Changing Regional Economic and Security Framework in East Asia

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I. Introduction

In the post-Cold war era, particularly since the Asian Financial Crisis of 1997-98, there have been increasing demands for regional cooperation in East Asia. These demands first began as calls for economic cooperation and gradually expanded to the security dimension. Entering the 21st century, the North Korea nuclear crisis and the September 11 terrorist attacks on the United States have brought new incentives for not only media and small players, but also major powers, to focus on a security framework in the region. A win-win mindset has gradually developed and in some ways replaced the zero-sum game perception of the Cold-war era. This development has provided a foundation for a new security framework in the Asia Pacific region. This article will not only examine the dynamics of two great powers – China as a rising power, and the United States as the world’s only superpower – but also other key powers such as Russia, Japan, the two Koreas, and ASEAN.

There were two noticeable and fascinating developments in East Asia in the later part of 2003. The first was the six-party negotiations over the North Korea nuclear crisis hosted in Beijing, beginning in August 2003, which included North and South Korea, China, Japan, Russia, and the United States. The second round of the high-profile talks were held in Beijing starting on February 25, 2004.¹ This involved much behind the scenes maneuvering among main actors, particularly between Pyongyang, Beijing, and Washington.

The second event was the ASEAN-plus-three summit in October 2003, which included the ten ASEAN countries together with China, Japan, and South Korea. In this meeting, China signed the Treaty of Amity and Cooperation with ASEAN, bringing the prospects for an East Asia community one step closer to actualization.² The latter development indicated progress toward regional community building, whereas the former development indicated that a new security framework may be evolving. This article will argue that the two processes are closely linked. The community building process in East Asia primarily concentrates on economic integration, whereas a new security framework considers strategic security issues, increasingly moving from

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bilateral to multi-lateral security arrangements.

Any discussion of a new security framework must first examine characteristics of the old one. In East Asia, the post-war security framework was primarily built upon the Cold War reality. That is, the world was bipolar divided into the Communist camp (headed by the former Soviet Union) and the West (headed by the United States). It is natural that the prevailing security frameworks were also along the lines of these two different camps. And more noticeably, in each camp the security framework was basically bilateral in nature. For example, in the Communist camp, one can point to the China-USSR Friendship Treaty signed in 1950, as well as other arrangements between then-socialist states. Along similar lines, U.S.-led security regimes were also bilateral, unlike the European security framework. In Asia, there was no overarching security organization like NATO, but rather a number of U.S.-led bilateral security arrangements, many of which were initiated in the 1950s. These include U.S. security arrangements with such countries as Japan, South Korea, Australia, New Zealand, the Philippines, and Thailand.3 To better understand the newly emerged multilateral potential for security arrangements, we should first look at the evolution of regionalism in East and Southeast Asia.

II. Regionalism in East and Southeast Asia and Post-Cold War Reconfiguration

In the Asia-Pacific region, there has been an increasing call for regionalism. As the process of globalization continues, one can see rising regional integration and the formation of regional economic blocks. There are three major economic zones in today’s world: Europe, North America and East Asia. The first two regions have rapidly progressed towards regional economic integration, as well as political cooperation and security coordination. The most well known organizations are the European Union (EU) and the North American Free Trade Agreement (NAFTA). Despite an enormous effort, East Asia has been far behind in terms of regional integration.

Although the effort for regional community-building in Southeast Asia began as early as the 1960s, the movement did not gain real momentum until the post-Cold War era. The whole process of integration is an incremental one, which began with the formation of several sub-regional institutions. The most significant development was the Association for Southeast Asian Nations (ASEAN), established in 1967. The current members of ASEAN include all ten members of Southeast Asia: Indonesia, the

3 The most noticeable bilateral security agreements, for example, are:
--U.S.-Japan Security Treaty (initially signed at the San Francisco Peace Conference of 1951 and renewed in 1960, and then in 1996 a new guideline was issued) --U.S.-ROK Mutual Defense Treaty (signed in 1953)
--U.S.-Australia Defense Alliance (concluded in 1951)
--U.S.-New Zealand Defense Alliance (signed in 1951)
--U.S.-Philippines Mutual Defense Treaty (approved in 1999; until 1992, the US maintained military bases and forces pursuant to the 1947 Military Bases Agreement)
--U.S.-Thailand Memorandum of Understanding for Security Cooperation (signed in 1971)
Philippines, Malaysia, Singapore, Thailand, Brunei, Vietnam, Cambodia, Laos and Burma. The three major countries in Northeast Asia -- China, Japan and South Korea -- have also increased consultations and coordination in the economic sphere. Furthermore, the Asia-Pacific Economic Cooperation (APEC), established in 1989, has become a regional force and counts such countries outside of Asia as the United States, Mexico, Canada, Russia, Chile, Peru, Papua New Guinea, Australia and New Zealand among its members. The creation of the ASEAN Regional Forum (ARF) and Asian European Summit are also significant developments. Most notable, perhaps, is the effort to integrate Northeast Asia and Southeast Asia, namely through such mechanisms as ASEAN-plus-three (China, Japan, Korea) or ASEAN-plus-one (China).

East Asian international relations and regional community building efforts have been greatly affected by the reconfiguration of power relations in the region since the beginning of the post-Cold War era. It is a common belief that the end of the Cold War in the late 1980s, especially the collapse of the Soviet empire, significantly altered the configuration of major power relations in the Asia-Pacific region. These changes have generated new major-power relations in the region and redefined bilateral relations among China, Japan, Russia, and the United States. The United States’ rise to sole superpower status has given Washington a dominant role in all four dimensions of world affairs: political, strategic, economic, and technological.

As the United States assumed its role as the sole superpower in the world, China also increased its standing. Since 1978, when it initiated economic reforms and the Open Door economic policy, China has achieved spectacular economic performance, sustaining high growth rates (even with the slowdown from 11-12% to 7-8% since 1998) and escaping the Asian economic crisis of 1997-98. This expansion has greatly increased China’s influence in regional and global affairs.

