The Politics of Northeast Asian Regional Integration: Opportunity, Constraints, and Prospects (Summary)

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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. 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.

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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.2

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),

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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.3

-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.4 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

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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.
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]

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  - Peter J. Katzenstein. and Takashi Shiraishi (eds.), Network Power: Japan and
- Ross Garnaut and Peter Drysdale (eds.), *Asia Pacific Regionalism* (Pymble, NSW: Harper Educational Publisher, 1994)

[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:**

- 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


- 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


-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.