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Bachelor of Arts with Honours in Politics and International Studies

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

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I declare that this thesis represents my own work and that it has never been submitted for any examination at other institutions

Signed:

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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<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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<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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<td>FTAAP</td>
<td>Free Trade Area of the Asia Pacific</td>
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<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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<td>GNP</td>
<td>Gross National Product</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<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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<tr>
<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>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>Abbreviation</td>
<td>Description</td>
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<tr>
<td>US</td>
<td>United States of America</td>
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<td>USD</td>
<td>United States Dollar</td>
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<tr>
<td>WTO</td>
<td>World Trade Organisation</td>
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<tr>
<td>ZOPFAN</td>
<td>Zone Of Peace Freedom And Neutrality’</td>
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<tr>
<td>ZOPGIN</td>
<td>Zone Of Peace, Genuine Independence and Neutrality’</td>
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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.
Chapter One

Both APEC’s formation and its actions during the AFC have driven East Asian regionalism; APEC is a factor in ASEAN’s leadership of regional organisations. In late 1989, five years because the first ASEAN led organisation was formed, APEC was created. It was largely an Australian diplomatic effort which began when then Australian Prime Minister, Bob Hawke, proposed the Asia-Pacific Economic Cooperation organisation in a speech in Seoul (Janow 1996, 953). But at the same time as Australia’s effort, Malaysia was attempting to create the EAEG, led by then Malaysian Prime Minister, Dr Mahathir Mohamed (Aslam 2009, 283). A rivalry emerged between these two proposed organisations, but with the backing of the US and Japan, Australia managed to solidify APEC’s position and in doing so kill off EAEG (ibid). This was a blow for East Asian regionalism, what they perceived as outsiders and Western powers had defeated their organisation. The next time a regional organisation looked like emerging, ASEAN pushed for an ASEAN led organisation which resulted in the ARF.

Then three years after the ARF was formed, the 1997 AFC occurred. A variety of factors coincided to create a region wide crash that hit most of Southeast Asia as well as South Korea, Japan and Taiwan (King 2001, 441-2). This forced Thailand, Indonesia and South Korea to accept IMF assistance which caused short term damage to these states as well as embarrassment (Tobin 1998, 352). Southeast Asian states that had focussed so heavily on avoiding external interference suddenly had policies forced upon them by a US backed institution. The only large regional organisation in Asia, APEC, had no real role in the crisis, and worse than that it endorsed the role and actions of the IMF (Milo 2009, 71). On top of this APEC attempted to push the Early Voluntary Sector Liberalisation (EVSL) plan at the height of the crisis, which was viewed as completely inappropriate by East Asian states (ibid). The AFC eventually drove the formation of A+3, an ASEAN led organisation, because APEC’s failures and actions during the AFC had caused East Asia to lose confidence in it.
Chapter Two

In this section I will look at the geopolitical drivers of regionalism in Asia, this involves looking at ASEAN and its associated organisations; the ARF and EAS. I will first look at ASEAN’s formation, which was driven by the ASEAN states’ weakness at the time and the Cold War escalating in the region. Then I will outline ASEAN’s expansion into Indochina, which was driven by Indochina’s weak state after years of conflict and ASEAN’s need to stem Chinese influence. I will also look at the ARF, which emerged to avoid a US withdrawal from the region and to deal with new transnational security threats. Finally I examine the EAS, first outlining the coming emergence of a multipolar world system before explaining how this drove the formation of the EAS.

ASEAN’s Formation

The formation of the ASEAN in 1967 was a groundbreaking moment for regionalism in Asia. Indonesia, Malaysia, the Philippines, Singapore and Thailand formed an organisation that has survived to the present day, while still retaining importance and relevance (Secretariat 2011a). I argue that the organisation’s formation was driven by two main geopolitical factors; threats to the ASEAN states’ sovereignty and the Cold War. The ASEAN states were extremely weak post-colonialisation and lacked the ability to utilise their newly found sovereignty. This, combined with the Cold War bringing the focus of the two competing superpowers to the region, led to the formation of ASEAN, in an attempt to bolster the individual ASEAN states’ strength and preserve their sovereignty. I will use a definition of sovereignty with two levels, internal; which refers to the ability of states to conduct their internal affairs without outside interferences and external; which refers to equality of status internationally and freedom to conduct foreign relations (Makinda 1996, 150). Sovereignty in this sense dates back to the 1648 Treaty of Westphalia which codified state sovereignty and made the state the primary actor in the modern international system (ibid). Since then sovereignty has been an integral part of the international system, though sovereignty did not really exist in Southeast Asia until the end of colonialism after World War Two (ibid).
To properly explain why Indonesia, Malaysia, Philippines, Singapore and Thailand decided to form ASEAN it is necessary to understand the setting in which they did so. At the end of the World War Two, all these states - apart from Thailand (who adeptly avoided colonisation) were back under British, Dutch, French, Portuguese or American colonial rule after a brief Japanese occupation (Sharp 1946). But the Japanese invasion broke the back of colonialism in Southeast Asia, and by 1950 every founding ASEAN nation but Singapore was independent. However this independence brought new challenges common to nearly all decolonisation processes. The ASEAN states had to establish control over their new, and sometimes arbitrary, geographical borders as well as create a sense of national unity within these boundaries, all of which left the states of Southeast Asia weak and barely able to utilise their new found sovereignty (Beeson 2003a, 7). This weakness combined with the fact most independent Southeast Asian nations had only just been internationally recognised meant that the founding ASEAN states were lacking in sovereignty.

While the Japanese invasion was an important factor in the end of colonialism another factor was the actions of the US, who with some urging from Australia, exerted its considerable influence to pressure the European powers into leaving the region (Sah-Hadiyatan 2011, 153). As the Cold War began and the world divided into two camps, the US moves against colonialism led to the original ASEAN nations throwing their lot in with the US. Though they were not fully capitalist, and only occasionally democratic, the original ASEAN nations had no problem with being anti-communist. This stance gave them US economic and military support as well as US protection from international criticism (Beeson 2003a, 8).

This protection from international criticism is best shown by the Indonesian military’s crackdown on the Indonesian communist party, Partai Koumunit Indonesia (PKI), which before its destruction, was the largest non-ruling communist party in the world with around 3 million party members (Pauker 1969, 5). Since 1955, the PKI had been pursuing a peaceful democratic route to power, by participating in parliamentary elections (Porter 1995, 407). But on October 1st 1965 this all changed. An allegedly communist group inside the military calling themselves, the September 30 Movement
attempted a bloody military coup. This coup was unsuccessful and immediately followed by a brutal crackdown from the Indonesian security forces. This crackdown wiped out the PKI and culminated in Suharto taking control of the country, the beginning of the New Order regime (Pauker 1969, 5). This violent and suspiciously convenient turn of events for Suharto escaped international scrutiny and criticism at the time because it removed the threat of a communist Indonesia, something in America’s interests. In this way the Cold War was advantageous for the original ASEAN states, it gave them freedom in their internal affairs away from international criticism as long as they stayed anti-communist.