On the other hand, there has been a noticeable “down turn” with regard to Russia and Japan. With the collapse and dismemberment of the former Soviet Union in the early 1990s, Russia experienced major setbacks in all respects, and it has a long way to go to return to its previous status and influence in the region. The nature of Japan’s downturn is quite different, as it is reflected only in economic terms and is a result of consecutive economic recessions, rather than the major financial crises that befell Korea and Southeast Asia.4

Competition and cooperation are the two dominant modes of behavior among major powers in the economic dimension. An important element that characterizes post-Cold War international relations is the trend toward globalization, or economic interdependence. The shift in distribution of power and the rise of China in particular has placed major emphasis upon economic integration - take China, Japan, and the United States, for example. In terms of top trading partners, each one of the three countries places the other two high on its list. Trade between and among East and Southeast Asia has also increased dramatically. This development has further advanced the rapid trends toward interdependence in the region, and economic integration has

4 For a detailed analysis of the “ups and downs” of East Asian international relations in the post-Cold War era, see Quansheng Zhao, “The Shift in Power Distribution and the Change of Major Power Relations,” The Journal of Strategic Studies, Vol. 24, No. 4 (December 2001), pp. 49-78.
developed at an unprecedented pace for the last decade. This kind of momentum has created a foundation for further development of community-building and a platform for the possible development of a new security regime.

III. Changing Security Concerns of the Two Great Powers – China and the United States

A major shift of security frameworks took place in the post-Cold War era, mainly after the collapse of the Soviet empire in 1990. A bipolar world became a unipolar one - that is, the United States remained as the only superpower. Under these new circumstances, each country’s security framework had to begin taking the “U.S. factor” into consideration. Another major development is the “rise of China” as discussed previously. In terms of regional and even global security, a key issue confronting all powers in the Asia-Pacific region is how to manage the relationships with, and between, the two ascendant powers, the United States and China. Virtually all regional controversies, such as cross-strait relations between Taiwan and the PRC, the resolution of the tensions on the Korean Peninsula, and the evolving nature of the U.S.-Japan security alliance (and the future direction of Japanese foreign policy) are all closely linked to major-power relations, particularly the ongoing dynamics of China and the United States. In terms of security perspectives, the old realist school of zero-sum games, namely “I win, you lose.” and vice versa, has remained the dominant paradigm in the region. Thus, given the post-Cold War developments in the Asia-Pacific region, some people suggest that if the influence of the United States’ and Japan declines, China may enter into the power vacuum.5

The major powers’ respective strategic concerns can easily evolve in diametrically opposed directions, thereby promoting a polarized division of the world into enemies versus allies, as was the case during the Cold War. As Barry Buzan argues, it is also important to look internal developments within China and the U.S.6 During the early stage of the George W. Bush administration, American priorities in East Asia have shifted to emphasize the United States’ relationships with its allies in the region, most notably Japan. In fact, Deputy Secretary of State Richard Armitage was one of the first people to argue that the U.S. should pay more attention to the U.S.-Japan alliance.7

There were three factors at that time (the late 1980’s through most of the 1990’s) encouraging bilaterally-oriented arrangements. First, the two great powers – United States and China – preferred bilateral arrangements at that time. Second was the historical legacy. Japan, the United States’ major security partner in Asia, has far from solved the problems that are rooted in its invasion of Asian neighbors during World War II. The third factor is an ideological consideration; despite the dissolution of the Soviet

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Empire and the decline of communism, major socialist countries in the region such as China, North Korea, and Vietnam still remain. That factor, in many ways, could provide difficulties for other players to move in multilateral directions.

These three factors have all been gradually eroded over the years and replaced with other considerations. Facing new developments in the region, China and the United States have begun to change their attitude towards multilateral framework. China, for example, has long stopped viewing ASEAN as a security threat, but rather as a good vehicle to strengthen the security environment on its southern borders. Although the history factor (with Japan) is still strong, in China and South Korea in particular, they are no longer a dominating factor in foreign policy considerations. And ideological considerations are also in great decline. Both China and Vietnam enthusiastically embraced a market economy and encouraged private entrepreneurship, thus rendering ideology a much lesser factor in terms of multilateral cooperation. The decline of these three factors is conducive for more multilateral arrangements, but that alone will not provide enough impetus for major powers - the momentum may need more incentives to develop.

Such incentives include the terrorist attacks of September 11 and the new round of the North Korea nuclear crisis starting in October 2002. In the wake of September 11, a U.S.-led anti-terrorist campaign was launched and Asia became one of the hottest spots, second only to the Middle East. It became evident to Washington, including most hawkish thinkers and unilateralist advocates, that a multilateral effort and a broader anti-terrorist coalition are necessary. In this case, not only are traditional allies such as Japan and South Korea essential, but new partners such as China and ASEAN countries are also necessary to this anti-terrorist association. This can be regarded as a clear signal for the formation of a collective security framework, in place of the traditional approach of bilateralism.

Let us now make some specific examinations of the two most significant players in Asia-Pacific security arrangements – China and the United States. China’s active attitude toward regional community building began in the wake of the 1997 Asian Economic Crisis. During that crisis, China stood out in its role as a reliable partner and leading player guiding the region out of the economic crisis. One of the strong stances which was helpful for China’s Asian neighbors was Beijing’s persistent policy to maintain the stability of its currency, the renminbi. In other words, China resisted frequent attacks from financial speculators regarding its currency and enormous pressure to devaluate it. China’s role in the economic integration process appeared even more active at the turning of the new century, particularly after China joined the WTO in 2001. China began to participate in the process of establishing Free Trade Area (FTA) agreements with ASEAN countries. China also showed real interest in developing a 

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similar FTA area among itself and the two other East Asia powerhouses, Japan, and South Korea. This multilateral approach seemed to work smoothly for China’s interests when China’s economy continued to be in a high gear of performance.

In the security dimension, however, the picture is much more complicated. Traditionally, China prefers a bilateral approach in its discussions or negotiations on security measures with other countries. This is particularly true with regard to the issue of Taiwan. In insisting that the issue of Taiwan is an internal affair, China has made it clear that this issue should be dealt with only through a Beijing-Taipei dialogue and has prevented it from being placed in an international arrangement. According to Beijing, any multilateral security arrangement in the region, therefore, should not include the Taiwan issue. This consideration has become a major obstacle for Beijing to move into a more active multilateral security arrangement. But one does witness some signs of flexibility for China to make security arrangements along the lines of multilateralism in dealing with issues other than Taiwan.

