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Calculations of national economic interests have animated the pursuit of free-trade agreements (FTAs) in the Asia-Pacific region, and such agreements can have significant commercial consequences. But the recent FTA bandwagon is not exclusively about economics. This phenomenon encompasses a political-security dimension as well. It would indeed be surprising if nations sought such agreements devoid of any political-security calculations and if such agreements did not have international political-security consequences.

Incorporating the political-security dimension in an analysis of the recent proliferation of FTAs and other preferential trading arrangements resonates well with the competition hypothesis that is proposed and tested in this project. Given that anarchy has been a bedrock assumption in the international security realm, the security studies field has naturally focused on the possibility of and the means for taming the competitive tendencies in the inter-state system and preventing war. At one end are the pessimistic works of what is now often called the school of "offensive realism" that posits that the insecurity of great powers drive them in an unceasing and tragic competitive quest for relative power.[1] In this conception, periods of peace are just interludes in the preparation for war. Only the establishment of hegemony (regional and/or global) by one power provides the international system with stability, but the quest for this hegemony by contending states will be fraught with conflict and war. Less pessimistic analyses in the "defensive realism" school believe that the competitive logic endemic to anarchy can be

tamed enough to avoid great power war through balances of power and mutual reassurance strategies.[2] At the other end of the spectrum lie more optimistic or at least more hopeful arguments. Institutionalists propose that collective and/or cooperative security institutions can restrain the competitive dynamics of anarchy enough to establish a more enduring peace.[3] Commercial liberals believe that increasing economic interdependence between states will alter the material calculations of national elites and even the domestic political dynamics within states so that states will focus more on the positive-sum features of economic competition rather than the zero-sum characteristics of security competition.[4] Finally, democratic peace theories argue that the spread of liberal democracies in the international system offers the best ultimate hope for a perpetual peace.[5]

These divergent theories about the implications of anarchy complicate the task of incorporating the political-security dimension in an explanation of the FTA movement in the Asia-Pacific region. Depending on one's theoretical inclinations, one could have very different takes on the current dynamics in the Asia-Pacific as a regional security system – in particular regarding how powerful are the competitive (as opposed to cooperative) political-security tendencies, how these tendencies exhibit particular geographic patterns, and what their long-term consequences are likely to be. Nevertheless, without prejudging the answers because of theoretical biases, it is still possible to pose empirical questions that link the political-security dimension to the FTA movement. To what extent does political-security competition motivate or reinforce a state's FTA policy –in particular the choice of FTA partners and the timing and/or sequencing of these partnerships? Conversely, to what extent does a state's interest in ameliorating political-security competition drive or constrain FTA policies? Finally, what are the political-security effects of the regional FTA frenzy? Does the proliferation of FTAs in the Asia-Pacific reinforce or even exacerbate the competitive tendencies in the political-security realm? Or is the net effect of the FTA movement that of taming political-security competition and even promoting political-security cooperation?

The existing literature on the security-economic nexus in general and the linkage between security and FTAs in particular suggests various arguments germane to the above questions.[6] One argument that emerges from commercial liberalism is that FTAs

can be an instrument of cooperative diplomacy. Fostering economic integration between states through FTAs as well as other methods can help overcome mutual mistrust and mitigate security competition. The European Coal and Steel Community (ECSC) forged by France and West Germany is often cited as a proto-typical example of how economic integration can promote reconciliation even between so-called "hereditary enemies."[7] But the ECSC case suggests another logic that is more consistent with political-security competition –namely that FTAs can be one of the economic instruments for bolstering security alliances that are designed to counter potential or actual threats from third parties.[8] Both the cooperative logic of mutual reassurance and the competitive logic of security alliances can unfold bilaterally or multilaterally. In the case of Western Europe, the institutionalization of a multilateral collective defense organization (NATO) and the development of an inclusive multilateral cooperative security process (CSCE) reinforced the movement towards multilateral economic integration (the European Community and later the European Union). In East Asia, the U.S. adoption of bilateral alliance arrangements weakened or even impeded the development of multilateral economic integration processes.[9]

Another line of argument is that FTAs and other economic integration moves are ways to assert political influence or enhance a state's international status or visibility. In the case of great powers or potential great powers, the logic of political-security competition suggests that FTAs might be a factor in hegemonic or leadership competition. For instance, the existing predominant power might seek to defend its hegemonic status by using FTAs to reinvigorate the loyalty and dependence of states already aligned with it, to broaden the network of aligned subordinate states, and to counter hegemonic projects of potential challengers. Conversely, hegemonic challengers might use FTAs to mobilize supportive states and to weaken the influence of the existing hegemon. Albert Hirschman's analysis of how Nazi Germany used preferential trade links to enhance its relative power in Europe is a classic statement of such a strategic calculation.[10] Even if major powers eschew hegemonic projects, they can still compete for leadership and influence so to encourage a political-security order that is more favorable to its long-term interests and to discourage an order that is unfavorable. Of course, such an analysis requires specifying state preferences regarding alternative orders.

Nevertheless, as Michael Wesley has recently argued, the pursuit of FTAs for political-security reasons can reinforce or exacerbate competition and tensions among the major powers and contribute to international instability.[11]

For smaller states that have little or no prospect of becoming great powers, FTAs can serve as tools to reduce their security vulnerabilities or prevent international isolation by deepening economic links with larger and more powerful states. Furthermore, smaller states might form FTAs or pursue other integrationist projects among themselves in order to enhance their collective voice and bargaining power relative to larger states.[12] They can also overcome the disadvantages of smallness by striving to become "trade-hub" nations by serving as the focal point of FTA networks.[13]

This paper will examine the political-security dimension of the proliferation of FTAs in the Asia-Pacific region in the following manner. First, it will provide an overview of the Asia-Pacific security environment and its changing dynamics. The purpose here will be to identify the political-security calculations and responses of various key states in the context of this evolving regional security environment. The paper will then analyze the extent to which these political-security calculations have motivated state policies regarding FTAs. Finally, this essay will assess the implications of the regional FTA movement for competitive and cooperative tendencies in the regional security system.

