tbody>
</table>
as contributing to global processes and complementing regional arrangements such as AFTA. Whether or not these claims are legitimate, East Asian countries are initiating PTAs with a passion after two decades of eschewing them. An intra-East Asian focus, now centred on China, and to a lesser extent Japan, is unmistakable.

The highest-profile and most elaborate institutional face of East Asia is the APT process including formal governmental meetings and supporting track-two processes. APT is a consultative process involving thirteen governments. It does not yet have an independent secretariat, though the ASEAN secretariat in Jakarta provides some support and plans are under consideration for a new headquarters. Rather, APT depends on bureaucrats in individual ministries of member countries who normally also manage APEC, ASEM, and associated track-two activities. It functions as a rolling series of meetings at three levels involving heads of government in annual summits since 1997; more frequent meetings of ministers of foreign affairs, finance, economics, tourism, and agriculture; and even more frequent meetings of senior officials from a range of ministries and agencies. It has also created various working groups, including one on e-APT, and commissioned non-governmental study groups to look at issues of monetary integration and free trade.

As expressed in the comprehensive work of the East Asian Vision Group and the response by the East Asia Study Group, the architects of the new regionalism are addressing the issue of how East Asian processes should relate to other regional projects, the global institutional architecture, and American power. There is an abiding tension between those who see East Asia as an alternative to American influence and power and those who see it as a supplement to them. The second school has clearly been holding the upper hand. APT statements and activities have not directly criticized any of Washington’s policies and have explicitly aimed to carve out an agenda that does not conflict with American interests or the principles of market-based economics. For example, in staking out a security role for APT, the focus is on non-traditional security issues, not the alliance and hard security issues that are the principal American concerns.

Though intertwined with US interests and values, East Asia is slowly developing a framework and momentum that could eventually take it in a more independent direction. For the moment, however, those with their hands on the tiller of East Asian regionalism show no sign of sailing to an anti-American shore.

**THE CHARACTER AND SIGNIFICANCE OF ASIAN REGIONALISM**

It is important to begin with what the various forms of Asian regionalism are not.

- They are not, for better or worse, Europe redux. No one in Asia is seriously considering, much less proposing, schemes for a regional federation or political integration. It is interesting, however, that unlike trans-Pacific processes, intra-Asian ones have a special interest in dealing with redistributive issues and reducing inequities between people and between countries.

- They do not command consistent high-level political attention or widespread public interest. The drivers tend to be officials and academics and only occasionally business interests.

- They are not deeply institutionalized. Almost all adhere to the view that high levels of cooperation are possible with only a low level of institutionalization. The “ASEAN Way” emphasizing consensus, minimal bureaucratic structure, and inclusivity is evolving but still remains the model for most regional processes. These institutions are thus useful for dialogue and consultation, but can rarely produce collaborative policy development or collective action. ASEAN is a partial exception but is rarely capable of decisive action on controversial issues.

- On the political-security front, they are not moving toward any kind of regional or sub-regional system
for collective defence or collective security. They have not been adept at addressing the causes of intra-state conflict or, on their own, mounting peacekeeping and peacebuilding operations. When military action rather than dialogue and diplomacy is needed, outside players including the UN, the US, or Australia have been essential actors.

- On the economic front, they are not moving quickly, if at all, toward a customs union or integrated labour market. There are gestures toward a regional free trade area in East Asia and some discussion of a monetary zone to stabilize regional currencies. Overall, the chances of a “fortress Asia” and the emergence of a three-bloc world are more remote now than a decade ago.

- They are not being presented as a direct challenge to a market-based economic system, globalization and liberalization (though there is more emphasis on protecting people and countries from their excesses), the bilateral alliances, or the American-centric global system.

Put in perspective, even its strongest supporters are aware that East Asian regionalism is of a distinctly “soft” variety, at a modest stage of development, facing formidable obstacles, and unlikely to be a key factor in the balance of economic and political power, at least in the immediate future. Asian regionalism is a rising tide but not the dominant force in regional politics, security or economics.

The significance of Asian regionalism is rather more subtle. A decade ago the preferred axis of regional cooperation was across the Pacific. There were virtually no intra-Asian processes and none that brought together the major powers of Asia and America's allies without the presence of the US. The situation is now much more complex with an emerging penchant for multi-layered regionalism and the creation of a web of intra-Asian processes. This has the ironic effect of increasing the general importance of regionalism while blurring the significance of any one regional identity or institution. Multilateralism is of rising importance as the number of contenders increases and APEC, APT, and ASEAN vie for influence and attention.

Asian regionalism reflects a much more complex set of interactions and interdependencies within Asia. If a generation ago, the future elites of Asia most frequently met in offices or universities in North America and Europe, they are now as likely to meet in Asia in offices, universities, and the ubiquitous hollow square tables that are the setting for the myriad multilateral and bilateral dialogues and meetings. Not only does South Korea now put more FDI into China than the US, there are more Koreans studying in China than in the US.

