

# **The Politics of Northeast Asian Regional Integration: Opportunity, Constraints, and Prospects<sup>λ</sup> (Summary)**

Chung-in Moon, Yonsei University

## **1. Northeast Asian Regional Integration: Opportunities and Constraints**

### **Opportunities**

-Northeast Asia is already a significant global economic power, not far behind Europe and North America. Three major nations of the region, namely South Korea, China, and Japan, accounted for 16.9% of the world's GDP, 23.6% of the world's population, 15.7% of the world's exports and 13.4% of the world's imports, and 38.1% of the world's foreign exchange reserves, as of 2005.<sup>1</sup> Moreover, the region has tremendous economic potential. China, with a vast potential market of 1.3 billion people, is rapidly becoming one of the world's largest manufacturers, while Japan maintains a competitive edge with its cutting-edge technology and capital holdings. South Korea has risen to the global stage through its vitality, dynamic human resources and innovative capabilities, and Russia's abundance of natural resources provides an invaluable asset. Vast resources and capabilities all point to a promising economic future for the region.

- The dynamism and interdependence of Northeast Asia is astounding. This region includes nations whose economies continue to exhibit some of the world's highest growth rates and whose potential for expansion is considered among the greatest. With the inclusion of Southeast Asia, the volume of trade among East Asian countries has already surpassed that of NAFTA and is now closing in on the EU, indicating that a functional integration has already been achieved. However, this integration has yet to be molded into an institutional framework despite promising signs, including discussions over bilateral and sub-regional FTAs, of moving toward institutionalized economic integration.

---

<sup>λ</sup> Prepared for presentation at the 2009 Summer Institute of the Global Institute for Asian Regional Integration (GIARI), Waseda University, August 3-7, 2009.

<sup>1</sup>Sources: World Bank, World Development Indicators (WDI), <http://go.worldbank.org/4C55Z0H7Z0>; IMF, International Financial Statistics Yearbook, 2006

-Various constraints notwithstanding, the security situation in the region has also improved. The dismantling of the Cold War structure, the end of bipolar military confrontation and improved diplomatic relations among countries in the region have been responsible for shaping a regional milieu more conducive to cooperation: an opportunity which should not be left under-utilized.

-Finally, the expansion of social and cultural exchanges and strengthened regional solidarity constitute promising opportunities for bolstering cooperation in forming a regional community. For example, the growing popularity of Korean pop culture (*Hanryu*) as well as those of China and Japan as seen in movies, music and fashion has established vital cultural underpinnings of regional exchange.

### **Challenges and Constraints**

-However, amid those opportunities, Northeast Asia also faces its fair share of challenges.

-Unlike Europe, the end of the Cold War has not brought about tangible peace dividends in Northeast Asia. The region as a whole confronts a number of serious security challenges. The most pressing security concern is the North Korean nuclear crisis, but crisis escalation over the Taiwan Strait could also endanger overall peace and security in Northeast Asia. Unresolved territorial disputes could become another inhibitor in the region. More troubling is future strategic uncertainty. Major realignments in U.S. strategic posture following the September 11 tragedy, the ascension of China as a global power, and Japan's move to resuscitate its military power further complicate the strategic uncertainty of the security landscape in Northeast Asia. Not a single country in the region can escape from the latent security dilemma.<sup>2</sup>

-Additionally, beneath the growing intra-regional economic interdependence lies a new pattern of intensified competition. China, Japan and South Korea compete head to head in terms of export items and destinations, causing a major coordination dilemma. Despite increasing concerns over fierce competition, duplicate investments and surplus capacity, countries in the region lack both the institutional mechanisms to address such problems and a leading nation to furnish public goods for regional economic cooperation and integration. Since the 1980s, most Asian countries, regardless of developmental level, have been moving into more value-added, capital- and technology-intensive industries. Japan, the Newly Industrializing Economies (NIEs),

---

<sup>2</sup> See International Crisis Group. *North East Asia's Undercurrents of Conflict*: Asia Report No 108 (15 December, 2005); John Ikenberry and Chung-in Moon (eds.), *America and Northeast Asia: Power, Order, and Transformation* (Lanham: Rowman & Littlefield, 2008).