Evolving Security Environment in the Asia-Pacific Region

Michael Mastanduno has aptly characterized the Asia-Pacific security order as one of "incomplete hegemony."[14] It is a hegemonic order because the United States maintains a preponderance of both material and nonmaterial power capabilities. U.S. military capabilities remain unrivaled in the region and are forwardly deployed. Despite fears of some about American isolationist tendencies, the United States did not disengage from Asia after the collapse of the Soviet Union. Its extensive bilateral alliance network not only provides military access over long distances, but also augments U.S. capabilities through the defense contributions of allies. America's economic revival after the end of the Cold War (coupled with the economic stagnation of Japan) reaffirmed U.S. economic and technological primacy. Despite some decline in its international reputation in the

wake of the Iraq debacle, most Asia-Pacific states still find the United States attractive and its soft as well as hard power pretty much intact. With varying degrees of success, Washington has used its power and influence to manage regional security conflicts, discourage nuclear proliferation, moderate security dilemmas, and help prevent extreme forms of nationalist economic competition. But as Mastanduno argues, the U.S. hegemonic order is incomplete because China's power is rising and is ambivalent about U.S. hegemony; and the sustainability of even this incomplete U.S. hegemony is far from assured. In this sense the interactive dynamics (both the competitive and cooperative elements) between the United States and China is likely to be the key factor in shaping the Asia-Pacific security order. But even if no other state in the region has the potential to match these two states in terms of comprehensive power capabilities in the foreseeable future, the strategic calculations and behavior of the other states vis a vis both the United States and China will also affect the relative power and influence of the United States and China and therefore the Asia-Pacific security order itself. In this era of a shifting distribution of power, how then are we to code the strategic responses of states?

International security specialists have offered numerous concepts for distinguishing state strategies under anarchy. A commonly used distinction is that between *balancing* and *bandwagoning*. *Balancing* involves a state acting to deter and contain an adversary. A state can balance *internally* by using one's own resources to counter an adversary or *externally* by forging alliances against a common adversary. *Bandwagoning* entails joining forces with an adversary to prevent the adversary from acquiring power at one's expense and/or to enjoy the spoils of the adversary's victory. To this balancing-bandwagoning dichotomy, some have added the strategies of buck-passing and appeasement.[15] *Buck-passing* involves a state relying on another great power to counter an adversary while staying on the sidelines. *Appeasement* entails seeking to alter the behavior of an adversary in a non-threatening direction by conceding power to the adversary.

The problem with this typology of balancing, buckpassing, appeasement, and bandwagoning strategy is that it presumes certainty about which states are adversaries or threats. This is not analytically problematic if we assume threats to be simply functions of material capabilities and geographic position. But if one views threats to be a function

of intentions as well as material capabilities and geographic position, then the determination of which states are threatening and how threatening they are becomes more uncertain and open to debate. A state's true intentions at a given point in time may not be truly knowable and may depend as much on the perceptions of the other state. Furthermore, a state's intentions can change easily depending on the international circumstances, domestic factors, or shifts in relative power resources. For an offensive realist, the changeability of intentions suggests that states ought to identify adversaries by focusing only on capabilities and geographic position. But for a defensive realist, such behavior could lead to worst-case responses and counter-responses that can result in a self-fulling prophecy of provoking a potential adversary into becoming an actual threatening adversary. Therefore, a defensive realist is likely to find the balancing, buckpassing, appeasement, and bandwagoning typology to be too crude and stark. Uncertainty about present and future intentions of potential adversaries may point to mixed strategies that combine certain elements of the other strategies. For example, under uncertainty about intentions, states can hedge by combining elements of balancing on the one hand and elements of accommodation on the other.[16] Accommodation can in turn encompass efforts to engage, integrate, reassure or even appease potential adversaries.

Whether or not a state has threatening intentions will depend greatly on how a state views the existing international order. According to many power transition theories, if a state is satisfied with the existing order or status quo, that state should not be threatening even as its relative power rises. But if a state is dissatisfied with the existing order and is willing to use force to alter the status quo, then the state is revisionist and threatening and is likely to provoke a great power war as the distribution of power shifts.[17] The operationalization of the status quo-revisionist state distinction raises three further issues. The first issue is specifying what the existing order or status quo is – something that is by no means obvious. The existing order can encompass various factors including the following: (1) the existing power distribution and hierarchy among states, (2) the existing territorial boundaries, (3) the existing pattern of alliances and alignments, and (4) existing international institutions and their operating rules and norms. Second, there is the issue of what measures a state is willing to use to revise the existing order. The range of possible state action on behalf of a revisionist agenda is quite broad:

they can include the use of force, diplomatic coercion, economic incentives, and persuasion/socialization. For security specialists interested in the causes of war, the use of military force for revisionism is of course the most salient. But if one is also considering political-security competition short of war (as is the case in this project), then other non-lethal instruments become important. Finally, there is the issue of order creation or evolution. In reality (especially in a region as dynamic as the Asia-Pacific), the distinction between status quo and revisionist states may be too stark in some respects since states in the region are collectively considering the development of new international institutions and processes.

How then are states in the Asia-Pacific region responding to the shifting distribution of power? In addressing this question, the security studies literature suggests distinguishing between great and secondary powers. According to Mearsheimer, to be a great power, "a state must have sufficient military assets to put up a serious fight in an all-out conventional war against the most powerful state in the world." A great power does not necessarily have to be able defeat the leading state, but "it must have some reasonable prospect of turning the conflict into a war of attrition that leaves the dominant state seriously weakened."[18] Under this definition, one might argue that there is currently no great power in the Asia-Pacific that can militarily challenge the U.S. hegemon. But with its growing power resources, China has the potential of taking on the United States militarily at least in the East Asia region. What about Japan? Although Japan was a great power in the first half of the 20th century, its pursuit of a tightly constrained defense policy because of anti-militarist norms and its reliance on the United States for security would relegate Japan to the status of a secondary power.[19] Nevertheless, Japan still has the economic and technological capabilities to become a formidable military power; and if Japan were to pursue a security policy that is strategically independent of the United States, then it would have a dramatic effect on the regional balance of power. So for the purposes of our discussion here, it makes sense to distinguish between the actual and potential great powers on the one hand (the United States, China and Japan) and secondary states on the other.

