



ASEAN Plus Three leads the way by Brad Glosserman

Asia is emerging. For generations, the region has been identifiable as a geographical entity – it was a place on a map – but it lacked a coherent identity beyond that. That is changing. Asia is laying the foundation for an international presence that will rival that of the European Union. Last week's ASEAN summit and the ASEAN Plus Three (APT) meeting that followed reveal the core of the new Asia. Understanding the APT process is critical to understanding Asia's rise and role in the future.

ASEAN Plus Three cooperation began in December 1997, when leaders of the ASEAN 10 joined an informal summit with their counterparts from Japan, China, and the Republic of Korea. The process was institutionalized two years later. Today, the ASEAN Plus Three process includes 48 mechanisms that coordinate 16 areas of cooperation, ranging from agriculture to information technologies. Parts of this effort, such as economic and financial cooperation, have earned headlines; much of it has not, however. Yet this often overlooked functional work is building habits of cooperation and creating a thickening weave of relationships that provides a political safety net for Asia.

The eye-opening dimension of the APT process is trade. Economist Ed Lincoln notes that in the two decades from 1981 to 2001, the share of intra-regional exports rose from 32 percent to 40 percent, while intra-regional imports rose from 32 percent to 50 percent. As a result, total trade between the 13 APT countries reached \$195.6 billion last year, 14.49 percent growth over the \$170.8 billion in trade registered in 2002.

China is driving regional integration. ASEAN nations are eager to seize opportunities created by the PRC's explosive economic growth; they also fear that a failure to forge a closer formal relationship will mean that they will be left behind. Beijing is well aware of its growing leverage, and has used economic agreements to overcome Southeast Asian concerns about the impact of China's rise. Aggressive yet savvy diplomacy has been the hallmark of Beijing's foreign relations with its neighbors to the south.

Last week's ASEAN-China summit continued the integration process. They signed an action plan to implement the strategic partnership China and ASEAN agreed at last year's summit. The new action plan calls for increased political and security dialogues, regular consultations, trust and confidence building in defense and military fields, and step by step measures to implement the Declaration on the Code of Conduct in the South China Sea. Economic measures include cooperation in investment, finance, agriculture, IT, energy, and a host of other fields.

Most important, they also agreed to speed implementation of the ASEAN-China Framework Agreement on Comprehensive Economic Cooperation. This deal will create an ASEAN-China Free Trade Area with the six original ASEAN members by 2010, and the remaining four by 2015. The parties will start reducing tariffs July 1, 2005. The benefits are already evident. ASEAN Secretary General Ong Keng Yong said trade volume between China and ASEAN reached \$84.6 billion in the first 10 months of 2004, a 35 percent increase from last year, and he expects bilateral trade volume to reach \$100 billion next year.

ASEAN has to do more than just ride the tiger. The failure to rise to China's political challenge – to forge a collective capacity to truly act as one rather than "the ASEAN 10" – will result in the group's marginalization. ASEAN recognizes the threat. The chairman's declaration at the ASEAN summit that preceded the APT meeting noted ASEAN's intent to drive the ASEAN Plus Three process. ASEAN wants to be in charge. This concern about maintaining the initiative was behind last year's Bali Concord II, which reaffirmed the group's commitment to a three-part ASEAN community, consisting of political, security, and social-economic pillars. Bali II was supposed to show ASEAN's readiness to lead in every important field, especially security.

Those prospects are hampered by ASEAN's limits. The question of who provides leadership within ASEAN is a real source of contention. Similarly, ASEAN's failure last week to confront directly its main internal troubles – Burma's halting progress toward democracy and the violence in Southern Thailand – undermines its credibility. Lowest common denominator diplomacy undermines ASEAN's ability to assert leadership. It allows other nations, in particular China, to play divide and conquer among the 10.

ASEAN's growing intimacy with China is driving Japan and the Republic of Korea to strike their own free trade agreements with the group. It would seem that Japan is the natural counterweight to China, but Tokyo is generally perceived as reactive and incapable of outflanking Beijing. Its economic dynamism is no match for that of China. And the free trade deal Japan is working out with ASEAN remains painfully short of details; powerful domestic interests are once again hobbling the country's international diplomacy.

Cumulatively, Japan, the ROK and ASEAN might be able to balance China. ASEAN has been reaching out to India, Australia, and New Zealand as well to provide strategic counterweight and ensure that it has options. Last week's meeting marked the first appearance by the Australian and New Zealand prime ministers, although Australian PM John Howard dampened the exuberance surrounding that historic invitation by dismissing the possibility that Australia might sign ASEAN's Treaty of Amity and Cooperation.

While ASEAN worries about the regional balance of power, the rest of the world has to take note of the APT process and see it for what it is: the core of an emerging political identity that could recalibrate the global balance of power. The U.S. has been attentive to this phenomenon, but not necessarily in the best way: The Asian press noted comments by U.S. policymakers that showed concern about the ASEAN Plus Three and the fact that the U.S. is not involved.

Washington must be careful. We have very limited ways to influence the ASEAN Plus Three process. And since APT is the instrument of Asia's rise, appearing hostile to it could be confused with hostility to Asia taking a bigger international role. That could alienate friends within Asia. The U.S. should engage ASEAN and the APT both as individual nations and as a larger group. The U.S. should support regional efforts to become more cohesive and a bigger player on the global stage. We should applaud constructive contributions to regional order, the creation of regional markets, and encourage consistency with global norms and institutions.

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Aloha! The Pacific Forum CSIS and Taiwan's Institute of International Relations will be hosting a forum on "Taiwan after the December Legislative Elections" Dec.16, from 9-3 pm in Washington DC, at CSIS [1800 K. St. NW, B1 conference room]. Specialists from Taiwan will speak on such topics as the elections' impact on domestic politics, foreign policy, cross-strait relations, and President Chen Shui-bian's current and future policies. Lunch will also be served. Please RSVP to the Pacific Forum at pacforum@hawaii.rr.com if you can attend (or hit reply to this email). We look forward to seeing you on Dec. 16.