But these convenient circumstances did not last; the escalating situation in Vietnam began to make the original ASEAN states uneasy about external powers intervening in the region, just over a decade after colonialism had come to an end. After a communist insurgency against the French, the Geneva conference of 1954 ended colonial rule in Vietnam, splitting the country between the communist north with its capital in Hanoi and the anti-communist south with its capital in Saigon (Young 1991, 41). The US was actively involved in the creation of the southern republic and supplied it with economic and military aid for most of its existence (Herman 2007, 44). But by 1964 the Johnson administration in the US had decided that the south was unlikely to succeed against the Hanoi directed insurgency. So after winning the presidential election Johnson approved an escalation of the war (Logevall 2004, 101). First, this only involved air strikes but a year later US troops were committed on the ground, and from this point the conflict in Vietnam and US involvement only escalated (Anonymous 2010, 350). This intervention by the United States was worrying for Southeast Asian nations. Firstly it highlighted how vulnerable they were to interventions from powers from outside the region; what was happening in Vietnam could occur in any other Southeast Asian state. Secondly, the conflict in Vietnam began to spread. The US was basing forces in Thailand and North Vietnam had extended its supply lines through Laos and Cambodia (Logevall 2004, 101). This was destabilising for Laos, Cambodia and Thailand, with Laos and Cambodia coming out of the war much weaker than when they were dragged into it (Porter 1995, 409).
To address the threat of external intervention in Southeast Asia, the original ASEAN nations turned to regionalism, hoping this would be able to preserve their sovereignty in the challenging environment of the Cold War. So in 1961, as the conflict in Vietnam was beginning, the precursor to ASEAN was created; the Association of South East Asia (ASA) which included Thailand, Malaysia and the Philippines (Moon 2011). It lacked Indonesia because of its disputes with Malaysia at the time, and Singapore had not yet emerged as an independent nation (ibid). But once the Indonesia-Malaysia disputes were resolved, the Association of Southeast Asian Nations (ASEAN) formed in 1967 with the founding members: Indonesia, Malaysia, Philippines, Singapore and Thailand (Secretariat 2011a).

ASEAN was formed around the principles of ‘mutual respect’, ‘resisting external interference’, ‘non-interference in internal affairs’, ‘peaceful settlement of disputes’, ‘renouncing the use of force’ and ‘effective cooperation’ (Secretariat 2011a). Of these principles ‘resisting external interference’ and ‘non-interference in internal affairs’ are the two most important in explaining why ASEAN was formed. The (mostly) shared colonial experience and the ASEAN states’ lack of sovereignty since achieving independence meant that freedom to pursue internal affairs was vitally important and this also made avoiding external interference, both in the internal affairs of ASEAN nations and in the region, important. The Cold War initially enabled the founding ASEAN members to avoid interference in their internal affairs, but the escalating Vietnam conflict brought external interference into the region in the form of a proxy war between the super powers. But conventional wisdom understands ASEAN as a purely anti-communist grouping, built to resist internal communist threats and those originating from Indochina and China itself (Saravanamuttu 1994, 469). While this was a factor in ASEAN’s creation, ASEAN should be understood as an organisation primarily concerned with preserving sovereignty, resisting communism was just a means to secure sovereignty.

The first test for the newly formed ASEAN was the Cambodia conflict. ASEAN had been flirting with the concept of a ‘Zone Of Peace Freedom And Neutrality’ (ZOPFAN), a measure championed by the non-aligned members of ASEAN (Indonesia and Malaysia) which looked to create ASEAN as a neutral zone, a measure against the Cold War in the region (Singh 1997, 219). But North Vietnam viewed this, with good cause, as a measure
against it; Vietnam could not be neutral while fighting a war against the US. Though when the war ended Vietnam attempted to compromise with ASEAN by proposing the ‘Zone Of Peace, Genuine Independence and Neutrality’ (ZOPGIN), but this proposal died when Vietnam invaded Cambodia (ibid, 219-220).

The invasion of a sovereign state in the region shaped ASEAN, the Cold War forced it to drop its attempts at neutrality but it gained unity. Throughout the Cambodia conflict ASEAN held regular meetings of ASEAN foreign ministers and senior officials to form common diplomatic positions (Buszynski 1992, 831). This was challenging, as ASEAN members had notable differences in opinion, Indonesia had always been close with North Vietnam through the shared revolutionary experience, while Malaysia, Thailand and the Philippines were closer to the South and the US (Singh 1997, 216). Even so ASEAN managed to present a united front by developing its consensus driven decision making, which managed to hold firm throughout the Cambodia conflict and into the expansion of ASEAN to Indochina (Buszynski 1992, 832).

**ASEAN’s Expansion to Indochina**

In 1973 the US withdrew from Vietnam, leading to the reunification of the country under communist rule just two years later (Kolko 2005). At the time a united Vietnam was a mighty military power in the region; the most experienced forces in the region now had access to US weapons abandoned in the South (Singh 1997, 218). The subsequent invasion of Cambodia showed Vietnam was not afraid to flex this muscle, this occupation of a sovereign state could not be tolerated by ASEAN, so despite their individual differences they presented a united front against Vietnam’s occupation (Buszynski 1992, 832). This led to ASEAN siding solidly with the US and China against Vietnam and the Soviets for the remainder of the Cold war, creating a split in Southeast Asia between communist Indochina and anti-communist ASEAN (ibid, 220). But eventually the Cold War came to a close; the distinction between anti-communist ASEAN and communist Indochina no longer mattered (Amer 1999, 1031). This presented problems for both ASEAN and Vietnamese led Indochina; Vietnam no longer had Soviet economic support and its economy began to falter (Hoagland 1990). While ASEAN was
now faced with a very new environment, it had to redefine its organisation away from its Cold War focus and was wary of China and how it would influence the region (Buszynski 1992, 834).

Also Indochina as a whole was devastated, after three brutal wars in little more than thirty years and a continuing civil war in Cambodia, Indochina was as weak as the founding ASEAN members were after colonialism ended (Jian 1993, 110). This challenging geopolitical environment for both ASEAN and Indochina drove the expansion of ASEAN, Vietnam decided to withdraw from Cambodia which meant there was no longer any insurmountable barriers to Vietnam and ASEAN relations (Singh 1997, 221). It also gave Vietnam access to global markets to revive their economy as well as support against a growing China.

China was an issue for ASEAN, it had been extending its influence south since the late 1960s through relations with Cambodia and Myanmar (Burma). China’s influence in Cambodia led to the Vietnamese invasion, but relations with Myanmar stayed strong. In 1988 protests in Myanmar calling for democracy were crushed by the ruling junta (Watcher 1989, 180). A year later China’s Tiananmen Square protests began, both events generating significant negative international attention on these countries. So both countries found it suitable to more closely cooperate, China gained a southern ally as well as useful naval bases in the Indian Ocean and Myanmar avoided international scrutiny through its ally on the UN Security Council (Ghoshal 1994, 187). For ASEAN this warming of relations between China and Myanmar was not a positive development, and with the end of the Cold War ASEAN was finally able to do something about it. So in 1997 Myanmar joined ASEAN, giving Myanmar another shield against international scrutiny and ASEAN the ability to slow China’s growing influence (Secretariat 2011a).

ASEAN took the opportunity offered by the end of the Cold War to expand and include the states of Indochina, using the formula that had worked so well in stabilising and strengthening the original members of ASEAN post-colonialism to stabilise Indochina (Amer 1999, 1042). After staying with the original 5 members for nearly 20 years, in 1984 Brunei joined ASEAN just after independence, bringing the organisation to 6
members (Secretariat 2011a). This was followed by Vietnam joining ASEAN in 1995, Laos and Myanmar (Burma) in 1997 and finally Cambodia after its government stabilised in 1999 (Secretariat 2011a). This expansion was driven by ASEAN’s ambition to become a Southeast Asia wide organisation and need to redefine itself as such. But it was also driven by the geopolitical changes the end of the Cold War created; the end of the communist/anti-communist split and the obvious instability in Indochina (Secretariat 2009). This was a mutually beneficial exchange, ASEAN gained a new identity and a buffer against China and Vietnam and Indochina gained economic and political support from ASEAN.