Actual and Potential Great Powers (the US, China and Japan)

What is striking about the major powers –the United States, China, and Japan – is that all three are pursuing mixed hedging strategies vis a vis each other.

Although American policymakers and foreign policy analysts have debated whether or not to treat China as a strategic competitor or partner and U.S. policy toward China has fluctuated because of presidential election cycles, the center of gravity of America's China policy has been a hedging strategy.[20] On the one hand, the United States has balanced against China by maintaining nuclear, air and naval military superiority, buttressing its bilateral alliance network (especially with Japan and Australia), expanding military access in the region with bilateral arrangements with countries like Singapore, selling new military systems to Taiwan, and improving relations with India as a potential counterweight to China. On the other hand, the United States has accommodated China by restraining Taiwan from pushing toward formal independence, accepting China into the WTO and other international organizations, cooperating with China to deal with North Korea's nuclear program, supporting China's economic modernization, and engaging China to become a "responsible stakeholder."

China too is pursuing a mixed hedging strategy.[21] It is balancing against the United States and the U.S. alliance network by modernizing its military (especially nuclear, air and naval forces and even the exploration of anti-satellite capabilities) and by preventing the formation of an anti-China coalition in Asia through reassurance and constructive bilateral and multilateral diplomacy. But China is also accommodating the United States. Beijing is willing to join U.S.-supported international regimes (e.g. the Nuclear Suppliers Group and the Missile Technology Control Regime), cooperate with Washington to deal with North Korea, and develop a common stance on counter-terrorism. Compared to earlier analyses that predicted and hoped for a multipolar world, Chinese leaders now seem willing to accept U.S. predominance for at least the time being and to use the international stability that American hegemony offers so that China can concentrate on its own economic development. The one issue in which China is willing confront the United States is any move on Washington's part to support both diplomatically and militarily a Taiwanese independence movement. Regarding Japan, China has admonished its neighbor regarding history-related issues, mobilized Asian

opposition to Japan becoming a permanent member of the UN Security Council, and criticized moves to strengthen the US-Japan alliance in ways that could be used in a Taiwan scenario. But at the same time, Beijing has been receptive to Tokyo's efforts to prevent a downward spiral in bilateral relations.

Japan is also hedging.[22] Tokyo has balanced against China's rise by strengthening its alliance with the United States, by relaxing somewhat its domestic constraints on defense policy, and by furtively discussing with the U.S. defense community Japan's role during a Taiwan crisis. But Japan's balancing against China has been circumscribed.[23] Japan continues to freeze its defense budget and to refrain from revising or reinterpreting its constitution so that it can exercise its right of collective self-defense. Japan has accommodated China by assisting China's economic development, welcoming its participation in various global and regional fora, and opposing Taiwan's independence. And since fall 2006, the Japanese government has sought to revitalize relations with China by avoiding prime minister pilgrimages to the Yasukuni Shrine, by resuming regular high-level exchanges, and by seeking a compromise in the EEZ dispute in the East China Sea. Japan has also engaged in hedging vis a vis the United States.[24] While relying upon its alliance with the United States to hedge against possible military threats, Japan has been developing relations with Asian countries to hedge against economic conflicts with the United States and perhaps even a weakening of the U.S. security commitment to Japan.

How do the three major powers fare in terms of the status quo-revisionist state distinction? According to Alastair Iain Johnston, China is "more accepting of extant international institutions, international norms (such as they are), and U.S. dominance of the international and regional power structure than at any time since 1949."[25] China exhibits a mild form of revisionism when it promotes regional processes that exclude the United States. Regarding the territorial dispute with Japan, China has so far refrained from threatening military force to seize the Diaoyu/Senkaku islands. China is most revisionist when it continues to reserve the right to use force against Taiwan. Japan appears to be unequivocally a status quo power. It has refrained from considering the use of force to change an unfavorable status quo regarding territorial disputes with both Russia and South Korea. And it supports a continuation of U.S. hegemonic leadership

and alliance network in the Asia-Pacific region. Given that the United States is the predominant power in the region, one would expect it to be the most status-quo oriented. Washington, however, does display some revisionist tendencies when it considers regime change of rogue states or assertive democratization and human rights policies –but so far in the Asia-Pacific, U.S. has tempered this tendency especially after its regime change war against Iraq became a quagmire.

Secondary States

There is little evidence that the secondary states in the Asia-Pacific are balancing against the rise of China or balancing against the U.S. hegemon.

South Korea is accommodating China's rise.[26] Seoul has not exhibited much fear of China's military modernization and has been willing to accept Chinese leadership on many regional issues –especially how to address the North Korean nuclear issue. South Korea has generally embraced Chinese initiatives for regional institution-building. Although South Koreans may disagree about whether to be tougher toward North Korea, even Korean conservatives eschew military balancing against China. But the absence of balancing against China and the presence of populist anti-Americanism do not mean that South Korea is bandwagoning with China or balancing against the United States. Even during the Roh Moo-hyun presidency, Seoul cooperated with Washington regarding the U.S. plan to realign military bases on South Korean territory rather than pressing the U.S. to withdraw troops. It also supported the U.S. military operation in the Middle East by deploying a larger defense force than Japan. The election of Lee Myung-bak is likely to lead to a strengthening of relations with the United States as well as a warming of relations with Japan.

The Southeast Asian countries in ASEAN also show clear signs of accommodating China's rise. The gravitational pull of the Chinese economy as well as cultural and ethnic linkages have restrained the ASEAN states from directly balancing against China's growing power.[27] But at the same time, ASEAN is not bandwagoning with China in the security realm. As Evelyn Goh has argued recently, the Southeast Asian countries are engaged in "indirect balancing against potential Chinese (or other aggressive) power by facilitating the continued U.S. security commitment to the

region."[28] Furthermore, ASEAN has been actively promoting multilateral institutions and processes that aim to integrate and socialize China and to moderate great power competition.

