2011

Bachelor of Arts with Honours in Politics and International Studies

ASEAN's expansion: the ARF, EAS and A+3

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I wish to thank my supervisor Dr Jane Hutchison for all her invaluable input and the impressive feat of managing to put up with me for a whole year.
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**Acronyms**

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<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>A+3</td>
<td>ASEAN Plus Three</td>
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<tr>
<td>ABMI</td>
<td>Asian Bond Market Initiative</td>
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<td>AFC</td>
<td>Asian Financial Crisis</td>
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<td>AMRO</td>
<td>ASEAN+3 Macroeconomic Research Office</td>
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<tr>
<td>APEC</td>
<td>Asia Pacific Economic Cooperation</td>
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<td>ARF</td>
<td>ASEAN Regional Forum</td>
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<td>ASA</td>
<td>Association of South East Asia</td>
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<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<td>CMI</td>
<td>Chiang Mai Initiative</td>
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<td>EAEG</td>
<td>East Asian Economic Group</td>
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<td>EAS</td>
<td>East Asia Summit</td>
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<td>EU</td>
<td>European Union</td>
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<td>EVSL</td>
<td>Early Voluntary Sector Liberalisation</td>
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<td>FTA</td>
<td>Free Trade Agreement</td>
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<tr>
<td>FTAAP</td>
<td>Free Trade Area of the Asia Pacific</td>
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<tr>
<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GFC</td>
<td>Global Financial Crisis</td>
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<tr>
<td>GNP</td>
<td>Gross National Product</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>ITO</td>
<td>International Trade Organisation</td>
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<td>NAFTA</td>
<td>North American Free Trade Agreement</td>
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<td>PKI</td>
<td>Partai Koumunis Indonesia</td>
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<tr>
<td>PPP</td>
<td>Purchasing Power Parity</td>
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<tr>
<td>UFNSK</td>
<td>United Front for National Salvation of Kampuchea</td>
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<td>UN</td>
<td>United Nations</td>
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</table>
US  United States of America
USD  United States Dollar
WTO  World Trade Organisation
ZOPFAN  Zone Of Peace Freedom And Neutrality’
ZOPGIN  Zone Of Peace, Genuine Independence and Neutrality’
Abstract

Over the last 16 years the Association of Southeast Asian Nations (ASEAN) has gone from just a Southeast Asian organisation to leading three regional organisations in East Asia and the Asia Pacific. This thesis explains why this occurred, providing three main reasons. The first is ASEAN’s experience; it is the oldest functioning regional organisation in Asia and thus a good candidate to lead other regional organisations. The second reason is the trans-Pacific Asia Pacific Economic Cooperation (APEC) forum: the events around APEC’s founding drove the creation of East Asian led regional organisations. This resulted in the ASEAN Regional Forum (ARF), which as its name suggests is ASEAN led. As well, APEC’s unpopular actions during the 1997 Asian Financial Crisis (AFC) drove the creation of another East Asian organisation led by ASEAN, ASEAN Plus Three (A+3). The third reason relates to ASEAN’s long time focus on preserving state sovereignty, which has led to ASEAN building up a notable level of expertise dealing with threats to sovereignty. As well as this, East Asian regionalism has largely been driven by threats to sovereignty. These two facts made ASEAN an organisation well-suited to lead regional organisations in East Asia.
Introduction

Prior to 1994, the Association of Southeast Asian Nations (ASEAN) only operated in Southeast Asia. After that, however, the ASEAN-led ASEAN Regional Forum (ARF) emerged and was followed by two more ASEAN-led organisations, ASEAN Plus Three (A+3) in 1999 and the East Asia Summit (EAS) in 2005. This thesis will explain why, in just over a decade, ASEAN came to lead three organisations in East Asia, the Asia Pacific and beyond. To do this I will look at five organisations in East Asia and the Asia Pacific that have emerged since World War Two: ASEAN, the ARF, A+3, the EAS and the Asia Pacific Economic Cooperation (APEC) forum. This is not a complete list of all the regional organisations in East Asia and the Asia Pacific, but a list of the most relevant ones. Throughout this thesis I will regularly use the term ‘regionalism’; this refers to the formation and operation of regional organisations. As such, this thesis is about why regionalism in East Asia has become dominated by ASEAN-led organisations.

The thesis provides three reasons for this expansion. The first is ASEAN’s experience; the fact that there are no other regional organisations in East Asia with the same amount of experience. The second is APEC; the circumstances of APEC’s formation as well as APEC’s performance in the 1997 Asian Financial Crisis (AFC) drove the creation of ASEAN-led organisations. The third and final reason for ASEAN’s expansion is more complex. Apart from APEC, regionalism in East Asia has been driven by threats to sovereignty. ASEAN itself was driven by threats to sovereignty and since its formation has structured itself to tackle such threats. The ARF, A+3 and EAS were all formed to deal with threats to sovereignty, which made ASEAN particularly well suited to leading these regional organisations.