The ASEAN Regional Forum

The end of the Cold War had other consequences for Southeast Asia, immediately after it ended there was considerable uncertainty about what the Asia Pacific would look like. Japan’s economic miracle was turning into a debacle, the 1990’s became known as the ‘lost decade’ with yearly growth of less than 1% (Siddiqui 2009, 1). But this loss of economic power as well as criticism of its role in the first Gulf War was driving Japan to move away from its pacifist security posture, now more actively using its considerable self defence forces and occasionally throwing its diplomatic weight around (Wesley 2004, 6). At the same time, China’s free market reforms were paying off, allowing it to rapidly industrialise and with the disappearance of the Soviet threat Sino-US cooperation seemed to be over. The Soviets had nearly completely withdrawn from Asia in 1990 and it seemed that the US would follow suit, with the US Department of Defence having a three step plan to reduce its forces in Asia (Katsumata 2010, 39). This all led to fears that if the US withdrew from the region - which seemed possible at the time - it would provoke a dangerous rivalry between Japan and China (Evans 2003, 743).

Into this unstable environment new transnational security threats - or at least threats that were obscured by the Cold War - began to emerge. These involved demographic pressures, resource depletion, global warming, unregulated population movements, transnational crime, virulent new diseases as well as others (Dupont 2002, 2). These transnational security threats can mostly be understood as consequences of
globalisation; “the growing multi-directional flows of people, objects, places and information” (Ritzer 2011, 2). These threats have consequences for all states, as most of them are transnational thus cannot be dealt with by individual states. They are also all the more challenging for the less developed ASEAN nations (Beeson 2003a, 1).

The combination of transnational security threats as well as the uncertain post-Cold War security environment drove ASEAN to establish the ASEAN regional forum (ARF) (Medeiros 2006, 163). Today the ARF comprises of 27 participants, the 10 ASEAN nations, Australia, Canada, China, The European Union, India, Japan, New Zealand, South Korea, Russia, the United states, Papua New Guinea, North Korea, Mongolia, Bangladesh, Pakistan, East Timor and Sri Lanka (Gyngell 2007, 7). The ARF first met in 1994 and now meets yearly after each ASEAN summit (ibid). The ARF aims to engage its members in constructive dialogue on various political and security issues in order to build confidence (Secretariat 2005). The ARF also attempts to use preventive diplomacy to prevent disputes from escalating into violent conflicts (Talib and Tay 1997, 253).

But the ARF’s should best be understood as an attempt to extend the strategy that worked for the founding states of ASEAN post-colonialism, and Indochina after the Cold War, across the entire Asia Pacific. As Katsumata puts it; “the ARF is an arena in which the Southeast Asian countries practise their norm, with the aim of sharing it with non-ASEAN countries” (Katsumata 2010, 8). This norm is the pursuit of security cooperatively, non-militarily and enhancing “a sense of mutual understanding and trust through dialogue and consultation” (ibid). Thus the ARF is an attempt to soothe the uncertain security environment post-Cold War by engaging with the United States to keep it in the region as well as engaging with China and Japan to avoid any destabilising rivalries. However the ARF should not be overstated, at the moment the most important part of regional security environment is the bilateral relations between the US and the rest of the region’s states. This said the ARF has managed to become a multilateral cooperative security organisation which has a role in stabilising the post-Cold War region (ibid, 162).
The East Asia Summit

The collapse of the Soviet Union in 1989 ended the Cold War and left the United States as the sole remaining superpower, an unrivalled hegemon. Since this event the international system has been dominated by the US, the world system is a unipolar one; US military force is greater than the world combined, the US dollar is the world’s key currency and much of today’s international institutions were created by the US (Layne 2008, 13). But this is coming to an end; the world is beginning to enter a multipolar system, where other powers such and China, India, a resurgent Russia and perhaps even Brazil or others will rise to prominence in the world system. The US is not going to disappear overnight, it will be a world power for the foreseeable future, but will have to begin to share that stage with other states (Zakaria 2008, 43). This process will be inherently unstable, wars have occurred in the past during similar transitions but this is no longer feasible in the nuclear age. That said, rivalry and conflict are likely (Ikenberry 2008, 26). Driven by this impending transition to a multipolar world ASEAN formed the EAS in 1995 to ameliorate the destabilising effects of this geopolitical change (Gyngell 2007, 7). The EAS has a good chance of smoothing the transition to a multipolar world because its ASEAN leadership is independent from any major power and the EAS membership spans all the major powers in the region.

US Hegemony

In the early 90’s there was some doubt over whether the world was unipolar, occupied by a single American hegemon. Some argued that the end of the Cold war would result in the major European powers beginning a new era of rivalry and conflict after the common threat of communism was removed (Friedberg 1993, 6). Other arguments looked at the US need for defence cutbacks which would precipitate a general withdrawal now that it no longer had to compete with the Soviets (ibid, 32). There was also Japan’s stellar growth at the time and the sudden easy access to high technology weapons at the end of the war that sparked many small arms races (ibid, 30). But this did not add up to a multipolar world, Europe united but not enough to make it a single power, Japans’ growth soured and the US never withdrew. All of which resulted in a
unipolar world where US power is unmatched, this US hegemony is built around three main factors; the US’s military, economic and diplomatic power.

Military

Militarily the US is probably more powerful than the rest of the world combined, with the US military budget making up about 45% of world defence spending (Posen 2003, 7). But this number doesn’t quite represent how much more powerful the US is than the rest of the planet. Posen argues that what makes the a US hegemon is its ability to command the global commons; the sea, space and air (2003, 8). The US “gets vastly more military use out of the sea, space and air than do others” and it is also able “to deny their use to others”, which makes the US the sole superpower on earth (ibid). The US ability to command the commons is largely thanks to its aircraft carriers. The US navy has 11 large aircraft carriers, which is 10 more than any other state (Tillery 2010). On top of this the US has another 10 smaller carriers; which with the recent decommissioning of one of the UK’s carriers is 9 more than any other state (ibid). This all adds up to a crushing advantage over every other state on earth, but challengers are emerging.

China is making strides forward militarily, making it a future contender in a multipolar world. China’s spending is still far behind the US, around $100 billion compared to the US’s nearly $700 billion even though China is thought to underreport its spending (SIPRI 2010). This investment puts it ahead of all nations apart from the US, but China is still modernising; analysts putting it a decade behind modern military forces in the US and Europe (Bhartendu 2008, 680). This modernisation is aimed at transforming China’s military from a force focussed on retaking Taiwan to a force that can protect China’s global interests, befitting a global power (Thompson 2010, 90). China has made progress towards this with their first aircraft carrier; a refitted Soviet model sailed for its first sea trials recently, giving China the beginnings of a blue water (open ocean) fleet (Anonymous 2011). There was also the recent public unveiling of China’s own indigenous 5th generation fighter jet, joining America and Russia in the hallowed 5th generation club (Sweetman 2011). Indigenous production is another area that marks
China out as a world power; much of its hardware in recent times has been indigenous even if stolen technology played a role in this (Bhartendu 2008, 681).

India is in a similar position to China, but behind in many respects. To make up this gap India is relying on cooperation with Russian and European defence firms to catch up, a distinctly different strategy to China’s indigenous production. This is partly due to India having far less to spend on its military, only spending $36 billion (SIPRI 2010). India is endeavouring to transition from a force focussed on defeating Pakistan to the force of a global power, to this end India is replacing its British World War Two era aircraft carrier with a refitted small Soviet carrier and potentially two indigenously designed large carriers (only one is apparently under construction at the moment) (Dyomkin 2009). India has also agreed to jointly develop a 5th generation fighter jet with Russia though it is speculated that Russia will shoulder the majority of the development (Shukla 2011). Also India is expected to soon announce the winner of its 10 billion dollar fighter jet contract for over a hundred aircraft, the contest coming down to the French and a European consortium (ibid).