Since the beginning of the 21st century, China has developed a new line of thinking regarding its security framework known as a “new security concept.” This notion was elaborated by Chinese Vice Foreign Minister Wang Yi as a “comprehensive, common, and cooperative” security framework. Under the new guideline, China emphasizes gentler and friendlier relations with its neighboring countries, as well as more agreeable policies on multilateral security arrangements in the region.

One obvious example of this shifting approach is the South China Sea islands dispute. There are conflicting territorial claims made on these islands among China and several ASEAN countries, such as Vietnam, the Philippines, Indonesia, Malaysia, and Brunei. Previously China insisted on negotiating over these islands in a bilateral manner and avoided talking with these countries in a collective way. It was relatively easier for China to negotiate with a single, smaller country, rather than with a collective effort that would increase the ASEAN countries’ bargaining power. But this attitude has changed over the past few years. China agreed to sign the Code of Behavior with ASEAN countries regarding the dispute over the islands. Furthermore, China began to advocate a program of joint development of the disputed area with these countries, some in a bilateral way, some in a multilateral way, when the area had multilateral claims.

Another successful development for China’s multilateral security arrangements is the case of the Shanghai Cooperation Organization (established in 2001), which includes China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. A primary function of the Shanghai Cooperation is to fight against terrorism and there has already been the slow development of joint military exercises among its member countries in recent times. The latest development of the “Shanghai Six” has seen the establishment

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12 For a look into the changing attitude of China from bilateralism to multilateralism, see Evans S. Medeiros and M. Taylor Fravel, “China’s New Diplomacy,” Foreign Affairs, Vol. 82, No. 6, November/December 2003, pp. 22-35.
of its permanent headquarters in Beijing in January 2004. One of the main purposes of this multilateral organization is to target terrorist groups in the Central Asia area. There are also domestic considerations for Beijing, particularly within its own Xinjiang autonomous region where some of the Uyghur minority are actively engaged in a separatist movement. Therefore, placing these domestic issues into the international, multilateral coalitions, such as the Shanghai Six and the anti-terrorist coalition with the United States is in line with Beijing’s own security interests, both externally and internally.

Despite this development of a multilateral approach, a number of major security areas still pose difficulties in their inclusion in the multilateral security arrangement. The first is another flash point in Northeast Asia; that is, relations across the Taiwan Straight. Beijing regards Taiwan as a vital national interest, very much resisting internationalization of the issue. China has so far emphasized a bilateral approach between Beijing and Taipei and would not want the Taiwan issue placed in an international context.

The most complicated region for China still lies in Northeast Asia. Although China has struggled in its bilateral cooperation with Japan and South Korea, including military cooperation, it is still hard to work out a comprehensive multilateral arrangement with these countries. One reason is found in the U.S. factor. Any multilateral security arrangement must consider the United States since the U.S. has long standing security ties with both Japan and South Korea.

In sum, there has been a noticeable shift in China’s attitude toward multilateral security arrangements. While there is still much concern over the issue of Taiwan, Beijing has begun to put a more positive light on multilateral frameworks. China’s active role in hosting the six-party talks over the North Korea nuclear crisis and the new flexibility toward ASEAN countries both demonstrate a new approach. At the same time, many of China’s basic concerns still remain. The future evolution of Beijing’s attitude, therefore, deserves continued careful examination. Now let us look at the other crucial player in the region—the United States.

As the only superpower in the post-Cold War era, the United States has played a vital role in virtually every part of the globe. The Asia-Pacific region is no exception. There have been two parallel strategies under the George W. Bush Administration. One line of thinking, perhaps represented by the Department of Defense, emphasizes the unipolar nature of the world, with the U.S. having the utmost responsibility for maintaining world order. Unilateralism, according to this school of thought, is most suitable for maintaining United States interests and getting things done. The best example is the war in Iraq against the Saddam Hussein regime. In the Asia Pacific region, advocates of this line of thought emphasize already existing bilateral arrangements, such as the U.S.-Japan Security Treaty and the U.S.-South Korea Security Alliance. Security arrangements with other countries, including China, can

only be given lesser importance after these military allies.\(^{15}\) In other words, because of this kind of mentality, it will be very much problematic for the Pentagon to develop a multilateral security regime that may include China.\(^{16}\)

Another line of thinking, perhaps represented by the mainstream of the State Department and the National Security Council, is more inclined to rely on multilateralism. It continues to call for active participation in the regional economic integration, such as the United States’ role in APEC activities. This school believes a multilateral arrangement is more suitable for solving security issues such as the North Korea Nuclear crisis. In this regard, a more cautious State Department approach has prevailed over the views of hardliners who believe that a preemptive strike on North Korean nuclear sites would solve this issue. The U.S. has encountered increasing difficulties in the post-war occupation, which have highlighted the limits of U.S. forces and the desirability of a multilateral participation in the process of rebuilding Iraq. This fresh experience may in turn enhance the influence of multilateralists within the U.S. foreign policy apparatus. This new approach may also increase the necessity for Washington to seek a constructive and consultative partnership with major powers, especially China, in maintaining a peaceful environment in the region.\(^{17}\) At the same time, however, the U.S. will continue to rely on existing bilateral security arrangements with such allies as Japan and South Korea.

One major obstacle for Washington in developing an even closer strategic relationship with Beijing lays in the issue of Taiwan. In 1996, China’s missile exercise across the Taiwan Straight, and the subsequent move into the area by the two US aircraft carriers, highlighted the potential military confrontation between the two great powers over Taiwan. Beijing has so far made it clear that it is undesirable for its economic modernization to have a war with Taiwan. However Beijing may deem military force a necessary means of preventing Taiwan from moving toward independence.