Australia too exhibits a similar mixed strategic response to the changing regional power distribution.[29] On the one hand, Australia sees its economic fortunes increasingly tied to China's growth; and like ASEAN, Canberra has supported regional processes to nurture multilateral cooperation. On the other hand, Australia has revitalized its alliance with the United States after 9/11 and promoted security cooperation with Japan. Canberra has been working with Washington and Tokyo to institutionalize trilateral security cooperation and appears quite favorable to Japan's "normalization" as a security actor.[30] But Australia is concerned about the incipient rivalry between the United States and China and between Japan and China, and therefore its preference seems to be to encourage what one Australian analyst calls a "Concert of Asia" rather than balancing with the United States and Japan against China.[31] This preference is likely to be stronger with the shift in prime ministers from John Howard to the Mandarin-speaking Kevin Rudd.

The one state in the region that appears to be balancing against China is Taiwan. To counter Chinese military modernization, Taiwan has been upgrading its own defense capabilities with the help of the United States.[32] Taipei has also welcomed the recalibration of Japanese defense policy and public attitudes in a direction more favorable to it. Both the governments of Lee Teng-hui and Chen Shui-bian have explored ways to move Taiwan toward independence much to the agitation of China. But even Taiwan has not unequivocally balanced against China. As Robert Ross notes, Taipei has been reluctant to commit the budget necessary to purchase some of the advanced weapons systems that the U.S. is willing sell; and Taiwanese business interests have been eager to pursue commercial opportunities in the mainland.[33] The recent election of Kuomintang's Ma Ying-jeou suggests in the very least that the Taipei now wishes to ease tensions with Beijing and revive the cross-strait dialogue.

This brief survey of state political-security strategies does confirm competitive dynamics among the three major powers –between China and Japan and between China

and the United States. Therefore, one cannot completely dismiss the pessimistic scenarios of offensive realists like Mearsheimer who predict a great power struggle as China grows in power and becomes more of a peer competitor of the US-Japan alliance in the East Asia/West Pacific theater.[34] But for the moment, this major power competition appears moderate with all three states engaged in mixed hedging strategies. And none of these major powers are pursuing a stridently revisionist agenda. The Asia-Pacific region has yet to manifest the intense rivalries and conflicts that the more pessimistic analyses predicted soon after the end of the Cold War.[35] We do not see a clear geopolitical divide between the U.S.-led alliance network and a Sino-centric coalition reminiscent of the Cold War era.

The secondary states in the regional system are also helping to moderate the competition. Virtually all of these states are pursuing a dualistic strategy of accommodating China's rise and indirect balancing against possible security threats (including from China) by supporting the U.S. alliance network and military deployments. Therefore, while the region as a whole is not engaged in hard balancing against China, it is not bandwagoning with China either –making predictions of a re-emergence of a Chinese-centered hierarchical order premature. Rather the collective effect of inter-active state strategies points toward working with the political-security umbrella of U.S. incomplete hegemony to accommodate and integrate China's rise so that the competitive tendencies will be tamed and the cooperative dynamics will be facilitated.

Political-Security Motivations for FTA Initiatives

How then have state political-security strategies shaped national FTA policies –in terms of both the choice of partners and the timing of initiatives? Clearly, political-security competition has been a significant factor behind the regional FTA movement.

FTA Policies of the Major Powers

The United States has used FTAs to reward countries that cooperate with its foreign and security policies –as indicated by its FTAs with Israel and Jordan.[36] In the

Asia-Pacific region, the key political-security motivation for the Bush Administration's support of FTAs was the interest in consolidating a counter-terrorism coalition in the wake of the 9/11 attacks. After the United States concluded an FTA with Singapore in May 2003, President George W. Bush went to Singapore to sign a strategic partnership framework agreement and talked openly of linking trade to security cooperation.[37] Bush reinforced this message when he attended the 2005 APEC meeting in South Korea by stating that FTAs can promote security collaboration to fight terrorism in Southeast Asia and prevent the proliferation of weapons of mass destruction.[38] To help buttress the politically problematic relationship with South Korea and acknowledge ROKs support of the U.S. war on terrorism, the Bush Administration worked hard to seal an FTA with Seoul in spring 2007. While strengthening defense cooperation with Australia, the United States also signed an FTA with that country in May 2004. But the Bush Administration has shunned New Zealand in its FTA policy, indicating a willingness to punish uncooperative allies.

Competitive political-security calculations vis a vis China surfaced after China's FTA initiative with ASEAN. Responding to criticisms that the US may be distracted with the war on terrorism while "China was focusing on Southeast Asia like a laser," the Bush Administration in November 2005 issued with seven ASEAN countries a Joint Vision Statement on the ASEAN-US Enhanced Partnership and an agreement to cooperate to conclude a region-wide ASEAN-U.S. trade and investment facilitation agreement (TIFA).[39] Under the Enterprise for ASEAN Initiative (EAI) framework, the U.S. began to pursue FTA projects with individual ASEAN countries: Malaysia and the Philippines (in late 2002) and Thailand in July 2003.[40] One general U.S. incentive for engaging ASEAN countries individually and collectively has been to help shape ASEAN initiatives for East Asian regionalism so that they do not weaken U.S. influence relative to China. Because of its reluctance to accede to the ASEAN Treaty of Amity and Cooperation, Washington has been hampered in its effort to prevent the emergence of an East Asia summit process that excludes the United States and heightens Chinese influence. Therefore, in part to compete with China, the Bush Administration has preferred to try to revitalize APEC as the central forum for regional economic integration and float the notion of a Free Trade Area of the Asia Pacific (FTAAP).[41]

Competitive calculations vis a vis China have also motivated Japan's FTA policy. Despite the pioneering role of the Japan-Singapore Economic Partnership Agreement (JSEPA) signed in January 2002, Tokyo was jolted by the rapid progress in China-ASEAN discussions. In November 2001, Beijing succeeded in persuading ASEAN to establish an ASEAN-China FTA by 2010. This news energized Japanese trade officials to ask politicians to be more flexible about the liberalization of sensitive sectors lest Japan lag behind in the FTA race, and Prime Minister Koizumi proposed a Japan-ASEAN Comprehensive Economic Partnership (JACEP) during his trip to Southeast Asia in January 2002.[42] Regarding a free-trade agreement, however, Japan opted to negotiate with ASEAN countries individually rather with the association as a whole. Some analysts observed that this tact provoked regional distrust or allowed China to take "the regional lead in economic diplomacy."[43] But METI official Munakata Naoko argues that Japan took this course because its status as a developed country under GATT rules about FTAs prevented Japan from being as flexible as China regarding FTA negotiations with ASEAN. Nevertheless, Tokyo initiated EPA talks with individual ASEAN states in quick succession: with Malaysia in January 2004, with Philippines and Thailand in February 2004, and with Indonesia in June 2005.[44]