But does this growth in China and India’s military translate to military threats to US hegemony; can the US be challenged in its command of the global commons? At this time no state can challenge US command of the seas, the Russian remnants of the Soviet fleet if fully operational is only able to deny US access with its anti-shipping missile and anti-submarine warfare focus, the Russians cannot take advantage of the seas. China is in a similar situation, currently able to at least deter the US from Chinese waters with land based anti-shipping ballistic missiles (Hoyler 2010, 84). But the crucial difference in the Chinese compared to the Russians is that they will eventually be able to take command of seas in their immediate neighbourhood. This could be done in the near future with their currently infantile carrier fleet combined with its huge littoral (close to shore) fleet of missile boats and submarines (Planeman 2010a). India is many years from having such a fleet, currently operating British and Soviet hand me downs while most procurement focuses on the air force (Anonymous 2000). It is a similar story in the air, both Russia and China can deny US command in their home airspace with powerful air defence systems (Planeman 2009; Planeman 2010b). But at the moment
neither can sustainably command the air in other areas of the globe because of their lack of overseas bases and airborne refuelling, both of which the US has access to.

**Diplomatic**

Possibly the biggest factor behind US hegemony is its diplomatic power; this is how the US has shaped the world system, a world system that is beneficial for most, but also highly advantageous for the US. The US established and maintains most of the world’s important international institutions, many headquartered in New York. The US has promoted a rule based international system through the United Nations (UN), and promoted market access concepts through the World Trade Organisation (WTO) and World Bank (Blum 2003, 245). In this way US hegemony can be seen to be built on its world order and formulation of international regulations (Blum 2003, 244). This hegemony uses ideology; democracy, human rights and free markets, to attempt to regulate the actions of states (ibid). This is important when looking at the rise of other nations, the US shapes the environment that these powers are rising in (Ikenberry 2008, 24). This makes it challenging for the rising powers, no state is close to forming an alternative world system, and instead all these rising powers are working from within the US system. This is because these rising powers are confronted with a system that is hard to overturn but very easy to join (ibid, 25). This means the US will not be replaced by another hegemon for a very long time, it is only possible for other states to rise to prominence within the US built world system and so create a multipolar system.

**Economic**

The third pillar of US hegemony is its economic power. The most visible aspect of this is the status of the US dollar (USD) as the world’s key currency, the USD is the medium of exchange, unit of account and store of value across the globe (Norrlof 2010, 197). But the USD couldn’t be the key currency without significant American economic might behind it, the US has consistently had the highest share of world GDP by a significant margin, only being recently challenged by the Euro zone as a whole (ibid, 21). The US is also the world’s largest importer, though it has dropped to third in exporting, all of
these factors contribute to economic dominance that is a part of the US hegemonic position (ibid, 22).

Unlike military power and to a lesser extent diplomatic power, economic power does not have such a great lag time, so China’s ability to challenge the US and its hegemonic status lies in its economic growth. The embracing of capitalism has led to the mobilisation of its huge population and plentiful land giving China high growth since 1990, and nearly double digit growth for much of the 21st century (Layne 2008, 13). This growth has continued through the Global Financial Crisis (GFC), just dipping under 10% (CIA 2011a). All of this has made China a serious contender with the US, measured by GDP with purchasing power parity (PPP) calculations China is at $10 trillion compared to the US at $15 trillion (CIA 2010). Another measure of China’s economic might is its holding of US treasury securities; US sovereign debt, of which China is the largest foreign holder (US Treasury 2011). Some in the US believe this to be a threat, saying that the Chinese could dump these securities, causing damage to the US economy (Jamil 2010). But this would hurt China as much as the US, and China is not amassing these securities for some nefarious purpose, it simply has a large amount of money to be invested and it is hard to avoid the US market (ibid). Though in recent times, especially since the recent GFC, China has attempted to diversify its holdings.

Other states such as India, Russia, Japan and South Korea have gone through periods of remarkable growth. But only China has been able to sustain its growth, with consistent double digit growth only just falling under double digits in the recent economic turmoil (Layne 2008, 13). This marks China out from other major powers, with Japan going through an extended period of stagnation. And India as always is notably behind China, not quite making it to double digit growth (CIA 2011b). Russia rises and falls erratically with world economic fortunes, a symptom of the underpinnings of its economy (CIA 2011c). China’s consistent growth gives it the strength to challenge US hegemony in the future; the US has gone through two recessions in the last decade and could go through another early in this decade. If this trend continues China will overtake the US as the largest economy in the world as early as 2025, with India having a chance by 2050 (Cookson 2008). So if current trends continue there will undoubtedly be a multipolar
economic system. Also if this situation perseveres it will lead to a multipolar world system, as economic power eventually translates to military growth and diplomatic power.

**The Multipolar Transition**

This transition from a unipolar US dominated world system to a multipolar system where China, India and others rise, poses a threat to stability, especially in the Asia Pacific region. Historically geopolitical changes such as this have resulted in wars, World War Two being the biggest example, but today nuclear weapons make this no longer possible (Ikenberry 2008, 26). Instead there is rivalry and hostility, which can be dangerous and destabilising for the region. So in an attempt to ameliorate this threat ASEAN; the organisation terminally afraid of instability, created the EAS in 2005 which involves the ASEAN nations, ASEAN+3 nations and India, Australia and New Zealand, which became informally known as ASEAN+6 (Gyngell 2007, 7). China was initially enthusiastic about the EAS, seeing it as an Asian regional grouping that it could dominate, but Japan and other China wary nations swung the balance away from China by inviting ‘outsiders’ (India, Australia, NZ) (Malik 2006, 207). Then a cancelled summit in Thailand due to civil unrest stalled the EAS for a year (Farrelly 2009). After which there was a new president in the US who was open to signing the Treaty of Amity and Cooperation essential to joining the EAS (Wihardja 2011). The ASEAN states’ caution about China’s posturing towards disputed claims in South China Sea as well as the influence of US allies in the EAS led to the US being invited to join the EAS in 2010 and joining in 2011 (Pereira 2011). China countered this development with a push for Russia’s inclusion, which gained support from India, which has had a strong and friendly relationship with Russia since the 1950’s, bringing the EAS to 18 members.

This rivalry between the members of the EAS and the strategic plays it created resulted in an EAS with all the current powers in the Asia Pacific. This membership as well as the independent leadership by ASEAN puts the EAS in a good position to smooth the transition from a unipolar to a multipolar system. Ideally this would involve bringing together the US, China and India as well as other regional powers and applying the same
formula that worked so well for ASEAN post-colonialism and during its expansion into Indochina. ASEAN’s leadership should ensure that the EAS does not become an organisation unified against one power as it is in ASEAN’s best interests to avoid this. The membership of the EAS is wide, but not excessively. It includes all the relevant powers in the region as well as the entirety of ASEAN without expanding to the absurdly large membership of APEC that stifles action.
Chapter Three

Economic drivers of regionalism in East Asia only began to have meaningful impacts after the end of the Cold War. The volatile and hostile power shifts between the regional powers of China, Vietnam, ASEAN and the two superpowers during that period overpowered any effects which economics could have on regionalism. But it is from this environment that economic drivers first had an impact on regionalism, the end of the Cold War led to Indochina embracing capitalism through joining ASEAN. Then the dangers of economic interdependence were revealed by the 1997 AFC which drove the formation of A+3. A+3 was also driven by ‘Factory Asia’ which describes the intra-regional production flows in East Asia. This was also a factor in the formation of APEC, an organisation that has struggled for relevance while ASEAN has expanded rapidly.