There is also a dilemma for Washington. On one hand, the United States has viewed Taiwan as a loyal ally and a newly democratic society, and therefore remaining separation between Taiwan and the mainland would be in line with U.S. interests. On the other hand, Washington is clearly aware of the potential military conflict with China, and has so far adopted a balanced yet clear policy toward the Taiwan issue. That is, it does not support Taiwanese independence, but insists on an eventual peaceful resolution fostered by both Taiwan and China. In December 2003 in his meeting with Chinese

\(^{15}\) An interesting example is that in July 2002, the National Defense University's (NDU) Center for the Study of Chinese Military Affairs was shut down by the Pentagon. One of the reasons, according to Larry Worzell, director of Asian Studies Center at the Heritage Foundation, is that the NDU Center "elevated China to the center of US foreign and security policy." In my view, US relations with Japan are far more critical to the stability and security of Asia. See Julie Norwell, "Pentagon Moves to Shut NDU’s China Center: China Schism," \textit{Original Economist}, September 2002, p. 10.

\(^{16}\) Another example of this "conservative hostility" to China is the severe criticism of George W. Bush’s Secretary of Labor Elaine Chao and her alleged pro-China position. See John B. Judis, "The Decline of Principled Conservative Hostility to China: Sullied Heritage," \textit{New Republic}, April 23, 2001, pp. 19-25.

Premier Wen Jiabao, President Bush made a clear statement of the U.S.’ position on the Taiwan issue: “We oppose any unilateral decision, by either China or Taiwan, to change the status quo of Taiwan’s relationship with the mainland.” This referred to Taiwan President Chen Shui-bian’s call for an unprecedented referendum—asking voters to demand that China remove its missiles—on the day of next presidential election. President Bush, for the first time, rebuked Chen’s referendum action as a move that would change the status quo. At the same time, he warned Beijing that the U.S. will intervene if the mainland attacks Taiwan. One can see clearly there are overlapping concerns over the issue of Taiwan between China and the United States. Yet, there are also clear differences between the two powers. This mixture of overlapping national interests and different concerns between the two powers may prevent them from developing a more comprehensive multilateral security regime. But that is not to say that a more flexible multilateral consultation will not be well developed in the security dimension -- one in which both Washington and Beijing actively participate.

The case of security dialogue on North Korea can serve as a good example in this regard. The Bush Administration has developed a proposal for a multilateral security guarantee in exchange for North Korea’s termination of its nuclear weapons program. The situation in North Korea is apparently different from that in Iraq, although they share to a certain degree a terrorist nature. The Pyongyang regime is perceived differently from the Baghdad regime in terms of its capacity and ability to lead a major war. Moreover, there are major powers who have a stake in the development of the Korean peninsula (a reminder of the Korean War of 1950-53 and China’s involvement at that time), whereas virtually no major powers were supportive of Saddam Hussein. Furthermore, there are no well-developed economic resources in North Korea, compared to the rich oil reserves in Iraq. It is not difficult to imagine that enormous difficulties may result if the U.S. chooses to send its military alone to North Korea. It is virtually assured there will be another Vietnam War. There has been a proposal that about one-third of U.S. troops in South Korea (approximately 12,500) will withdrawal from South Korea and shift to Iraq. Although there is still a large U.S. military presence in South Korea, this decision signals the new global reconfiguration of U.S. military strategies. All of this has prompted Washington to actively seek a multilateral framework, particularly including China, to solving the North Korea crisis.

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1. Other Players – Japan, Russia, the Two Koreas, ASEAN, and Taiwan

In addition to China and the United States, other crucial players -- Japan, Russia, the two Koreas, ASEAN, and Taiwan -- in the region may have their own perceptions and preferences in a variety of policy areas. This is therefore an appropriate juncture at which to discuss each of these players’ attitudes and policies in this regard.

1) Japan

Japan, with the second largest economy in the world, has a major stake in both East and Southeast Asia. It has long regarded the countries in this area as its primary trading partners (in addition to the United States). Japan’s official development assistance (ODA) has long put this region as its top priority, holding steady at 60-70%. Japan has not, however, lived up to the expectation for its leadership role in the community-building process for two reasons. First, the possibility of a resolution of historical issues between Japan and its Asian neighbors, China and Korea, (in particular, full recognition from Tokyo of its wartime behavior) has been difficult to come by. This unsettled historical legacy has time and time again been triggered by the provocative actions of leading Japanese politicians, such as Japanese Prime Minister Junichiro Koizumi’s repeated visits to Yasukuni Shrine to pay tribute to the war-dead, including Class-A war criminals. This kind of action not only prevented a state visit between China and Japan up to the end of 2004, but also created unfriendly, and even hostile, feelings among the countries’ younger generations. One illuminating example of such tensions comes in the anger toward Japan displayed by Chinese soccer fans following the Asian Cup final in August 2004. The concerns of Japan’s neighbors were further heightened when the Japanese government sent its troops to Iraq under the U.S.-led military coalition. The second reason is the decade long economic recession, beginning in the early 1990’s. This prolonged recession has had an adverse impact, in terms of injuring Japan’s confidence and hurting Japan’s credibility in the region.

On the other hand, Japan made an effort to participate in the economic integration process. The best example comes from the 1997 financial crisis, during which Japan made a proposal to establish Asian monetary funds. Although it did not work at the time, the idea is still being considered. Japan’s recent effort to establish an FTA with several ASEAN countries has demonstrated a real effort from Tokyo to strengthen the trends. With the rise of China, Japan has harbored deep suspicions of China and regarded it as a threat in both economic and security dimensions. For example, with regard to the East Asia FTA arrangement, Japan attempted to establish such an agreement with South Korea first and then with China, but South Korea was only lukewarm to this idea and made the counter suggestion that the beginning stage should also include China. Japan has, however, recently begun to shift from viewing

China as an economic threat to an economic opportunity, making it more willing to cooperate with China.

In the security dimension, Japan has very much relied on bilateral agreements, particularly in the U.S.-Japan security treaty. Discussed earlier were the controversies between Japan and China around the treaty’s new guidelines. These kinds of controversial items may become obstacles for further multilateral security arrangements with China, particularly if they include such sensitive topics as the Taiwan issue.

In recent years, however, Japan has begun to more actively bring South Korea into this security framework, which can be considered as a multilateral approach. The degree of openness to a more even military security arrangement between Japan and South Korea may be different in Tokyo and Seoul, since the public perception of Japan in South Korea still contains some reservations and skepticism due to historical legacies. Although both Japan and South Korea are military allies of the United States, South Korea had for a long time refused to have joint military exercises with the Japanese, only relenting in August of 1999, when Seoul and Tokyo held joint naval exercises for the first time since World War II. In order to avoid sensitivities of such exercise considering historical legacy, these joint exercises were featured as search and rescue operations in the ocean areas between the two countries. In the end, the two ROK destroyers made a goodwill port call at the Japanese port city of Sasebo, the first such visit in Japan-Korean relations. Yet, it is still clear that South Korea is not prepared to allow Japanese military units to enter its soil, even under the name of military exercises.