and ASEAN countries have all promoted cutting-edge industries such as semiconductors and computers. As a result, in contrast to the flying geese model, a horizontal, “swarming sparrow” pattern of development has become prevalent, further deepening economic competition and the friction between Japan and its regional economic rivals based on shifts in comparative advantage.<sup>3</sup>

-There also remain socio-cultural challenges. The cultivation of a common regional identity continues to be hampered by lingering parochial nationalism and deepening mutual distrust. Memories of the past history characterized by domination and subjugation still haunt people of the region. As ongoing disputes over historical distortion among Korea, China and Japan demonstrate, the greatest problem the region must be wary of is excessive nationalistic sentiment. Nationalism, collective memory of the historical past and subsequent cognitive dissonance pose another critical obstacle to region-building in Northeast Asia.<sup>4</sup> China and South Korea are still haunted by the historical memory of Japanese colonial domination and subjugation. Cognitive barriers emanating from the past history of bitter enmity have forged a national ambiance critical of intra-regional cooperation and its institutionalization.

## **2. Why Northeast Asian Regional Integration?: Goals and Visions**

### **Goals**

-A regional economic integration is needed because it can maximize common prosperity in the region by reducing transaction costs and uncertainty, while enhancing welfare gains of participating nations, through an evolutionary process of FTAs, customs union, common market, economic union and monetary union

-A regional economic integration is desirable because it can produce concurrent or sequential spill-over effects on intra-regional security cooperation through confidence-building measures, arms control, and arms reduction.

-Overall regional economic and security integrative process can in turn foster social and cultural exchanges and cooperation, resulting in the formation of regional

---

<sup>3</sup> Gordon Bernard and John Ravenhill, “Beyond product Cycles and Flying Geese: Regionalization, Hierarchy, and Industrialization of East Asia.” *World Politics* 47 (1995): 171-209. On the concept of ‘swarming sparrow’, see Chung-in Moon, “Conclusion: Dissenting Views,” in Stephan Haggard and Chung-in Moon (eds.), *The Pacific Dynamics* (Boulder: Westview Press, 1989), cite page.

<sup>4</sup> See articles in Special Issue on Nationalism in Northeast Asia, *Global Asia*, Vol. 2, No. 1 (Spring 2007), pp.8-49. For an overview of clash of nationalism in Northeast Asia, refer to Chung-in Moon and Seung-won Suh, “Burdens of the past: Overcoming History, the Politics of Identity, and Nationalism in Asia,” *Global Asia*, Vol. 2, No. 2 (Spring 2007), pp.33-49. Also see Yoichi Funabashi (ed.), *Reconciliation in the Asia-Pacific*. (Washington. D.C.: U.S. Institute of Peace, 2003).

identity that transcends parochial local and national identities.

-Fostering the governance of cooperation and integration and building a regional community of mutual trust, reciprocity and symbiosis is more than justified in view of developments in other regions of the world. Regional integration has become a world-wide phenomenon as a way to cope with the challenges of globalization or as a way to more efficiently accomplish the globalization process. Whereas Europe, North America and even ASEAN are accelerating the institutionalization of integrative processes, Northeast Asia remains far behind. Thus, the process of community-building in economic and security domains seems essential.

-As both theory and experience demonstrate, nations can enjoy peace and common prosperity by constructing a community of their own. While a regional community benefits the nations in that particular region, a global community benefits nations all over the world. Globalization can be seen as a process of forming a global community to which all the regional communities in the world belong. Northeast Asian nations need to join this process by first building a regional community.

## **Visions**

A Northeast Asian regional integration should be based on four visions:

-The first is the vision of "**Open Northeast Asia.**" The Northeast Asian community of peace and co-prosperity should not exclude any player from the process of community-building, and should be seen as a stepping stone toward building an East Asian, Pacific and global community.

-The second is the vision of "**Network Northeast Asia,**" a community that is interconnected through multiple layers of networks. The Northeast Asian community of peace and co-prosperity highlights the importance of overcoming physical and non-physical barriers by emphasizing the necessity of building dense networks of people, goods and services, capital, infrastructure, and ideas and information.

-The third is the vision of "**Participatory Northeast Asia.**" The formation of a regional community is not conceivable without corresponding popular support and consent at home. At the same time, a viable and lasting community cannot be constructed with government-to-government cooperation alone. Along with governments, citizens as well as non-governmental organizations should actively participate in the process of community-building by promoting exchanges and cooperation as well as creating solidarity among civil societies through common goals.