Indochina’s Economic Liberalisation

This first major impact that economic drivers had on regionalism in Southeast Asia was the expansion of ASEAN to into Indochina, which brought Vietnam, Cambodia, Laos, and Myanmar (Burma) into ASEAN. I will focus on Vietnam because of its significant influence over its fellow Indochinese states and as this expansion was in part driven by Vietnam. As the Cold war came to an end Vietnam was internationally isolated. This hurt Vietnam economically, especially compared to growth China and ASEAN were enjoying. To escape this isolation, Vietnam agreed to withdraw from Cambodia and repair relations with ASEAN. This began a process which ended with the ASEAN expanding to cover the entire Southeast Asian region.

In 1975, North and South Vietnam were reunified under the rule of the North’s communist government (Kolko 2005). With the war over, Vietnam no longer required Soviet and Chinese aid in its conflict against the Americans. But with the North Vietnamese victory, the Soviets and Chinese were no longer united by their desire to see the US pushed out of Indochina. The Sino-Soviet relationship had also recently deteriorated, ideological conflicts and border disputes had escalated to a stage where both China and the Soviet Union viewed each other as their main threat in the region,
and accordingly built up forces along their shared borders (Kelemen 1984, 339). This dispute between the two regional powers forced Vietnam to choose between its two large benefactors in the war against the US. This choice was decided by developments in Vietnam’s neighbour, Cambodia. Vietnam’s previous cooperation with the communist regime in Cambodia had degenerated into border skirmishes with the Cambodians enjoying open Chinese support. This, combined with the new strategic partnership between the US and China, led to Vietnam aligning itself with the Soviets (Singh 1997, 219). This resulted in a Soviet naval base in Vietnam, giving the ascendant Soviet fleet an extremely useful staging point to threaten China and the US (Kelemen 1984, 341).

But aligning with the Soviets did not solve Vietnam’s relations with Cambodia, which continued to degrade as border skirmishes escalated. However, Vietnam was confident in its military force after decades of war, having dealt defeats to both the French and the US, and now being flush with weapons sourced from the Soviets and those left in the south by the US (Zhang 2005, 855). With the recent treaties with the Soviets as a deterrent against any Chinese retaliation, Vietnam formed the United Front for National Salvation of Kampuchea (UFNSK) with Cambodians disaffected with the Pol Pot regime (Pribbenow 2006, 462). With this puppet regime ready, Vietnam invaded Cambodia in 1978, capturing the capital and shattering Pol Pot’s Khmer Rouge forces in little more than two weeks (ibid, 459). But China retaliated soon after, invading Vietnam and then withdrawing before Vietnam, with Soviet airlifts, could bring its best troops back from Cambodia (Zhang 2005, 867). The Sino-Vietnamese war ended inconclusively, but it left Vietnam heavily deployed along its northern border with China as well as maintaining significant forces in Cambodia - all of which came at a cost (ibid, 868). The cost of this heavy military deployment left Vietnam dependant on Soviet aid to maintain its forces and economy, a situation that had not existed just two years prior. In the first half of 1979 Vietnam received 90,000 tons of material aid from the Soviet Union, more than Vietnam received in all of 1978 (Kelemen 1984, 341). This dependence on the Soviets continued until the end of the Cold War (ibid).

Thus, from 1979 onwards, Vietnam only had the Soviets on its side. Its invasion of Cambodia intensified hostilities with China and ruined relations with the ASEAN states,
which could not allow the invasion of an independent state in Southeast Asia, especially by a communist regime. This led to an informal China-ASEAN-US grouping against Vietnam’s occupation (Singh 1997, 220). Throughout Vietnam’s occupation this grouping supported the remnants of the Khmer Rouge fighting Vietnam’s puppet regime in Cambodia. But less than a decade later Vietnam’s only link to the outside world began to be cut off as the Soviet Union fell apart, bringing the Cold War to an end. Vietnam’s essential economic and military support dried up, causing Vietnam to plunge into an economic crisis (Hoagland 1990). At the same time China was enjoying excellent growth rates as a result of its economic liberalisation.

It is 1987 when the loss of Soviet support really began to bite in Vietnam. A growth rate of 2.5% for that year caused serious issues for the country, and conditions were even worse in its communist neighbours of Cambodia, Laos and Burma (IMF 2011). At the same time, Vietnam’s neighbours - China and Thailand - were enjoying 11.5% and 9.5% growth rates respectively; Vietnam was being left behind (ibid). For China, its growth was based on its economic liberalisation process, in place since the late 1970s (Rawski and Brandt 2008, 30). This process involved reforms that moved China away from an isolated, communist command economy, towards engagement with world markets (ibid). One of the biggest factors in China’s growth was China’s ability to attract foreign investment, which injected massive flows of technology into China’s economy (ibid, 32). In response, Vietnam launched a reform program referred to as Doi Moi, aimed at transforming its centralised economy in the fashion of China a little over 10 years before (Sharma 1999, 98).

But these attempts to emulate China’s success by allowing foreign investment to modernise its economy were hampered by the US embargo in place since the war, as well as the lack of international confidence in Vietnam’s changes to its communist policies (Freeman 2007). The loose US-China-ASEAN coalition formed after the invasion of Cambodia was keeping Vietnam isolated. Repairing relations with US would be difficult during a Republican administration and any negotiations with China would be costly for Vietnam. So Vietnam’s solution was to repair its relations with ASEAN. This
would allow trade with the ASEAN states, increase international confidence in Vietnam’s reforms and put pressure on the US to drop the embargo.

However, Vietnam’s occupation of Cambodia was a barrier to normalising relations with ASEAN (Singh 1997, 221). By late 1985 Vietnam had already begun withdrawing troops from Cambodia while simultaneously strengthening its puppet regime. But in an effort to repair relations with ASEAN, Vietnam carried out an unconditional withdrawal in 1989 (Erlanger 1989). Though the conflict and instability inside Cambodia continued, it was no longer an insurmountable barrier to good relations between ASEAN and Vietnam (ibid). Thus began the normalisation of relations with the ASEAN states that eventually resulted in Vietnam and the rest of Indochina joining ASEAN. The normalisation of relations with ASEAN gave Vietnam an entry point into the world market, leading to Singapore quickly becoming Vietnam’s largest trading partner (Simon 1994, 188). These improved relations also gave international companies the confidence to invest in Vietnam, which in turn led to heavy business pressure on the US to lift the embargo so that US companies were not missing out on this new market (Hiebert 1990, 72). This eventually led to the US embargo being lifted in 1994 by the Clinton administration (Manyin 2005, 7).

The economic crisis in Vietnam brought on by its international isolation drove Vietnam to repair its relations with ASEAN. ASEAN saw this as an opportunity; finally the organisation could cover all of Southeast Asia, something which had been prevented by the Cold War and the communist/anti-communist split. ASEAN could stabilise the Indochina region and gain new economic partners while Vietnam was able to escape isolation and join the international economy, a mutually beneficial arrangement.