Indeed, cooperation between the United States and Japan has been so close it is said if “one party coughs, the other gets sick.” An example of this collaboration is that the two countries have shared intelligence through a coded system. Together, the U.S. and Japan will spend millions of dollars to change this communication system due to the Hainan incident of April 2001, in which the Chinese military examined the top-secret equipment of the U.S. EP-3 surveillance plane.

Another illustration of the close ties between the United States and Japan is related to the controversial visit of Taiwanese President Lee Teng-hui to the United States in 1995 for the stated purpose of attending an alumni reunion at Cornell University. There were similar preparations made for Lee Teng-hui to visit Japan, also under the guise of attending an alumni event at Kyoto University (where he attended as an undergraduate). However, this plan did not get too far, since Beijing immediately


27 These were well organized, low-key, 5-day joint exercises, during which three Japanese maritime SDF destroyers, two South Korean destroyers and more than 1,000 soldiers participated. See Victor Cha, “Seoul-Tokyo Cooperation on North Korea, Tried, Tested, and True(thus far),” accessed at http://www.csis.org/pacfor/cc/993Qjapan_skorea.html.

28 Interview with Mr. Sung Joo Han, Ambassador of South Korea to the United States and former foreign minister of ROK, November 6, 2003, Washington, DC.

gave a stern warning against such an action. Even so, Lee Teng-hui was granted a visa in April 2001 to visit Japan for heart treatment in a hospital in Okayama prefecture. This situation indicates close coordination between the U.S. and Japan, as the U.S. also issued a visa to Lee Teng-hui at the same time.

One may notice that in the strategic arena a major problem between Japan and its Asian neighbors, China in particular, is a lack of mutual trust and confidence. In the long run, Tokyo and Beijing have to overcome the above-discussed obstacles and developed new mechanisms for a possible multilateral framework in strategic terms. Obstacles also come from the issue of territorial disputes between Japan and its neighbors, including a territorial dispute over the Diaoyu/Senkaku islands with China, the Northern Islands with Russia, Takeshima/Tokudo with South Korea. Although these issues are different in nature, they still constitute obstacles, to various degrees, to the development of a multi-lateral security framework, if it relates to territory issues.

One other obstacle for Japan’s smooth integration with the East Asia community is the rise of the so called “new nationalism.” Although it is generally believed that the mainstream of Japanese society is moving away from militarism, one may nevertheless notice the rise of nationalism, particularly in light of the recent, decade-long economic recession. It is not unreasonable to some Japanese politicians, including Prime Minister Junichiro Koizumi, to call for upgrading its military force so that Japan can become an “ordinary country.” It is however, alarming, when someone such as Shintaro Ishihara argued that Japan has faced a wolf (i.e. China) at his front door, and a tiger (i.e. the United States) at his back door. The development of this nationalistic sentiment may continue to hurt Japan’s ability to assume a leadership role in the community building process and limit Japan’s acceptance into a multilateral security arrangement.

As discussed earlier, the issue of Taiwan has been a consistent problem in China’s consideration for a multilateral security framework in the region. On the issue of Taiwan, Japan tends to be a “loyal follower” of the United States, prompting Beijing’s concern over the new security guidelines for the U.S.-Japan Security Treaty announced in 1997. Specifically, China’s concern is over Part V of the “Guidelines for U.S.-Japan Defense Cooperation” as to whether “surrounding areas” are meant to include Taiwan itself. Although the document specifically indicates that this term reflects the situation rather than geography, conflicting statements have been made by a

31 For a penetrating examination in this regard, see Eugene A. Matthews, “Japan’s New Nationalism,” Foreign Affairs, Vol. 82, No. 6, November/December 2003, pp. 74-90.
32 See Part V of “Guidelines for U.S.-Japan Defense Cooperation” (U.S.-Japan Security Consultative Committee release) as follows: “V. Cooperation in situations in areas surrounding Japan that will have an important influence on Japan’s peace and security situations in areas surrounding Japan will have an important influence on Japan’s peace and security. The concept, situations in areas surrounding Japan, is not geographic but situational. The two Governments will make every effort, including diplomatic efforts, to prevent such situations from occurring. When the two Governments reach a common assessment of the state of each situation, they will effectively coordinate their activities. In responding to such situations, measures taken may differ depending on circumstances. When a situation in areas surrounding Japan is anticipated, the two Governments will intensify information and intelligence sharing and policy consultations, including efforts to reach a common assessment of the situation.”
variety of Japanese government officials, such as the announcement made by then-Chief Cabinet Secretary Kajiyama Seiroku in August 1997 that the guidelines are indeed considered to include Taiwan. More typically, when asked about the inclusion of Taiwan, the standard informal answer from the Ministry of Foreign Affairs is that since this topic refers to joint guidelines, Washington will have to be asked for clarification. This apparent coordination of policy understandably alarms the PRC.

Due to widespread concerns over past and future North Korean missile tests, there has been a significant change of mood among the Japanese people which has led to the parliamentary approval in 1999 of revisions to the U.S.-Japanese Security Treaty. Among several steps that Tokyo has adopted, the most noticeable development is Tokyo’s announcement that it will participate in the development of a ballistic missile defense system with the United States, known as Theater Missile Defense (TMD). Even though the Kim Dae Jung - Kim Jong Il summit in June 2000 temporarily reduced tensions in the Korean Peninsula, the TMD plan was still ongoing.

Japan has been positive in working on a multilateral dialogue in dealing with the North Korea nuclear crisis by actively participating in the six-party talks in Beijing. Japan’s growing activism in promoting a multilateral security arrangement since the early 1990s, according to Kuniko Ashizawa, stems from Japan’s adoption of the “multi-tiered approach.” This multi-tiered approach presents a new policy perspective that packages different types of coordination among region states, including bilateral, multilateral, and mini-lateral or sub regional, in a layered, hierarchical manner. This may serve as a good starting point for Japan to move beyond single-minded, U.S.-oriented security policy and to include players such as China and North Korea with whom it now has few security arrangements.