-The final one is the vision of "**Integrated Northeast Asia**," in which mutual distrust, fragmentation, and antagonism disappear, and a feeling of co-variance and a mutually shared common identity lead to the emergence of a new region united as one community.

### **3. Barriers to Regional Integration**

As discussed above, geographic proximity, economic interdependence, and shared cultural heritage favor regional integration in Northeast Asia. But there are several barriers hindering the process of Northeast Asian regional integration.

#### **Cognitive Barriers**

Cognitive divergence in the geographic scope of integration seems problematic. While South Korea perceives Northeast Asia of being the primary geographic target for integration, Japan regards East Asia as the primary unit of regional integration. Meanwhile, China tends to project its position in the Asian and global context. For the United States, Canada, and Australia, Pacific integration could be more attractive. Likewise, such a different cognitive orientation has become a barrier to regional integration in Asia.

#### **Salience of Gain and Domestic Political Barriers**

Regional integration, as with globalization, is bound to entail winners and losers. If political power of losers is greater than that of winners, the regional integration in Northeast Asia is unlikely to be materialized. Likewise, domestic political opposition will be the greatest barrier to effective functioning of regional integration.

#### **Specter of Nationalism as a Barrier to Integration**

Memories of the past history characterized by domination and subjugation still haunt people of the region. As ongoing disputes over historical distortion among Korea, China and Japan demonstrate, excessive nationalistic sentiment has become an impediment to regional integration in Northeast Asia. Nationalism, collective memory of the historical past and subsequent cognitive dissonance pose another critical obstacle

to region-building in Northeast Asia.

### **Paucity of Shared Political Leadership**

The European Union could have never become realized without such visionaries as Jean Monnet, Robert Schuman, Paul Henri Spaak and Alcide de Gasperi who played a crucial role in forming the European Coal and Steel Community. Kim Dae-jung, Mahathir, and Nakasone played such a role in enhancing the agenda of East Asian community. But no sustained efforts can be seen in this regard. Moreover, in light of hegemonic stability theory, such leadership should come from hegemonic nations in the region. Neither Japan nor China are willing to assume the costs of providing collective goods for community building.

### **[References]**

- Louise Fawcett and Andrew Hurrell (eds.), *Regionalism in World Politics* (Oxford: Oxford Univ. Press, 1998).
- Ellen L. Frost, *Asia's New Regionalism* (Boulder: Lynne Rienner, 2008)
- Vinod K. Aggarwal and Min Gyo Koo (eds.), *Asia's New Institutional Architecture* (Berlin: Springer, 2008).
- Ming Wan, *The Political Economy of East Asia* (Washington, D.C.: Congressional Quarterly, 2008).
- Peter J. Katzenstein, *A World of Regions* (Ithaca: Cornell University Press, 2005).
- G. John Ikenberry and Chung-in Moon (eds.), *The United States and Northeast Asia: Power, Order, and Transformation* (Lanham, MD: Rowman & Littlefield, 2008).
- Edward J. Lincoln, *East Asian Economic Regionalism* (Washington, D.C.: The Brookings Institution, 2004).
- T.J. Pempel (ed.), *Remapping East Asia* (Ithaca: Cornell University Press, 2004).
- Amitav Acharya, *Constructing a Security Community in Southeast Asia* (London: Routledge, 2001).
- Gilbert Rozman, *Northeast Asia's Stunted Regionalism* (Cambridge: Cambridge University Press, 2004)
- Muthiah Alagappa (ed.), *Asian Security Order: Instrumental and Normative Features* (Stanford: Stanford University Press, 2003).
- Peter J. Katzenstein. and Takashi Shiraiishi (eds.), *Network Power: Japan and*

*Asia* (Ithaca: Cornell University Press, 1997).

- Ross Garnaut and Peter Drysdale (eds.), *Asia Pacific Regionalism* (Pymble, NSW: Harper Educational Publisher, 1994)

- Youngmin Kwon, *Regional Community-Building in East Asia* (Seoul: Yonsei Univ. Press, 2002).