**The 1997 Asian Financial Crisis**

The AFC of 1997 caused significant economic damage to the economies of Thailand, Malaysia, Philippines, Singapore, South Korea and Hong Kong. This crisis is significant because it drove the formation of A+3 and has shaped most of that organisation’s
initiatives. These initiatives are aimed at avoiding another AFC or at least giving East Asia the tools to deal with another financial crisis, should it occur. A+3 aims to avoid any more unwelcome IMF interventions in the region. This was a significant change to regionalism in East Asia; the AFC drove the formation of the first East Asian organisation, even if it was highly focussed on countermeasures to avoid another financial crisis and has few other initiatives.

The 1997 crisis began in Thailand where the perceived value of the Thai currency; the Baht, was dropping due to economic troubles. At the time Thailand, like most states in Asia, had a fixed exchange rate which meant Thailand had its currency pegged to the US dollar (King 2001, 441). But the world financial markets had decided that the baht was overvalued, a situation which had its roots in Japan. Japanese banks held over 50% of foreign bank loans in Thailand and these banks were facing domestic issues which triggered them to reduce their overseas risk, which involved pulling out of Thailand (King 2001, 453). These domestic issues in Japan also led to a drop in the value of the Japanese Yen, which consequently pushed up the US dollar, which many Asian countries had their currency tied to (Miller 1998). These two events fuelled the perception that the baht, as well as other currencies in the region, were overvalued.

But the Bank of Thailand believed that it could fight this perception (Miller 1998, 355). This proved to be the wrong decision; the Bank of Thailand managed to use up its $37 billion of reserves without changing the situation (ibid, 356). Then, with the central bank broke, a serious but isolated issue with the valuation of the baht became a crisis, foreign capital fled and the Thai government had to devalue its currency causing turmoil in Thailand (King 2001, 441). This crisis called into question international confidence in the rest of the region, with the Philippines, Malaysia and Singapore all forced to depreciate their currencies (King 2001, 441). What had been the region of the ‘Asian Tigers’, seen as an example for all developing countries, suddenly became a dangerous risk. This led to the IMF announcing a rescue plan for Thailand which halted the crisis for a little over a month (ibid, 442).
But the crisis was not over; soon Indonesia also needed to call in the IMF, which broke the fragile confidence formed by the IMF intervention in Thailand and led to the crisis spreading to Hong Kong, Taiwan and Japan before eventually hitting South Korea hard (ibid, 442). This was as far as the crisis spread, but it caused great damage; ASEAN’s GDP as a whole fell 31%, with Indonesia the worst hit with a 80% drop in its gross nation product (GNP) (ADB 2001). This damage was due to the heavy debt levels in the region, the excellent growth in the ‘Asian Tigers’ had convinced banks and businesses in the region to borrow to take advantage of the good economic times (Tobin 1998, 351). But this borrowing was mostly in yen and dollars and with the significant hits to currencies in the region these debts suddenly became far larger than they were originally, causing many bankruptcies (Shurniak 1999, 42).

The central banks in Thailand, Indonesia and South Korea all failed to deal with the crisis and were forced to accept IMF assistance. This assistance came with conditions; these states were forced to adopt painful reforms which at least in the short term damaged their economies, making them more risky rather than less (Tobin 1998, 352). While these reforms were good for these states in the longer term, they were implemented by the IMF at the worst time possible and for all intents and purposes forced upon these states (ibid). This intervention by the IMF “revealed both the continuing vulnerability of the region as a whole to external leverage and the lack of a regional capacity to manage such events” (Beeson 2003b, 260). This vulnerability was worrying for East Asia and very unwelcome, ASEAN itself had been created to avoid external influence. There was also a perception that prompt countermeasures by East Asian nations could have mitigated the crisis more successfully and palatably than the IMF interventions (Kim 2007, 164).

So there was a perceived need in East Asia for a regional organisation that would be able to prevent future IMF interventions. Accordingly in 1999 A+3 was formed, bringing ASEAN together with China, Japan and South Korea in one institution (Gyngell 2007, 6). This organisation involves summits with heads of states, meetings of foreign ministers, economic ministers and finance ministers as well as other senior officials (Soesastro 2003, 1). These summits and meetings have led to the Chiang Mai initiative (CMI) and Asian Bond Market Initiative (ABMI), both of which were designed to avoid, or at least
give A+3 the tools to lessen the damage of another AFC as well as avoiding IMF intervention.

The Chiang Mai initiative was created in May 2000 as a network of bilateral currency-swap arrangements available to A+3 members (Kim 2007, 165). Ideally this would “provide liquidity support to member countries that experience short-run balance of payment deficits” (Wang and Park 2005, 92). Initially the CMI lacked a large enough liquidity supply to actually make any difference in any potential crisis, but over time this supply has been slowly but steadily increased (Oliver 2009). Even so, the resources that the CMI can currently access are dwarfed by the huge foreign currency reserves kept by the individual member states of A+3 in the wake of the AFC (Callick 2007). Very recently the CMI has been boosted by the creation of the A+3 Macroeconomic Research Office (AMRO) which become operational in May this year (Samboh 2011). The AMRO will monitor A+3 member countries and step in to provide liquidity support from the CMI pool when necessary (Saputro 2011). This is a strikingly similar role to the IMF and thus it should be seen as a replacement for the IMF in the region, but a replacement staffed and run by A+3. This replacement will merely step in to provide liquidity support; there would not be any structural reform conditions attached. The AMRO aims to avoid a repeat of the embarrassing and damaging interventions by the IMF during the AFC.

Three years after the CMI, A+3 created the Asian Bond Market Initiative (ABMI), another regional mechanism aimed at avoiding further financial crises by developing Asian financial markets. Historically, Asia has exported ‘safe’ government money and imported ‘risky’ private sector money; the ABMI attempts to turn this around, at least partially, by creating an indigenous bond market in Asia (Stubbs 2004). This would enable domestic savings to be recycled into local currency-denominated bonds, which should help avoid repeats of the situations that led to the AFC and reduce dependence on the US dollar (Kim 2007, 174-175). Today East Asia’s share of the global bond market has quadrupled to 8% from 2.1% prior to the AFC. Even if not all of this growth can be put down to the ABMI, it is likely it had some role (ADB 2011).
To summarise, the economic threat of another AFC and any associated IMF interventions in the region drove the formation of A+3 and its two hallmark initiatives; the Chiang Mai initiative and the Asian Bond Market initiative. These two initiatives seem to have succeeded in giving East Asia the ability to avoid another crisis similar to the AFC, or at least provided the tools to mitigate the damage that this would cause. This also enables the region to resist any IMF interventions of the style that occurred in the AFC by implementing East Asian solutions to issues in East Asia.