The incipient Sino-Japanese rivalry has contributed to Japan's ambivalent response to Chinese initiatives for subregional or regional FTAs. When China proposed in November 2002 a feasibility study for a trilateral Northeast Asia FTA (China, Japan and South Korea), Japan was less than enthusiastic. Such an agreement if achieved could provide a robust economic foundation for trilateral political-security cooperation –or at least help to mitigate mistrust among these three Northeast Asian states. It appears, however, that Japanese concerns about the agricultural sector and competition from Chinese state-owned enterprises made Japan reluctant to go beyond think-tank studies of the idea.[45] Conversely, the political-security disincentives might have been too strong and the political-security incentives too weak to overcome these economic considerations. Rather than negotiate trilaterally, Tokyo has focused on trying to achieve an FTA with South Korea where the strategic payoff for Japan might be greater –namely to prevent a South Korean strategic drift toward China. Regarding the Chinese-backed proposal for an East Asian Summit, Tokyo pushed for the inclusion of Australia, New

Zealand and India to dilute China's influence. Then in 2006, Japan began to shift beyond its bilateral individual-country approach to FTAs by proposing talks for a region-wide East Asia Economic Partnership Agreement (East Asia EPA) commencing in 2008. Similar to its preference regarding EAS membership, Japan called for an East Asia EPA that encompassed Australia, New Zealand and India as well as the 10 ASEAN states and the three Northeast Asian countries of China, Japan and South Korea.[46] As part of this strategy to counter China's regional influence, Japan has pushed for an FTA with Australia –despite domestic agricultural opposition—to reinforce the growing security cooperation between Tokyo and Canberra and to balance Australia's growing economic ties with China.[47]

Finally, political-security competition has also animated China's FTA policies. The launching of Japan-Singapore FTA negotiations encouraged China to push for an FTA with ASEAN as a whole. China persuaded the ASEAN states that feared competition from China by offering differential treatment for less developed ASEAN states and an "early harvest" of tariff reduction for agricultural products.[48] Although an urge to "catch-up" with Japan might have been the original impetus for China, some interpreted the move as power play to achieve a leadership position relative to Japan. According to one observer, China may be developing "a useful building block toward ensuring China's leadership role in the region."[49] An analyst from Taiwan has asserted, "a China-ASEAN FTA may help dilute US influence in the region."[50] But there was a defensive competitive calculation as well. China's FTA initiative toward ASEAN was part of an omnidirectional foreign policy to improve relations with its neighbors and reassure the region about China's peaceful rise and to prevent Southeast Asia from aligning against China.[51] At the same time as China announced in November 2002 its objective to forge an FTA with ASEAN, China and ASEAN issued a joint statement of cooperation on "nontraditional security issues" and the Declaration on the Conduct of Parties in the South China Sea. In October 2003, China then acceded to the 1976 Treaty of Amity and Cooperation (TAC) in Southeast Asia.[52]

China has also promoted FTAs in Northeast Asia. In the context of the ASEAN+3 (China, Japan and South Korea) forum that emerged in the wake of the 1997-98 regional financial crisis, China proposed in November 2002 a feasibility study for a

trilateral China-Japan-South Korea FTA.[53] After this FTA proposal did not get much traction, China shifted gears to seek a bilateral FTA with South Korea.[54] According to some Chinese analysts, the ultimate objective is the creation of an East Asian Free Trade Agreement (EAFTA). To achieve this, Zhang Yunling of the Chinese Academy of Social Sciences has argued for the establishment of three parallel FTAs with each tying one of the Northeast Asian countries to ASEAN: China-ASEAN, Japan-ASEAN, and ROK-ASEAN. Then an EAFTA would be established by unifying "the separated arrangements into an integrated framework." Zhang has also downplayed Sino-Japanese rivalry in this process: "While China would like to see an East Asian FTA in place as early as possible, and is using the China-ASEAN FTA to forge such a grouping, the move is in no way intended to reduce Japanese interests in ASEAN or exclude Japan from East Asia."[55] But in response to a question about the U.S. role, Zhang reportedly stated that "EAFTA will not invite the U.S., otherwise it will become like APEC."[56] Such statements by Chinese analysts about excluding the United States from the EAFTA have fueled suspicions that Beijing's regional FTA policy might be one element of a long-term agenda to reduce U.S. influence in the region relative to China's. While being careful to credit Malaysia for pushing for an East Asia Summit (EAS), China has vigorously backed the idea. One of the three conditions articulated by ASEAN for membership in the EAS (signing onto the Treaty of Amity and Cooperation in Southeast Asia) poses a difficult hurdle for the United States because the TAC might constrain U.S. military options.[57]

FTA Policies of the Secondary States

How have political-security calculations shaped the FTA policies of the secondary states?

Regarding South Korea, the 1997 regional financial crisis motivated President Kim Dae Jung to improve relations with Japan. In this context, South Korean policy analysts floated an FTA with Japan as a good way to promote more stable and friendly relations between these two countries. Bilateral tensions over historical issues and territorial disputes as well as economic constraints prevented a take-off in Japan-ROK FTA talks, and South Korea concluded its first bilateral FTA with Chile instead. Nevertheless, according to Min Gyo Koo, negotiating an agreement with Chile provided

valuable preparation for engaging the larger trade partners –Japan and the United States.[58] South Korea ended up concluding an FTA with United States in spring 2007 while the talks with Japan stalled in the context of deteriorating bilateral political relations between Seoul and Tokyo. In the case of ROK discussions with the US, buttressing a problematic security relationship served as a strong incentive for the South Korean leadership to make the extra effort not to have the negotiations fail. Moreover, the conclusion of the US-Korea FTA gave further impetus to push ahead with the trade talks with Japan and even to argue that an FTA with China was inevitable.[59] This behavior may reflect a broader geopolitical interest on the part of South Korea to serve as a bridge between China and Japan.[60]