### [By Topics]

**-East Asian regional governance: analytical and empirical overview/ East Asian regional institutions- characteristics, sources, and distinctiveness/ forces of regional cooperation and integration, visions and reality of East Asian regionalism/ East Asian Vision Group and emerging tensions between subgroups**

**Reading materials:** \* Ming Wan, pp. 357-380/ \* Aggarwal and Koo, pp. 1-34/ \*Ellen Frost, pp. 79-150/ \* Rozman, pp.1-20/ \*Katzenstein, "Varieties of Asian Regionalisms," in *Asian Regionalism*, ed. Peter J. Katzenstein et al. (Ithaca, N.Y.: East Asia Program, Cornell University, 2000), pp. 1 - 34/ \*T.J. Pempel, "Introduction: Emerging Webs of Regional Connectedness," pp. 1-30/ Etel Solingen, "East Asian Regional Institutions," pp. 31-54/ \*McNicoll, Geoffrey, "Demographic Futures of East Asian Regional Integration," pp. 54-76, all in T.J. Pempel (ed.), *Remapping East Asia* (Ithaca: Cornell University Press, 2004)/ Samuel S. Kim, "Regionalization and Regionalism in East Asia," *Journal of East Asian Studies* 4:1 pp. 39-67/ \*Vinod Aggarwal and Min Gyo Koo, "Economic and security regionalism- Shifting ground: Is it finally time?," *Global Asia*, 1:1 (September 2006), pp.29-41/ Paul Evans, "Between Regionalism and Regionalization," in T.J. Pempel, pp. 195-215/ Kent Calder and Min Ye, "Regionalism and Critical Junctures: Explaining the 'Organization Gap in Northeast Asia,'" *Journal of East Asian Studies* 4:2 pp. 191-226/ The East Asia Summit, Cebu, 2007: issues and prospects at [http://www.aph.gov.au/library/intguide/FAD/eastasia\\_summit2007.htm](http://www.aph.gov.au/library/intguide/FAD/eastasia_summit2007.htm)

**-Regional security governance/ Emerging security challenges in East Asia- China's rise, Japan as a normal state, intensifying arms race in East Asia/ competing paradigms of bilateralism and multilateralism/ new security architecture/ alliance vs. new multilateral security cooperation regime/ security cooperation in Southeast Asia**

**Reading materials:** Ikenberry and Moon, *The United States and Northeast Asia* (skim for an overview)/ \*Min Ye, Ralf Emmers in Aggarwal and Koo, pp. 121-150, 181-214/ \*Kang, David, "Hierarchy and Stability in Asian International Relation" in Ikenberry and Mastanduno (eds.), *International Relations Theory and the Asia Pacific* (New York: Columbia University Press, 2003): 163-190/ \*David Kang, "Getting Asia Wrong: The

Need for New Analytical Frameworks,” *International Security* 27: 4 (Spring 2003), pp. 57-85/ \*Suh, Katzenstein, and Carlson, *Security in East Asia*, (Stanford University Press, 2004) chapter 6/ \* Jong-yoon Bae and Chung-in Moon, “Unraveling the Northeast Asian Regional Security Complex: Old Patterns and New Insights,” *Korean Journal of Defense Analysis* 17:2 (2005) pp. 7-34/ Barry Buzan, “Security Architecture in Asia: The Interplay of Regional and Global Levels,” *The Pacific Review*, Vol. 16, No. 2, (June 2003)/ Muthiah Alagappa, “Managing Asian Security: Competition, Cooperation, and Evolutionary Change,” in Muthiah Alagappa, ed., *Asian Security Order: Instrumental and Normative Features*, pp. 571-605/ \*Amitav Acharya, “Collective Identity and Conflict Management in Southeast Asia,” in Emanuel Adler and Michael Barnett, eds., *Security Communities*, pp.198-227/ Chung-in Moon, “Changing Regional Order and Peace-building in East Asia: A South Korean Perspective”, in Jang Jip Choi(ed.), *Post-Cold War and Peace* (Seoul: Asiatic Research Center, 2003); Acharya, Amitav, “Introduction’ Constructing a Security Community in Southeast Asia (London: Routledge, 2001—or revised edition if available): 1-14/ Kirshner, Jonathan, "States, Markets, and Great Power Relations in the Pacific: Some Realist Expectations" in Ikenberry and Mastanduno (eds.), *International Relations Theory and the Asia Pacific* (New York: Columbia University Press, 2003): 273-298/ Ohkawara, Nobuo, and Peter Katzenstein, “Japan and Asian-Pacific Security: Regionalization, Entrenched Bilateralism and Incipient Multilateralism” *Pacific Review* 14, 2 (2001): 165-94.