2) Russia

As a major power across two continents, Russia’s stake in Asia is only secondary compared to that in Europe. However, it has been active in terms of participating in regional integration. On the economic front, other than playing a role in the APEC framework, Russia has heavily relied upon bilateral ties in the region. The best example in this regard is its oil diplomacy; that is, Russia has conducted separate negotiations with China and Japan to determine its future strategy of building up pipelines for its oil and natural gas to ship to those two countries.

Russia is also a major player in East Asian international relations despite the collapse of the Soviet empire in 1990. Beijing has worked very hard to bring Moscow to its side. At the same time, Russia is eager to secure China’s support, as it has its own grudges -- namely, the eastern expansion of NATO, the bombing of Kosovo, and the

situation in Chechnya. With these two powers moving toward closer ties in political, economic and strategic dimensions, the most alarming development is Russia’s willingness to help China modernize its military forces. In October 1999, for example, the two countries’ defense ministries signed an agreement to conduct joint training and share information on the formation of military doctrine. Thus, as many as 2,000 Russian technicians were employed by Chinese military research institutes to work on advanced defense systems, such as laser technology, cruise missiles, nuclear submarines and space-based weaponry. In early 2000, China purchased two Russian-built destroyers worth $800 million each. The first destroyer already has been deployed and sailed through the Taiwan Strait in February 2000, en route to a Chinese naval base. On the security front, Russia has in recent years developed close ties with China, providing it with advanced technology and weaponry systems. At the same time, Russia has been active in participating in multilateral arrangements, such as in the North Korea six party talks and the Shanghai Security Cooperation, dealing with security issues in the Central Asia area. These developments have certainly raised concerns in Washington and elsewhere.

3) The Two Koreas

The Koreas represent two other crucial players in the region. The Korean peninsula can be considered a good example of overlapping interests among all major powers - China, Japan, Russia, and the United States. South Korea has been active in seeking a multilateral security framework in dealing with the North Korean nuclear developments. Beginning in the early 1990’s, Seoul pushed for four-party talks on the Korean peninsula including North and South Korea, the U.S., and China. An expanded six party dialogue, as mentioned earlier, was developed in 2003. South Korea has been a major advocate in creating and strengthening an East Asian community in terms of economic integration. In the late 1990’s, President Kim Dae Jung proposed an East Asian Visionary Group, which was established in 1999, to study future ways for the East Asian community to integrate as a region, thereby following the lead of other

36 In 1995, South Korea suggested a four-power peace conference that included the United States, China, and the two Koreas for the purpose of working out a new peace agreement to replace the armistice and thereby bring a formal end to the decades-long Korean War. Initially, Pyongyang did not want Chinese participation (Selig Harrison, “Promoting a Soft Landing in Korea,” Foreign Policy, No. 106 (Spring 1997)). After prolonged negotiations with the United States and South Korea in New York in July 1997, North Korea finally agreed to hold the four-power conference. The first preparatory talk was held in New York on August 5, 1997 (“Pyongyang Accepts Framework for Peace Talks,” Strait Times, July 2, 1997, p. 21). After several on-again, off-again negotiations among the four parties, the talks broke down once again on September 19, 1997, without even an agreed-upon agenda for further conferences to be held in Geneva (Steven Myers, “N. Korea’s Talks with U.S. Fail Over Demand for G.I. Pullout,” New York Times, September, 20 1997). A major previous obstacle was that the North Koreans insisted that conference participants agree in advance to discuss the removal of the 37,000 American troops stationed in South Korea (Robert Reid, “Korean Peace Talks Break Down,” Associated Press, September 20, 1997).
regional agreements such as the EU and NAFTA.\textsuperscript{37} Given the complex nature of political relations in the region, one suggestion for the group is to tackle economic and cultural issues first. Another idea is to focus on security confidence-building matters. Others have suggested that the group should discuss a code of conduct to avoid regional conflict and confrontation.\textsuperscript{38} One of the examples of the community building effort is an international symposium entitled “Cultural Conference Among Korea, China, and Japan,” held in Seoul also in November 2000.\textsuperscript{39}

South Korea has greatly increased its economic interdependence with China in the past few years. With its prominent role in regional integration and, given a rivalry relationship between Tokyo and Beijing, one may speculate that Seoul may play an even greater role in providing a site for further institutional building. The major obstacle in this, however, is the unsolved problem of Pyongyang, specifically, North Korea’s alleged development of nuclear weapons, as well as the South Korea’s voluntary revelation of its research on nuclear weapons, all make the situation more complicated.\textsuperscript{40}

The rapidly developing political and cultural relationship with China has had a profound impact on South Korea’s diplomatic and security perceptions. Some previously inconceivable questions, such as South Korea’s dilemma between “eagle” and “dragon” (U.S. and China), have been asked in the last few years.\textsuperscript{41} As a long-time ally of the U.S., Seoul only normalized its relations with Beijing about a decade ago. But it already indicates a certain degree of neutrality toward Beijing and Washington in case of a military confrontation between the two powers. This tendency of neutrality was further exacerbated with the development of anti-Americanism in South Korea under the new president Roh Myu Hun. This actually may provide more leverage for Seoul to develop a more inclusive multilateral security regime with not only Washington and Tokyo, but also Beijing.

As one of the most isolated societies in the world, there is not much economic interaction with the outside for North Korea. Its economic partners are still highly concentrated to China and its southern brother. For security dimensions, Pyongyang has rightly perceived its major target as the Unites States. Therefore a consistent position for Pyongyang is to have a bilateral dialogue with Washington and try to set up a security

\textsuperscript{37} The East Asian Vision Group was established at the suggestion of President Kim Dae Jung of South Korea in May of 1999. The first meeting was convened in November 1999 in Seoul, with former Minister of Foreign Affairs Han Sung Joo presiding. The meeting was in the so-called “10+3” format, namely the ten ASEAN members plus Japan, China and South Korea. Each country has two representatives, one being a foreign affairs minister at the ambassador level and the other a leading scholar of Asia-Pacific international relations, making a total of 26 participants. In the future, the Vision Group may potentially be expanded to a “13+2” format in which North Korea and Mongolia will join as participants.