In terms of Southeast Asia, the case of Singapore illustrates how a small state's desire to overcome its political-security vulnerability can be a strong motivation for the pursuit of FTAs. According to Michael Leifer, Singapore harbored a strong sense of vulnerability by being wedged between Malaysia and Indonesia –two large Islamic countries that had at times challenged Singapore's interests. Therefore, the city-state sought to strengthen ties with extra-regional states. Even at the risk of provoking frictions with some ASEAN states, Singapore had a keen interest in using FTAs to anchor the United States and Japan as regional stakeholders.[61] The rise of China also factored into this strategic equation. Singapore signed a strategic partnership agreement with China in 2000 and has signaled its unwillingness to join either the United States or Japan in a strategy to contain China. But at the same time, Singapore has been quite willing to play a hedging game with these three major powers.[62]

Singapore's move to go beyond the ASEAN framework to forge FTAs with multiple extra-regional partners initially provoked intra-ASEAN criticisms that Singapore was undermining ASEAN regional-community building.[63] Rather than blocking such extra-regional initiatives, however, just about all the ASEAN states eventually joined the FTA bandwagon. And Singapore found in Thailand a good partner to trail blaze this movement. As Christopher Dent warns, the "economic Darwinism of competitive bilateral FTAs" has the danger of undermining ASEAN cohesion insofar as Singapore seeks to establish itself as Southeast Asia's "premier entrepot hub economy."[64] But as long as Singapore with the help of Thailand is able to pull the other ASEAN states along,

then there does not have to be an unraveling of ASEAN. Even as Singapore tries to be ASEAN's hub economy, ASEAN as a whole is striving to be the "hub" for East Asian economic integration and community-building by continuing to promote its own ASEAN Free-Trade Area (AFTA) and by collectively engaging non-ASEAN states in FTA negotiations.[65] According to Evelyn Goh, ASEAN's FTA policy is now part of an "omni-enmeshment" strategy to moderate major power competition.[66]

For Australia, the pursuit of FTAs marked a major departure from its commitment to multilateral mechanisms for trade liberalization. Although a realization that neither APEC nor WTO would be able to drive liberalization as well as a recognition that FTAs could bring significant economic gains go far in explaining this policy shift, the greater receptivity of Washington to such preferential trade agreements and the possibility that a bilateral U.S.-Australia FTA might put the security alliance with the United States on more solid ground were contributory factors.[67] Canberra was also responding to Washington's concerns that Australia might be being too accommodative of China's security interests (especially about Taiwan) because of Australia's China economic fever. Therefore, to re-balance its foreign policy between the US alliance and China, the Howard government opted not only to enhance US-Australia-Japan security cooperation, but also to pursue an FTA with Japan as well as with the United States.[68] But this responsiveness to U.S. pressure did not mean that Canberra was willing to join Washington and Tokyo in a balancing much less a containment strategy against China. Prime Minister John Howard noted that "Australia's interests would be best served if the U.S. would allow China a somewhat bigger regional role, in return for China allowing Japan a larger say in regional affairs."[69] Similar to ASEAN, Australia has completed or launched FTA negotiations with a variety of partners including China.[70]

Taiwan's FTA policy is motivated by a strong desire to reduce its vulnerability and political isolation in the context of a rising China and negative trends in the China-Taiwan balance of military and economic power. As Beijing has gradually chipped away at the countries that have diplomatic relations with Taipei, Taiwan has moved vigorously to negotiate FTAs with states with which it still has official relations. Therefore, Taiwan has concluded bilateral FTAs with Panama, Guatemala and Nicaragua and a trilateral one with El Salvador and Honduras. But the big prize would be an FTA with the United

States and Japan –both countries that will play an important role in a Taiwan Strait crisis. Although Washington and Tokyo have publicly declared its interest in a peaceful resolution of the Taiwan issue, both capitals have refrained from entering into formal talks about an FTA with Taiwan for fear of provoking China. There has been a sharp political divide within Taiwan about how best to deal with China. Although the DPP government under Chen Shui-bian pushed for a more independent Taiwan identity despite strong protests from China and even the United States, the Kuomintang under Ma Ying-jeou has advocated positive dialogue with the mainland. In fact, Ma in July 2007 announced that if elected the next Taiwan president, he would seek some kind of "closer economic partnership" with China similar to the arrangement that exists between China and Hong Kong. As a complement to this new policy, Ma stated that a KMT government would also seek FTAs with Hong Kong, Singapore and South Korea.[71]

The above survey certainly confirms the hypothesis that political-security competition between the United States and China and between Japan and China has been one of the key motivators behind the FTA policies of these three major powers. Conversely, the absence of serious discussions of FTAs between China on the one hand and the United States and Japan on the other hand suggest that the incipient political-security rivalry among these three major powers can serve as an inhibitor of FTA policies.

The absence and weakness of other FTA initiatives, however, suggests that there are also limits to the political-security competition hypothesis. First, despite Taipei's keen interest in negotiating FTAs with both the United States and Japan for the strategic purpose of vulnerability reduction and isolation avoidance, both Washington and Tokyo have been reluctant because of their sensitivities toward Beijing. Second, the United States and Japan have so far not embraced a bilateral FTA with each other. Given the progress in US-Japan defense cooperation since the mid-1990s, one might imagine a US-Japan FTA as a good way to further bolster the alliance as China's power and influence rises. In recent years, a number of U.S. policy analysts have advocated such a bilateral FTA.[72] For example, the February 2007 sequel to the famous Fall 2000 Armitage-Nye Report on the US-Japan alliance stated the following:

> The United States and Japan need to move quickly toward promoting and ensuring the forces of free trade and economic integration by launching negotiations toward a bilateral free-trade agreement. This would become the hub for an emerging network of FTAs in Asia and provide energy to the whole world economy….
>
> [The] direct economic benefits of a comprehensive U.S.-Japan free-trade agreement would be considerable. However, the political and strategic benefits for all of the members of the Asia-Pacific community would be even greater. For the United States and Japan to sign an economic alliance agreement –based on common core principles every bit as strong as those that underlay the U.S.-Japan Security Treaty—would send a remarkably powerful signal to the region and the world.[73]

But despite such calls, the Bush Administration has not embraced this notion as strongly as it did the FTAs with South Korea and Australia. In addition to the domestic political complexity of negotiating a U.S.-Japan FTA, perhaps both Washington and Tokyo did not see a compelling political-security necessity for such an economic agreement given the progress in bilateral security cooperation in recent years and their shared interest in engaging rather than containing China.