**Factory Asia**

The creation of A+3 makes a certain amount of intuitive sense because of the economic interdependence between the ASEAN states, China, Japan and Korea (Beeson 2003b, 265). This economic interdependence has been labelled as ‘Factory Asia’ which refers to “intra-regional trade flows acting like conveyor belts moving partly processed goods to the next production bay” (Baldwin 2009, 3). This situation has emerged since 1985, when development strategies in the region changed away from blocking imports and towards fostering exporting outside the region (Baldwin 2008, 453). The opening up of the region to trade led to the availability of cheap workforces across Asia, which prompted Japan, the only developed economy in the region at the time, to begin outsourcing labour intensive processes. Production chains began in Japan with high-tech inputs such as design and component engineering and were then extended to various ASEAN nations for the labour-intensive stages before either heading to overseas markets or back to Japan (ibid, 454). Japan was the ‘headquarter economy’ and much of the rest of Asia was made up of ‘factory economies’. Then, as Taiwan, Korea, Singapore and Hong Kong developed and their labour wages rose they began to compete with Japan at the high tech stage of the process, while China joined the ‘factory economies’ as it opened up economically (ibid, 455). Recently ‘Factory Asia’ has become more complex as ‘factory economies’ began to source parts from each other, rather than just from the ‘headquarters’, resulting in a very complex and interdependent regional economy (ibid). A single manufactured good can involve components from across the region. ‘Factory Asia’ continues today, with trade between ASEAN and the A+3 countries accounting for 26.1% of ASEAN’s total trade in 2010 (Secretariat 2011b).
This concept of ‘Factory Asia’ can be seen as one of the drivers for the formation of A+3, not as important as the AFC, but important nonetheless. However, ‘Factory Asia’ has had little impact on the actual workings of A+3. A+3 has only had success with measures designed to avoid or ameliorate another AFC, very few other initiatives have been implemented. Early speculation about a free trade agreement within A+3 never eventuated, instead multiple ASEAN+1 (ASEAN-China, ASEAN-Japan etc) agreements have been created (Soesastro 2003, 6). This seems like a calculated move by ASEAN to keep power with itself, rather than give power to an organisation involving the regional heavyweights of China and Japan. Another often speculated part of A+3 is some kind of monetary integration, but there has not been the political will in East Asia to mount these reforms as too much sovereignty would be given away. Also the current economic issues in Europe are heavily linked to its own monetary integration, which ruins any chance of monetary integration appearing on the A+3 agenda (Bayoumi et al. 1999, 2). However A+3 was not the only organisation in Asia driven by ‘Factory Asia’.

**Asia Pacific Economic Cooperation**

Early ‘Factory Asia’ was also a driver in the creation of APEC (Gyngell and Cook 2005, 3). But it was not the sole factor in the formation of APEC as APEC is a much larger and more diverse organisation than A+3 that has spread far outside Asia. There were also the factors of stalled international trade talks and competition from regional organisations in Europe and America. These factors all combined to drive the formation of APEC in 1989 and have also shaped its development since then, with all APEC’s actions being focussed towards trade liberalisation, primarily internationally, but also within the region. However, today APEC is running out of steam, inept handling of the AFC combined with geopolitical changes in the region have left APEC out of touch and it is rapidly being replaced by ASEAN led organisations such as the EAS and A+3.

At the time of APEC’s emergence ‘Factory Asia’ was just beginning to transition; Taiwan, Singapore and Korea were emerging to challenge Japan as ‘headquarter economies’ and China was beginning to engage in trade with the region (Baldwin 2008 , 455). This was making the region more economically interdependent than ever, with Japan and its new
fellow headquarter economies relying on the region to produce goods for the US market. This led to intra-regional trade growing from 23% in 1980 to 39% in 1990 (Frankel 1995, 5). This growing interdependence, as well the dismal state of international trade negotiations, helped to drive the formation of APEC.

These international trade negotiations were known as the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) which were entering their third year when APEC was beginning (Lang et al. 1992, 69). The eighth round of GATT negotiations began in 1986 in Uruguay, which led to it being referred to as the Uruguay Round. The GATT negotiations emerged from the Bretton Woods system when the planned International Trade Organisation (ITO) failed to materialise, though once the Uruguay round was completed, GATT became the World Trade Organisation (WTO) (WTO 2011a). This round had an enormous agenda that aimed to tackle trade-related aspects of intellectual property and investment measures as well as agriculture among other things (Lang, Jackson et al. 1992). This agenda proved to be highly challenging and, at a meeting in Montreal 1988, which should have been the halfway point in the process, talks were at a deadlock (WTO 2011b). The 1990 meeting in Brussels, which was originally meant to conclude the Uruguay Round, was not able to break the deadlock which continued until finally being resolved in late 1993 in Geneva (ibid). So in the late 1980s, while trade in the Asia-Pacific was growing ever more interconnected, the global trade talks were stalled on seemingly intractable issues. This drove the creation of an Asia Pacific organisation to advance trade negotiations in the region, a backup in case GATT failed, as well as to put pressure on the then European Community to complete the Uruguay Round.

But these were not the only motivators for the creation of APEC, there was also concerns about new regional organisations appearing across the world (Janow 1996, 952). The European Community was just beginning to evolve into the heavily integrated European Union (EU) that it is today. At the same time the US was beginning negotiations that would eventually become the North American Free Trade Agreement (NAFTA) (ibid, 951). These two developments combined with the standoff between the US and Europe over agriculture in the Uruguay Round created a fear that the world
would split into rival trading blocs (Lee and Park 2009, 101). This fear had some basis, with intra-regional trade increasing notably within all major regions, even adjusting for the overall increase in world trade (Frankel, Wei et al. 1994, 6). This would have been a serious problem for Asia as it relied (and still does) on trade with the developed economies of the US and Europe. So this contributed to the creation of APEC, and led to it focussing on furthering international trade to avoid a world split into trading blocs rather than focussing on intra-APEC trade (ibid).

So the stalling of the GATT trade talks, the beginnings of ‘Factory Asia’ and the creation of the EU all combined to drive the formation of APEC. It started in early 1989 when then Australian Prime Minister, Bob Hawke, proposed the Asia-Pacific economic cooperation organisation in a speech in Seoul (Janow 1996, 953). This eventually led to the 12 founding countries meeting in Canberra in November 1989 to launch APEC (Shanmugam 1998). APEC has four main objectives; sustaining regional growth and development, enhancing positive economic interdependence, strengthening the multilateral trading system and reducing barriers to trade in goods and services (Gyngell and Cook 2005, 4). But APEC is probably best known for the annual leaders summits with all leaders participating in a photo wearing the host countries’ national dress (Gyngell and Cook 2005, 3). During the 1990’s APEC’s membership expanded to 21 members, with these diverse states spread around the Pacific rim from New Zealand to Chile, encompassing around 60% of world’s GDP (Lee and Park 2009, 101).

Since its creation, APEC has had two main avenues of progress: it has been able to influence global trade negotiations and make some progress on lowering trade barriers within APEC. The very formation of APEC was able to exert pressure upon Europe in the negotiations for the Uruguay Round of GATT, which then eventually led to the creation of the WTO (Milo 2009, 70). This was a part of APEC’s purpose, APEC has always preferred to encourage international trade rather than intra-APEC trade (Lee and Park 2009, 101). But in the current round of international trade negotiations, the Doha development agenda, APEC has not been as successful.
The Doha negotiations began in November 2001 with a huge range of measures being considered (WTO 2011c). Today they are still not concluded. At the 2008 meeting in Geneva, divisions emerged over agriculture and other issues between developed nations, led by the US and EU, and developing nations, led by China, India and Brazil (Lim and Wang 2010, 1310). This dispute poses a problem for APEC, it cannot influence negotiations in the same way it did with the Uruguay round as the APEC membership itself is divided. APEC cannot present a united front on one side of the dispute. Thus APEC has had little to no influence on the Doha agenda, though the stalled global talks have encouraged trade talks within APEC (Bergsten 2007, 2).

These intra-APEC trade talks began with the 1994 Bogor Declaration (Milo 2009, 70). The Bogor declaration aimed to set up free and open trade and investment by 2010 for industrialised countries and 2020 for developing states (ibid). An important aspect of this declaration is it seeks to be shared with non-APEC economies, an attempt to avoid the creation of a trade bloc (Bergsten 1997, 550). However due to its non-binding nature and increasing divisions with APEC, the Bogor goals have not been achieved (Milo 2009, 75). Instead of the Bogor goals, the vast majority of trade liberalisation in the region has been achieved through bilateral Free Trade Agreements (FTA) of which there were 57 by 2010 (Baldwin 2008, 451). Importantly, these FTAs have not been consistent with the Bogor goals, allowing tariffs and limitations outside of what is permitted by the Bogor goals (Gyngell and Cook 2005, 5).