From the perspective of leadership, “no-name” and coalitional arrangements seem most feasible. Prime Minister Mahathir of Malaysia was the founder of the East Asia idea in its modern form and former Korean president Kim Dae-jung took a strong interest in deeper East Asian cooperation. But neither commands region-wide respect nor leads a country with the resources to play an effective great-power role. At the intergovernmental level, several states are proposing specific initiatives. ASEAN countries are working collectively and individually to assume the driver's seat in setting the pace and direction of regional cooperation. The “natural” leaders of East Asia – China and Japan – are more frequently competitors than collaborators. Both find it more effective to launch occasional initiatives, avoid direct disagreements, and allow South Korea and the middle powers of Southeast Asia to be out front.

China's role in regional institution-building deserves particular attention, in part because Chinese officials and analysts have occasionally hinted at regional cooperation as a means of countering the US. A latecomer to multilateral processes, China has quickly moved from defensive and hostile to engaged and proactive. In the SCO it is playing the leading role. Any leadership role in East Asian processes is complicated by several factors and it should be emphasized that
there are no high-level statements of policy on China’s regional role beyond very broad principles. China’s neighbours have seen the advantages of engaging it in regional processes and have generally been reassured by its participation in them. But they remain wary of a gap between rhetoric and practice on some key issues (including the South China Sea) and take note of its growing economic, diplomatic and political power.

And viewed from within China, East Asia is only one domain of its relationship with “surrounding countries” that also include those in Central Asia and South Asia as well as Russia. Thus its “regional” priorities are complex. Moreover, it frames its interests in regional cooperation in terms of broader global interests that extend beyond Asia and include North America and Europe at their core.

The context for East Asian regionalism has been shaped by the forces of economic integration and, at a broader level, the ending of the Cold War in most of Asia. US reactions to Asian regionalism have evolved over the past twelve years. American officials in the early 1990s strongly opposed calls for an East Asian Economic Grouping and again in the late 1990s opposed proposals for an AMF. But the trend line in the past decade has been toward more acceptance of Asian regionalism. The Bush administration has tacitly accepted the APT and related processes, apparently confident that they will not undercut American interests or Asia Pacific or global institutions. And Washington too has entered the PTA game with East Asian partners, led by the recent agreement with Singapore. Nevertheless there are voices in Washington wary of regional arrangements that have even the potential to give Beijing leverage in the region and at a future point threaten US political, security, or economic interests. Their preference is not for inclusive regional institutions but structures that move beyond the existing bilateral alliances to an alliance of democracies.

Contrary to expectations, there was no indication that Asian-based institutions or individual states attempted after September 11th to counterbalance or confront the anti-terrorist agenda or a more assertive US role and military presence in the region. Instead, several countries strongly endorsed the counter-terrorism agenda and key institutions (including ASEAN, SCO, APEC, the ARF, and CSCAP) have taken up terrorism as a central topic of concern.

In this context, China and China-US relations are pivotal. At this point there is little indication that in its bilateral relations with Washington or through its influence in regional processes is Beijing likely to confront US security policies directly. The picture will become much more dangerous as high-level American attention shifts from Iraq to North Korea. The Bush administration has been willing to roll the dice in the Middle East but in addressing the North Korean issue it would be rolling them on a Chinese table. A preemptive unilateral American strike against North Korea or pursuit of regime-change would produce a virulent Chinese response, a nightmare for Japan and South Korea in their alliance commitments to the US, and a devastating blow to trans-Pacific and intra-Asian institutions. On the other hand, a collaborative approach by Washington involving China, South Korea, and Japan at its core could not only produce an effective response to the proliferation issue but also boost regional cooperation in its existing forms as well as on a Northeast Asian basis.

**IMPLICATIONS FOR CANADA**

How should Canadians react to this nascent Asian regionalism? While not yet robust, as Asians develop a collective voice on the world stage, not all of the messages are going be to our liking. This has already arisen in the context of the Doha Round, gender and human rights issues, and the human security agenda. But, on balance, it should be welcomed. The willingness and capacity of Asian elites to build a more stable and mature system is valuable to the region and the world because the institutions that are being created support the principles of a rules-based order and are helping governments and
societies deal with the multiple problems of peace, development, and governance that they face.

In hard commercial terms, the penchant for bilateral and regional FTAs and PTAs will probably have only a minimal impact on Canadian trade in Asia, in part because of the numerous exemptions in the negotiated agreements, and in part because the big players (e.g. China and Japan, our major partners) have not been setting up PTAs among themselves.

What is of immediate concern is their impact on trans-Pacific global institutions such as APEC that have supported liberalization via open regionalism. The growth of Asian regionalism is not causing APEC’s decline but it is a warning that business-as-usual within APEC is insufficient to maintain its primacy of place. It would be ironic indeed if APEC’s main economic function was to serve as a platform for countries to announce their newest bilateral PTAs. Similarly, there are serious concerns that they are undercutting or blunting the global trading system. Purists and pragmatists debate the actual effect that the PTAs have for boosting or braking the Doha Round but there is at least a tension, with which Canada is familiar because of its own involvement in NAFTA, between regional arrangements and global aspirations.