**-Barriers to regional governance: salience of gain and domestic political calculus/ new waves of nationalism and challenges to open regionalism/ determinants of weak institutionalization and legalization/ dilemma of shared norms and collective identity/ absence of hegemonic leadership and the dilemma of provision of collective goods/ newly emerging patterns of regional rivalry and implications for the future of regionalism**

**Reading materials:**\* Gilbert Rozman, *Northeast Asia’s Stunted Regionalism*, pp. 228-287 and skim for an overview/ \*Chung-in Moon, “Stalled Community Building in East Asia: Nationalism and Regionalism in Northeast Asia,” (mimeo, 2005)/ \*Chung-in Moon and Seung-won Suh, “Overcoming History: The politics of Identity and Nationalism,” *Global Asia* 2:1 (Spring 2007), pp.33-48; \*also see articles by Roh Moo-hyun, Masaru Tamamoto, and Yuan Weishi in *Global Asia* 2:1/ \*Hemmer and Katzenstein, “Why is There No NATO in Asia: Collective Identity, Regionalism, and the Origins of Multilateralism,” *International Organization* 56:3 (2002)/ \*Jane Khanna, “Asia-Pacific Economic Cooperation and Challenges for Political Leadership,” *Washington Quarterly* 19:1 (1996), pp.239-275/ Wesley, M. "APEC's Mid-Life Crisis? The Rise and Fall of Early Voluntary Sectoral Liberalization," *Pacific Affairs*, 74:2(Summer, 2001), pp. 185-204/ \*Narine, Shaun, "ASEAN and the ARF: The limits of the ASEAN Way." *Asian Survey* 37 (1997), 10, 961-979/ \*Kahler, Miles, “Legalization as Strategy: The Asia-Pacific Case” *International Organization* 54, 3 (summer 2000): 549-572/- Funabashi, Yoichi (ed.), *Reconciliation in the Asia-Pacific*. (Washington. D.C.: U.S. Institute of Peace, 2003)/ Kim, Dalchoong and Chung-in Moon. eds. 1997. *History, Cognition, and Peace in East Asia*. Seoul: Yonsei Univ.



Press; Yahuda, Karmel, and Nish and Maryall in Leifer, Michael ed., *Asian Nationalism* (London: Routledge, 2000); Henry Nau, "Identity and the Balance of Power in Asia," and Tom Berger, "Power and Purpose in Pacific East Asia: A Constructivist Interpretation", in Ikenberry and Mastanduno, pp.213-242, 387-420

**-The future of regional governance in East Asia: contending debates in retrospect- Katzenstein in focus/ contrasting Northeast Asia and Southeast Asia/ national perspectives on regional governance- China, Japan, the U.S., South Korea, and Southeast Asia/ prospects on regionalism in East Asia.**

**Reading materials:** \* Aggarwal and Koo, pp.289-308/\* Rozman, pp. 351-380/ \* Roundtable : Peter Katzenstein's Contributions to the Study of East Asian Regionalism, *Journal of East Asian Studies* 7 (2007), pp.359-412/ Chung-In Moon, "Peace, Prosperity and Community: Assessing the Roh Government's Northeast Asian Cooperation Initiative," *East Asian Review* 19:2 (Summer 2007), pp 3~28/ Chang-Gun Park, "Japan's Policy Stance on East Asian Neo-Regionalism: From Being a "Reluctant", to Becoming a "Proactive" State," *Global Economic Review* 35:3 (2006) pp. 285-301/ "Reading the Future: The Lure of a United Asia: Dreams, Visions and Reality," special feature on East Asian community in *Global Asia* 1:1 (September 2006), refer to essays by Kim Dae-jung, "Regionalism in the Age of Asia," Mahathir, "Let Asians build their own future regionalism," Nakasone, "the Route to an East Asian community," Qian Qichen, "Toward a bright future of regionalism" Primakov, "Reflections on new trends in the region" and Samuel Berger, "The US stake in greater Asian integration," pp. 8-27