\textsuperscript{38} Interview with Zhang Yunling, Director of Institute of Asia-Pacific Studies, Chinese Academy of Social Sciences, January 2, 2001, in Beijing, China. Zhang Yunling was one of the PRC’s representatives for the East Asian Vision Group.

\textsuperscript{39} Renmin Ribao [People’s Daily], November 24, 2000, p. 6.


arrangement for North Korea. This position was rejected by the Bush Administration and Washington increasingly realized the necessity to have a multilateral approach in dealing with Pyongyang. In 2003, a multilateral arrangement for the North Korea nuclear crisis issue materialized in the form of the six party talks between China, the U.S., Japan, Russia, and the two Koreas. The acceptance of this multilateral approach, however reluctant, may prove necessary for Pyongyang as well. Ultimately, North Korea should deal with all of the related powers, not only one. Nevertheless, Pyongyang’s eyes will still be focused on Washington, since Washington is the only superpower and perhaps the only perceived security threat to North Korea.

4) ASEAN

ASEAN as a whole is perhaps one of the most active players in pushing for regional economic integration. From the earlier idea of the East Asia Economic Caucus (EAEC), advocated by Malaysian Prime Minister Mahathir bin Mohamad, to the most recent development of the ASEAN-plus-three framework, the basic idea is to develop economic institutional mechanisms that are truly indigenous. It will only include players in the region, unlike APEC, which also includes such players as the U.S., Canada, Mexico, and Russia. Obviously, economic multilateralism and regional economic integration is much in line with ASEAN’s interests. But with regard to FTA arrangements with countries outside ASEAN, such as China, Japan, and Korea, there are different views within the ASEAN countries.\(^4^2\)

One of the most noticeable developments is the changing relationship between ASEAN and China. In October 2003, ASEAN and China signed a Treaty of Amity and Cooperation at the annual ASEAN-plus-three meeting. In addition to this treaty, China also signed a strategic partnership declaration with ASEAN. This marked the first time that China has signed such a declaration with a block of countries like ASEAN, not just with one single country.\(^4^3\) Also in that meeting, Chinese Prime Minister Wen Jiabao made six specific suggestions for the future of East Asia community cooperation: first, an enhancement of political dialogue and mutual trust; second, the furthering and deepening of economic and financial cooperation, as well as a study of the feasibility of free-trade areas in the East Asia Region; third, the strengthening of security dialogue and the development of non-traditional security co-operations; fourth, a promotion of social, cultural, and technological cooperation, emphasizing educational and youth exchange programs; fifth, enhancing the development of comprehensive cooperation in all fields, such as in the development of the Mekong River; and sixth, increasing coordination among all parties to create a stable environment and finally promote integration.\(^4^4\)

In the security dimension, as was discussed earlier, the ASEAN countries also

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\(^{4^4}\) *Renmin Ribao [People’s Daily]*, October 8, 2003, p. 1
prefer a multilateral approach because it can strengthen each individual country’s power. The best example is ASEAN’s approach to have collective dialogue over the disputed South China Sea islands. But in practical terms, there are different practices for different countries with regard to multilateralism, particularly when dealing with big powers such as the United States and China. The security arrangement of the Philippines, Thailand and Singapore, vis-à-vis the United States, for example, are all bilateral in nature.

5) Taiwan

Domestic political turmoil on the island and international uncertainty are two major factors influencing Taiwan’s external policies in recent years. Internally, there are two highly visible divided political camps: a Democratic Progressive Party (DPP)-led green camp, which is inclined toward Taiwan independence and a Nationalist party (KMT)-led blue camp, which adheres mostly to a traditional line demanding democratization of the mainland, thus ultimately achieving unification. Therefore, Taiwan’s foreign policy approaches are much more divided than in other East Asian societies.

On one hand, Taiwan prefers to actively participate in the international community, such as in its relationship with international organizations like APEC and the Asian Development Bank (ADB). Taiwan’s economic integration with the mainland has only strengthened since entering the 21st century. Despite some skepticism from the newly inaugurated DPP regime, bilateral trade and investment from Taiwan on the mainland has continued to flourish, yet political relationships have remained unaffected. Taiwan has also worked hard to establish FTAs with ASEAN countries, but its weak international status, namely a lack of membership in international political organizations which require statehood, has prevented Taiwan from more actively participating in the international community.

At the same time, Taiwan’s security has been heavily reliant upon the United States. Not only does Taiwan’s defense modernization depend on the purchase of advanced weaponry from the U.S., but, in the case of a military showdown with the mainland, its survival is virtually placed all in the hands of the U.S. Therefore, bilateral security ties with the U.S. are essential for Taiwan. At the same time, Taipei has been trying hard to place its security stake in a multilateral context. That is, it is trying to participate in a theater missile defense (TMD) system with not only the U.S., but also Japan. This kind of effort has not been successful, mainly due to Tokyo’s cautious attitude toward developing close military ties with Taipei.

The pro-independence DPP regime has from time to time made provocative moves along the road to independence. There can be no doubt that Chen Shui-bian’s “one country each side” talk in 2002 has clearly indicated his guidelines for policies dealing with cross-Strait relations. Chen’s actions during the 2004 presidential

campaign, such as calling for a referendum demanding that China withdraw its missiles and proposing the creation of a new constitution document by 2006 and its enactment by 2008, have all further enhanced the belief of hardliners in Beijing that the ultimate settlement of the issue of Taiwan may have to be by military means. This would in return continue to make the Taiwan Strait a flash point in the Asian-Pacific. The calculation of the Chen Shui-bian government is that the best assurance for the future of Taiwan, even when it declares independence, is protection from the United States. But Washington is well aware of the danger of putting itself in line with a potential military conflict with Beijing. In the later part of 2003 and early 2004, with the next presidential election in Taiwan quickly approaching, Chen Shui-bian has continued to make even bolder statements. At the same time, important members of the Bush Administration, such as Deputy Secretary of State Armitage, State Department spokesman Richard Boucher, and the U.S. envoy to Taiwan Douglas Paal, have all made public statements to caution Chen, warning that he should not go so far as to provoke a sharp reaction from Beijing, including military action.