Few Canadians feel the same panic as Australians and New Zealanders about being left out of economic and political processes in what they feel to be their neighbourhood. Indeed, this perception of exclusion is one of the factors motivating the Howard government’s closer embrace of Washington. For Canada, the concern is not exclusion but marginalization. Intermittent Team Canada visits are not a substitute for regular interaction in trans-Pacific and Asian-based fora.

AREAS FOR NEW THINKING AND APPROACHES
The amount of Canadian time and resources devoted to Asian and trans-Pacific institutions is not inconsequential, though it is only a small fraction of that devoted to multilateral institutions in Europe. Over the past decade an impressive level of expertise has developed within Canadian government and academic circles on these institutions and an elaborate set of connections made to the key players and networks in Asia.

In the first part of the 1990s Canada promoted several innovative initiatives that caught regional attention. One was the North Pacific Cooperative Security Dialogue from 1990 to 1993 that helped put in train the process that led to the creation of CSCAP and the ARF. Canada’s Year of Asia Pacific and the hosting of the APEC Leaders’ Meeting in Vancouver in 1997 were the last big pushes. Recent efforts to promote the human security agenda (including the Responsibility to Protect report) have been intermittent and low-profile.

The fading profile is a product of several factors, among them the immiseration of DFAIT, uneven policy engagement at CIDA, absence of high-level political attention, and a focus on global institutional interests and bilateral relations with the US rather than regional ones. To reverse the decline and to keep Asia in focus and Canada in the picture, three things need to be done.

The first is to revitalize existing networks. Our main entrees into Asian regionalism are our trans-Pacific channels and various networks of experts and officials. Getting close enough to Asian institutions to have a window on their activities and a chance for shaping some of the discussion is in our interest. If it proves impracticable to devise an ASEAN PMC equivalent for the APT, some kind of observer status should be investigated along with regular monitoring of APT activities in the trans-Pacific processes. At the bureaucratic and intellectual levels, APEC is not hitting on all cylinders. We can make a contribution through a focussed initiative on redesigning the institution. This will involve slaughtering some of its failing shibboleths including the ideas that concerted unilateralism is an effective route to liberalization and that there can be high levels of cooperation with
only low levels of institutionalization. The objective should be collaborative policy development using something closer to the OECD model. And we should initiate an active program for championing India’s entry into APEC and helping prepare India for positive participation. One aspect can be to introduce India into the PECC process.

Second, we should pursue our own PTAs. For better or worse, the PTA horse is out of the Asian barn. Having already gone this route with NAFTA, and seeing that Australia and the US are pursuing bilateral PTAs with a range of partners, we should explore PTA possibilities with more Asian countries. We do not have the resources or incentives to get into the world of politically-driven PTAs but we do need to constantly signal to sceptical Asians that we want to be in business in Asia. Our interest should be centred on next-generation bilateral agreements that focus not on tariffs and trade barriers but comprehensive liberalization that includes investment, services, and the various facets of the knowledge economy. The current discussions with Singapore could be a prototype useful in our larger relationships, especially with Japan and possibly Korea.

Third, we need to keep a hand in the merging, if still indeterminate, processes in Northeast Asia. The region remains bereft of any kind of inter-governmental forum. The current crisis over North Korea’s nuclear program points to the value of earlier processes like KEDO and the mechanisms for consultation involving the US, South Korea, and Japan. The longer-term management of North Korea’s integration into the world will demand a multilateral framework for policy coordination as well as joint policy development and implementation. The Bush administration’s strategy of seeking a solution through a comprehensive package and a multilateral process offers at least a temporary window for others to play a role in designing and launching such an institution even while waiting for North Korea to join it.
NOTES AND ADDITIONAL SOURCES

NOTES


SOURCES


ACKNOWLEDGEMENTS

Paper Author: Paul Evans, Professor
Institute of Asian Research and the Liu Institute for Global Issues
University of British Columbia

Foreign Policy Dialogue Series Editor: Yuen Pau Woo
Asia Pacific Foundation of Canada

Associate Editor: Timothy Edwards
Asia Pacific Foundation of Canada

We would like to thank participants at the Asia Pacific Foundation of Canada’s Roundtable on the Foreign Policy Dialogue in Ottawa, 27 March 2003, for their useful comments and suggestions.

THE AUTHOR

Paul Evans (Ph.D, Dalhousie) has been at the University of British Columbia since 1999, cross appointed to the Liu Institute for Global Issues and the Institute of Asian Research where he directs the Program on Canada-Asia Policy Studies. Previously, he held teaching and administrative positions at York University (1981-1997) and Harvard University (1997-1999). Dr. Evans served as the founding co-chair of the Canadian Member Committee of the Council for Security Cooperation in Asia Pacific from 1993 to 1997, and co-chaired CSCAP’s North Pacific Working Group from 1994 to 1998. He has written extensively on Asian regionalism and institutions, and sits on the editorial boards of The Pacific Review and Pacific Affairs. His current research focuses on cooperative and human security in Eastern Asia, track-two security processes in Asia, and emerging security frameworks in the North Pacific.

The views expressed in this publication do not necessarily reflect those of the Asia Pacific Foundation of Canada.