The track record of secondary states shows that an interest in reducing political-security vulnerabilities (e.g. Singapore) or placating security patrons (e.g. South Korea and Australia) can motivate these states to pursue FTAs. But what is also striking is that virtually all of the secondary states and ASEAN as a whole are reluctant to use FTAs to reinforce the competitive tendencies among the major powers. In fact, the secondary states are inclined to pursue FTA initiatives with all three major powers as part of their strategic interest in mitigating incipient major power rivalries.

Although this survey of FTA strategies does support the notion that political-security calculations can contribute to the choice and timing of FTA partners, determining the actual power of the political-security variable requires much more detailed investigation than is possible in this paper. For instance, it is not clear if political-security incentives are powerful enough to overcome domestic resistance or divergent economic interests to bring an FTA negotiation to a successful conclusion. The

case of the previously unimaginable Australia-Japan FTA negotiations does suggest that political-security motivations might trump formidable domestic political resistance in Japan from the agricultural lobby. But since these talks are still a work in progress, we cannot yet assess the relative power of the strategic variable. One possible hypothesis is that because the competitive strategic dynamics in the Asia-Pacific (especially among the major powers) remains moderate rather than extreme, the power of political-security calculations to trump domestic political and economic impediments to FTAs is likely to be modest. Whether or not the US-ROK FTA wins US Congressional approval will be a good test of this hypothesis.

Conversely, it is worth investigating whether convergent economic and domestic commercial interests are powerful enough to overcome political-security impediments to FTAs. For example, will economic interests between Japan and China or between Japan and South Korea be convergent enough to overcome existing political-security impediments? So far the answer appears to be negative. But the recent improvement of Japan-China and Japan-ROK relations suggests that a closer look at the prospects for a Northeast Asia FTA is warranted. When the economic interests are not convergent enough and the political-security impediments are too formidable, FTAs are unlikely to be realized. However, growing economic convergence coupled with a reduction of political-security impediments might present a favorable threshold for an FTA breakthrough.

Regional Political-Security Consequences: Beyond the Noodle Bowl

How does the varied pattern of intra-regional and extra-regional FTA initiatives matter for political-security relations in East Asia? Is the FTA phenomenon steering the region toward a particular political-security order or architecture rather than simply constituting a "noodle bowl" as some critics charge? One way to address these questions is to consider how these trade agreements promote or undermine competitive and cooperative tendencies in the regional system. Does the FTA movement reinforce or counter regional rivalries, and does the FTA movement reinforce or undermine efforts at regional political-security cooperation?

Competitive Tendencies

Insofar as the rise of China is shaping East Asia's strategic landscape, the incipient competitions between China and Japan and between China and the United States are likely to play a defining role in the future regional order.

It is now commonplace to see the Sino-Japanese relationship as one of strategic rivalry.[74] Frictions about history, territorial disputes, competition about maritime resources, and clashing nationalisms have certainly made relations between these two countries problematic. The regional FTA race –especially regarding the ASEAN states-- appears to reflect and reinforce this bilateral rivalry. But who is leading whom? Although China's flexible approach toward an FTA with ASEAN suggests that China might be ahead of Japan in the Southeast Asia game, one should not forget that Japan has invested heavily over three decades in ASEAN in both commercial and diplomatic terms. So in a sense, China rather than Japan may be playing catch-up. Furthermore, the magnet of Chinese economic power has reinforced Southeast Asia's interest in keeping Japan economically and diplomatically engaged.

More so than the Sino-Japanese relationship, the Sino-American relationship is likely to exert the profound structural impact on East Asian regionalism for the simple reason that China and the United States are matched more in terms of size and potential power. From Washington's perspective, China represents the only country with the possibility of challenging American military primacy in the Western Pacific. From Beijing's perspective, a U.S. containment policy against China would undermine its long-term strategy of economic and military modernization. Concrete issues such as the future of Taiwan, trade imbalances, and divergent political systems have fueled mutual suspicions.

Realist logic suggests that as China's power rises, the United States will balance against China, and Japan is likely to join the United States in such a balancing effort. Indeed for many Chinese analysts, the recent strengthening of the U.S.-Japan alliance and the "multilateralization" of the U.S. network of bilateral alliances signal the danger of such an anti-Chinese coalition emerging. But for the time being, the United States and China have opted for mutual positive engagement for reasons of economic interdependence and shared security interests (e.g. regarding North Korea and the war on

terrorism). And China and Japan have been working to prevent a downward spiral in their bilateral relations. Nevertheless, as noted earlier, all three powers are hedging against worst-case scenarios.[75] For the United States and Japan, the rise of a threatening and ambitious China that seeks to weaken US presence and influence in East Asia and to establish a hierarchical or hegemonic regional order with China on top. For China, a regional containment effort against China led by a solid U.S.-Japan alliance.

How then does the FTA movement fit into this evolving strategic equation? Remarkably, these three major powers have refrained from using FTAs with each other to counter the competitive tendencies between China on the one hand and the United States and Japan on the other. Neither a US-China FTA nor a Japan-China FTA has been under serious discussion, much less negotiation. Consideration of a trilateral Northeast Asia FTA composed of China, Japan and South Korea that could contribute to fostering better Sino-Japanese relations has not gotten far as well. Fundamental economic asymmetries appear sufficient to explain the absence of strong initiatives on behalf of such FTAs.

The major powers, however, appear to be using FTAs with third parties to check potential negative strategic trends. To reassure other regional states about China's rise and to prevent the emergence of a broad-based regional coalition to contain China, Beijing has promoted FTAs with ASEAN, South Korea, and Australia and supported an East Asian FTA and an East Asia Summit. To try to secure US economic and security presence in East Asia in the face of China's rise, Washington has in turn signed FTAs with Singapore, South Korea and Australia, launched the EAI for Southeast Asia, and is beginning to refocus on APEC. And to prevent China from gaining a predominant position in East Asia, Tokyo has been negotiating EPAs with individual ASEAN states, proposing an East Asia EPA that includes Australia, New Zealand and India, and continuing FTAs with South Korea.