IV. Future Directions

This article has examined recent trends in East Asia in terms of community building and the development of a new security framework. Major players are likely to continue to move in this direction, particularly with regard to economic integration, led by the recent move toward FTA arrangements in the context of both ASEAN-plus-three and China-Japan-Korea frameworks. The economic integration may further reduce mistrust in the region and lay a solid foundation for security cooperation. The East Asia community building process has made some major progress in the past decade. Regional economic integration has further developed and a number of economic oriented organizations have been more active and visible, including APEC, ASEAN, ASEAN-plus-three, and a variety of proposed packages of free trade areas among major players in the region.

The relative size of the economic integration and regional organizations has laid a foundation for the development of new security regimes in the region. Virtually all major players have seen the necessity to use multilateralism for security arrangements. This belief has been enhanced by the new anti-terrorist coalition building process. Therefore, we have seen a switch in attitude of Beijing and a more multilateral-oriented regional approach of the U.S. One should nevertheless recognize the weakness of a few of the existing multilateral frameworks in the security dimension, such as the ASEAN Regional Forum (ARF). One should also be careful about the U.S.’ changing attitude toward multilateralism and should distinguish between mere participation in a multilateral exercise, such as the Six Party Talks on North Korea, and the actual presence of a motive for doing so.

The Asian-Pacific security environment will continue to be affected by this shift in power distribution for the time to come, despite the events of September 11, 2001. At the same time, the necessity for an anti-terrorist coalition will also provide a fresh framework to inspect the overall dynamics of major power relationships. The spirit of this new framework may be reflected in the joint anti-terrorism statement signed by Asian-Pacific leaders in the Shanghai APEC meeting in October 2001. Along this line, the issues of management of strategic weaponry, such as nuclear proliferation and missile defense systems, appear even more crucial to regional security and stability.\footnote{Quansheng Zhao, “Asian-Pacific International Relations in the 21st Century,” in Future Trends in East Asian International Relations, ed. Quansheng Zhao. London: Frank Cass, 2002, pp. 237-245.}

For the United States, this new emphasis on multilateralism is not at the expense of existing bilateral agreements. The U.S.-Japan Security Treaty, the U.S.-South Korea Security Alliance and a number of other bilateral arrangements continue to play crucial roles in the security dimension. We will therefore continue to witness a co-existence of bilateral and multilateral regimes in the region, but tilted toward multilateralism as a new trend. George W. Bush’s whirlwind tour across Asia in October 2003 when attending the APEC summit meeting has further demonstrated this tendency.\footnote{“Bush Sounds Themes of Trade and Security,” Far Eastern Economic Review, October 30, 2003, p.14.}

China, as a rising power, is quite different from the United States, which may be considered as a power of status quo, enjoying many well-developed bilateral security arrangements. With the new approach on its security environment, Beijing is increasingly inclined to develop multilateral security frameworks. From the Chinese perspective, therefore, the newly emerged six party talks on the North Korea nuclear crisis may develop into mechanisms in dealing with Northeast Asia security issues. The ASEAN regional forum may deal with Southeast Asia security issues and the Shanghai Security Cooperation may deal with Central Asia security issues. On that front, Beijing has also worked with South Asian counties to improve relations. Indeed, China and India held their first joint naval exercises in November 2003, involving two Indian warships and a Chinese tanker and frigate off Shanghai. A month earlier, similar naval exercises involving China and Pakistan were held.\footnote{“China Briefing,” Far Eastern Economic Review, November 22, 2003, p. 29.} China has also looked beyond the region, cultivating its relations with Europe. Indeed, bilateral trade with the European Union is on the rise, reaching levels matching China’s other two major trading partners, Japan and the United States.\footnote{David Murphy, “It’s More Than Love,” Far Eastern Economic Review, February 12, 2004, pp.26-29.} Furthermore, the close tie between the EU and China is also reflected in political and security dimensions, as demonstrated by the clear warning issued by French president Jacques Chirac when he received the visiting Chinese president Hu Jintao in January 2004. Chirac called Taiwan’s referendum “a grave error.”\footnote{“France Embraces China, Warns Taiwan,” Far Eastern Economic Review, February 5, 2004, p.22.}

When one looks at the future directions of this security framework, three possible directions may be in order.

First, the newly emerged security framework, such as the six-party negotiations over North Korea, the Shanghai Cooperation Organization, as well as the U.S.-Japan-South Korea security alliance, may continue to develop. Second, one may anticipate a potential cross-participation in existing security regimes. For example, the U.S.-Japan-
South Korea security consultation may wish, from time to time, to invite China to participate in some of its discussion activities. Thirdly, some sensitive issues may be opened up to a certain degree for international consultations and cooperation. This may include dialogue regarding disputed territories, as China and ASEAN countries have already been engaged in over the South China Sea islands.

With the rapid development of regional cooperation and community building, an even more clearly defined multilateral security framework may be developed. In the October 2003 ASEAN-plus-three meeting, a number of new institutions and consultation mechanisms were proposed, including permanent consultation bodies for the three Northeast Asia countries, China, Japan, and South Korea. The key lesson that East Asian countries may learn from European experiences is that economic integration may gradually lead to a deeper political and strategic cooperation. In order to achieve this, East Asian countries must work hard to remove mistrust resulting from historical legacy (China and Japan in particular)\(^{53}\) and current security concerns such as the issues of Taiwan and North Korea nuclear crisis. There are still two possibilities for future development. One the one hand, one may expect that China and the United States will continue to provide leadership, albeit in various degrees, in developing a multilateralism-oriented security framework in the region, with other key players such as Japan, Russia, the two Koreas and ASEAN also actively participating. On the other hand, major obstacles as discussed earlier and the uncertain attitude of the United States towards multilateralism may prevent a true multilateral security framework from forming in the Asia Pacific. In this scenario, there will perhaps be a long way to go for East Asia to reach the level of the European Union, in which there exists a well-established security organization, namely NATO. These possibilities will actually prompt decision makers and scholars to deliberate new security frameworks that will fit the Asia-Pacific reality.

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Changing Regional Economic and Security Framework in East Asia