The first of my reasons, that ASEAN’s experience with regionalism in East Asia makes it an obvious choice for leading new regional organisations in East Asia and the Asia Pacific, is rather simple. So I will outline it throughout this paper by looking at ASEAN’s history without having a specific chapter dedicated to this reason. But this simple
argument has trouble explaining the emergence of APEC: why would an entirely new organisation form when ASEAN already existed? This occurred because APEC was formed by Australia, the United States (US) and Japan at the expense of a rival East Asian organisation, the East Asian Economic Group (EAEG). This defeat for East Asian regionalism drove the formation of other ASEAN-led organisations. Also APEC’s response to the AFC, which ranged from doing nothing to ill-timed measures, only increased the push for more ASEAN-led organisations. I will expand upon APEC’s role in driving the emergence of the ASEAN-led organisations in the first chapter of this thesis.

This brings us to the third and final reason for the many ASEAN-led organisations. To explain this properly I first need to outline what drives regionalism in East Asia. This involves looking at each notable post-World War Two development in East Asian regionalism and explaining what caused it to occur. I will then be able to show that the vast majority of regionalism in East Asia has been driven by threats to the sovereignty of states in East Asia. Accordingly, the second chapter of this thesis will outline the developments in East Asian regionalism that have been driven by geopolitical threats, before the third chapter sets out the developments that were driven by economic factors. I will then finish with a chapter that goes more deeply into the third reason for the emergence of the ASEAN led organisations.

The chapter on geopolitical drivers of East Asian regionalism begins with ASEAN’s formation, looking at how it was driven by the Cold War’s encroachment on the region. The chapter then moves ahead nearly thirty years to explain the expansion of ASEAN into the Indochina region to take advantage of the opportunity presented by the end of the Cold War. The ARF is next, driven by the geopolitical changes in the region post-Cold War and new transnational geopolitical threats. This chapter ends with a lengthy look at the coming emergence of a multipolar world system to replace the current US dominated unipolar system and how this drove the formation of the EAS.

My next chapter looks at the economic drivers of regionalism in East Asia. It begins by explaining how Indochina joined ASEAN because of economic considerations. In 1987 Soviet aid to the region was coming to an end, causing serious economic problems for
Indochina while ASEAN and China were enjoying excellent economic growth. I next outline the 1997 AFC and how it resulted in damaging and unwanted International Monetary Fund (IMF) interventions in the region. This drove the formation of A+3 to prevent another AFC, as well as to give East Asia the tools to avoid any more IMF interventions. ‘Factory Asia’ was another driver for the formation of A+3. This term refers to the intraregional production flows which increased economic interdependence in the region. ‘Factory Asia’ was also a factor in the formation of APEC, which is now struggling to stay relevant in a changing world.

The final chapter is dedicated to the third reason for ASEAN’s expansion; that ASEAN is well suited to dealing with threats to sovereignty. The chapter first outlines how each of the drivers discussed in the previous two chapters (apart from APEC’s drivers) were threats to the sovereignty of at least some of the states in East Asia. I do this by chronologically going through developments in East Asian regionalism, first explaining ASEAN’s formation against the threat to sovereignty that the Cold War posed. Then, when the Cold War ended, there were new geopolitical and economic threats to sovereignty which drove the expansion of ASEAN into Indochina. Next I outline how APEC itself was a driver for ASEAN’s expansion through the circumstances of its formation and its handling of the 1997 Asian Financial Crisis (AFC). The next organisation was the ARF, which was driven by the threats to sovereignty posed by the post-Cold War world. Importantly the ARF is ASEAN led; this is due to the circumstances of APEC’s formation a few years before. APEC’s mistakes also managed to drive the formation of another organisation: A+3, which was also driven by the AFC and associated IMF interventions. The final organisation I look at is the EAS, its formation was driven by the emergence of a multipolar world which was threatening the sovereignty of the smaller states in the region.

The second half of the final chapter looks at why ASEAN is so well suited to dealing with threats to sovereignty, and explains why some common criticisms of ASEAN do not affect this or ASEAN’s leadership of regional organisations. I first explain the term; ‘ASEAN way’ and point out my dislike for the cultural connotations of this term. So instead I use Katsumata’s term ‘ASEAN norms’, in place of the ‘ASEAN way’. I outline the
nature of these norms and how Katsumata argues they form a crucial part of ASEAN’s leadership of regional organisations. I then address some criticisms of ASEAN: that it cannot deal with internal matters of states; that there are divisions within its membership; and that it is unable to deal with regional ‘flashpoints’. All these are true, but they do not affect ASEAN’s ability to lead regional organisations. Internal issues such as the regime in Myanmar (Burma) have not posed a problem for ASEAN’s leadership and ASEAN has always worked successfully to present a united front on important issues. Also the regional ‘flashpoints’ are currently stalemates and thus unlikely to flare up and disrupt ASEAN’s leadership of regional organisations.