The above competitive interaction of FTA initiatives along with other diplomatic and security maneuvers block for the time being any regional hegemonic projects on the part of any of the three major powers. At the economic level, the United States, Japan and China may compete for leadership regarding whose model of economic liberalization and integration will become the norm. But such competition does not directly translate into regional leadership in the political-security realm. Competitive FTA initiatives may

also have the effect of *indirectly* mitigating strategic rivalries between China and Japan and between China and the United States. The fact that virtually all of the secondary states in the region want to reach out to all three powers indicate that they are reluctant to pick sides in a great power rivalry in the region.

Finally, the notable restraint that the United States and Japan have exercised in responding to Taiwan overtures for an FTA show that both Washington and Tokyo are careful not to use FTAs to provoke Beijing about what it considers to be a vital political interest. In other words, even though FTA initiatives may *reinforce* incipient major power rivalries, they have not been used to *exacerbate* such rivalries. As the possible shift in Taiwan's policies suggest, Taipei could mitigate the problem by pushing for some version of an FTA with Beijing.

Cooperative Tendencies

After the end of the Cold War, a number of fledgling multilateral dialogues at both the official and non-official levels have emerged to foster security cooperation. They include the ASEAN Regional Forum, the Track-2 Northeast Asia Cooperation Dialogue (NEACD), and the IISS Shangri-la Dialogue. Some have even argued that the Six-Party Talks about North Korea's nuclear program provides the basis for establishing a cooperative Northeast Asia security institution. But compared to the resilient US-centered security alliance system in the Asia-Pacific, these multilateral forums are so far primarily talk-shops that are unable to address hard security challenges or even to promote substantial military transparency and mutual reassurance measures. Therefore to what extent does the FTA movement aid or hinder the development of multilateral security cooperation beyond the use of bilateral FTAs to buttress existing alliances?

The FTA bandwagon has been accompanied by increasing voices for regional community-building. Although the creation of a security community for East Asia in the sense that Karl Deutsch originally employed the concept may be illusive for the foreseeable future, optimists believe that regional economic interdependence and integration might eventually provide the material foundations for cooperative security.[76] And to the extent that the FTA movement might promote regional economic integration, the same movement would in turn foster security cooperation. Indeed the above survey

of national cases shows that even with their competitive elements, bilateral FTAs have also been used as tools of cooperative diplomacy and reassurance.

But where the FTA movement becomes most salient for the prospects of multilateral cooperative security mechanisms are proposals for various multilateral as opposed to bilateral FTAs. A key consideration is the degree of matching between possible security forums on the one hand and possible regional FTAs on the other. In the early 1990s, APEC as a region-wide economic forum and ARF as a region-wide security dialogue represented a near perfect match on the face of it. Both forums bridged the two sides of the Pacific rather than dividing them. But there was also a difference that prevented them from being mutually reinforcing. Whereas APEC was seen as diluting the role of ASEAN, ARF was firmly anchored around ASEAN. Therefore, while APEC focused on trying to bridge trans-Pacific divisions regarding the modality of regional economic liberalization, ARF adhered to ASEAN norms and concentrated on security issues more relevant to Southeast Asia rather than Northeast Asia.

As APEC waned in the wake of frictions over the EVSL negotiations and the 1997-98 regional financial crisis, ASEAN reasserted itself in regional economic dialogues through the ASEAN+3 process which excluded the United States. Singapore's FTA trailblazing and the Sino-Japanese competition regarding ASEAN have made ASEAN one of the FTA regional hubs. This is evident in the way both China and Japan are willing to respect ASEAN as a focal point. Both the Chinese concept of an East Asian FTA and the Japanese notion of an East Asian EPA keep the center of gravity around ASEAN. If the East Asian Summit process purports to build upon such a regional FTA project and to have an expansive agenda that includes political and security issues, the absence of the United States becomes problematic. Even if as Japan hopes Australia and India might help to counter China, an EAS without the United States could become the first step in a gradual erosion of US influence. The ball now appears to be in the US court about whether it will make a serious effort to be a part of EAS by signing on to the TAC with some modifications. But the risk of such a move from the perspective of East Asia community-building is that a vigorous U.S. attempt to alter TAC norms (especially regarding non-intervention) with the help of allies like Japan, Singapore, and Australia might be enough to blow apart the fragile EAS community-building project.

There are two alternative paths to multilateral security cooperation that would give the United States a central role. One is the Northeast Asian path that could build upon the 6-party talks and the track-2 NEACD. Although the Northeast Asian trilateral FTA concept floated by China has floundered, the United States could build on its FTA with South Korea to negotiate a "comprehensive economic partnership" with Japan to establish a new gold standard for international economic liberalization. Such an achievement would put the US and its allies in the economic driver seat at least for FTAs in Northeast Asia. Regional economic liberalization, of course, does not address the critical obstacles to Northeast Asian cooperative security; but if the 6-party talks do prove successful in putting North Korea on the path of denuclearization, then the time could become ripe for laying the groundwork for a Northeast Asia cooperative security order that is more to America and Japan's liking –one in which China's voice is not predominant and South Korea remains anchored to the US alliance network.

The other alternative path might be the vision of Pacific community articulated by President Bill Clinton in the context of the first APEC summit back in 1993. But this path would require that the United States with the help of friends and allies in East Asia resurrect the goal of a free-trade area of the Asia-Pacific and to strengthen APEC as "the pre-eminent regional economic forum" –as declared by the United States and Japan in their joint statement on alliance transformation in May 2007.[77] Eventually, APEC or a related trans-Asia-Pacific forum could begin to address more forthrightly various security issues. This option would inevitably take the initiative away from ASEAN and is therefore likely to be resisted strongly by several Southeast Asian states. The advantage of this course would be that the United States and its allies would be less constrained by ASEAN norms that have hampered substantive progress in ARF.[78] But it remains to be seen how much other Asian countries would go along with a U.S.-led drive for multilateral security cooperation. If the United States is too overbearing and impatient, then the effort could provoke a backlash that could in turn fuel the geopolitical competitive tendencies in the region.

NOTES

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