Even though there has been very little progress of the Bogor goals, in 2006 APEC leaders agreed to “seriously consider” a Free Trade Area of the Asia Pacific (FTAAP) and then continued to assess the idea in 2007 (Bergsten 2007, 1). If it managed to be created, the FTAAP would easily be the biggest and fastest growing free trade area in the world, but APEC leaders have been very clear that they are “exploring” avenues towards FTAAP, not actually developing a FTAAP (II 2009). It seems that APEC is merely holding on to the idea of a FTAAP around in case of a total failure of the Doha round, that is, as an emergency measure rather than a serious reform to APEC.
But APEC is in need of serious reforms. It has reached the unwieldy total of 21 members, its agenda constantly grows and the Secretariat is badly structured and underfunded (Gyngell and Cook 2005, 6). The growth in membership is just part of the problem; the membership is also extremely diverse, with states in the northern and southern hemispheres on either side of the Pacific. These states are from diverse cultures and at very different levels of development which makes effectively managing them under one organisation very challenging. This, as well as the need for a ‘new announcement’ at each APEC summit, has led to APEC’s agenda growing every year, with over 121 new projects launched in 2004 alone (Gyngell and Cook 2005, 6). On top of this the APEC Secretariat is severely underfunded, with a budget significantly smaller than the Pacific Islands Forum even though APEC is far larger (ibid, 7). The funding that APEC does get is highly inequitable, with Japan covering nearly the entirety of the Secretariat’s budget while Papua New Guinea funds the same amount as Malaysia (ibid).

Many of these issues with APEC are symptoms of the geopolitical changes in the region, which are becoming problems due to how APEC was formed. During the formation of APEC, Australia held a pivotal leadership position (Ravenhill 1998, 316). Australia acted this way because it was not a natural member of any of the world trade blocs which seemed to be forming at the time (ibid, 315). So Australia initially pushed for the creation of an East Asian and Oceania grouping (ibid, 319). But around the same time the Malaysian Prime Minister Dr Mahathir Mohamed was looking to form an East Asian Economic Group (EAEG) which was to consist of ASEAN, China, South Korea, Taiwan, Japan and Vietnam (Aslam 2009, 283). Mahathir was open about his wish to restrict the membership of this group to Asians, with the motto “Asia for Asians” (ibid, 284). This was extremely worrying for Australia, the US and Japan, none of whom wanted to see an exclusively Asian regional organisation. So they came together to form APEC and effectively kill the EAEG, which was unable to form without support from Japan.

But today is different, the US is losing its status as the world’s single hegemon, its influence on the region is slipping and APEC is suffering for it. Asia is now in a much stronger position, Japan is no longer as important as it was while other nations in the region have grown in power. So these nations are pushing for less US dominated
institutions in the region. China no longer needs the economic recognition that drove it to join APEC and avoids participating in an organisation that recognises both Taiwan and Hong Kong. At the same time ASEAN has created two new organisations that compete with APEC, with ASEAN driven to do this because of APEC’s handling of the AFC and a desire to see a rival regional organisation diminished. During the AFC, many had expected this to be APEC’s chance to act, but it had no real role in the crisis, and worse than that it endorsed the role and actions of the IMF (Milo 2009, 71). This, as well as an attempt to push the Early Voluntary Sector Liberalisation (EVSL) plan at the height of the crisis, won APEC no fans in East Asia (ibid). This disinterest in APEC is blocking reforms that would make the Secretariat more functional and is partly to blame for APEC’s growth in members (Gyngell and Cook 2005, 6). Geopolitical changes are also contributing to the movement towards bilateral FTAs, as they are far easier to negotiate in an uncertain geopolitical environment than any larger FTA such as the FTAAP.

In other words, APEC did have a role in the region during the 1990s in influencing international trade negotiations. It also has managed to secure some reduction in trade barriers within APEC. But APEC is running out of steam, its secretariat is underfunded, badly structured and in serious need of reform. It is also unable to constructively influence the most recent global trade negotiations. These issues are symptoms of the geopolitical changes in the region and it is these geopolitical changes that are impeding any reform to APEC that would bring it back to relevance. APEC was formed during US hegemony and is definitely a creature of that time, it is an organisation focussed on the Pacific rather than Asia. But the region has changed, Asia is more powerful as a whole while Japan and the US are comparatively weaker since APEC’s formation, however APEC has not changed to reflect this.
Chapter Four

Here I will expand on why ASEAN went from a purely Southeast Asia-based organisation to one leading three groupings across East Asia, the Asia Pacific and beyond in a matter of a decade. There are three reasons for this, the first two are simple enough but the third is a little more complex. First ASEAN has been (and still is) the most experienced regional organisation in East Asia, but this doesn’t explain the emergence of APEC. APEC was created without any input from ASEAN; it is an organisation completely independent of ASEAN. Second, I argue that the formation of APEC is another reason behind ASEAN’s expansion; ASEAN did not want to see more organisations outside of its influence. But the third explanation is that all the drivers for regionalism I have outlined so far were threats to the sovereignty of states in East Asia. ASEAN was formed to resist threats to sovereignty in Southeast Asia, and when the Cold War ended and new threats emerged, ASEAN was well placed to form organisations to deal with these threats. ASEAN uses these organisations; A+3, the ARF and the EAS, to spread its norms in an effort to minimise threats to sovereignty in the region. It is this that has resulted in ASEAN leading these organisations, its norms make ASEAN the right organisation to deal with these threats to sovereignty.

ASEAN’s Formation

The first regional organisation in Asia driven by threats to sovereignty was ASEAN, formed in 1967. This was a response to the escalating conflict in Vietnam, when the attention the superpowers were beginning to pay to the region was perceived to threaten the sovereignty of the ASEAN states. The Cold War was coming to the region just as the ASEAN states were beginning to deal with the challenges decolonisation posed. Overall the ASEAN states were weak, and had trouble utilising their new found sovereignty (Beeson 2003a, 7). So the founding member states came together to form ASEAN in an effort to preserve their sovereignty. The environment which drove the formation of ASEAN had a large influence on what kind of organisation it became. At its formation ASEAN set out principles of ‘mutual respect’, ‘resisting external interference’, ‘non-interference in internal affairs’, ‘peaceful settlement of disputes’, ‘renouncing the use of force’ and ‘effective cooperation’ (Secretariat 2011a). These principles would
define ASEAN’s actions in the future and served ASEAN well in its eventual expansion into Indochina after the Cold War.

**ASEAN’s Expansion into Indochina**

ASEAN’s expansion into Indochina once Cold War hostilities ceased was driven both by the need to extend support to war-ravaged Indochina and by Indochina’s need to join international markets. Decades of conflict in the region meant the states of Indochina had very limited ability to exercise their sovereignty; they were in a similar situation to the founding ASEAN states when they formed ASEAN (Jian 1993, 110). So once the Cold War barrier between ASEAN and Indochina broke down, it made sense for ASEAN to expand its organisation to include Indochina, stabilising the region while ensuring no external powers gained a foothold there. It also made sense for Indochina, it needed all the support it could get and was in desperate need of an entry point into international markets. The fall of the Soviet Union had caused an economic crisis in Indochina, a crisis so serious it was a threat to the sovereignty of the states in Indochina (Hoagland 1990). So Indochina looked to ASEAN to gain access to foreign investment and expand trade, which was a gain for both Indochina and ASEAN (Simon 1994, 188).

**Asia Pacific Economic Cooperation**

The next event in Asian regionalism was the formation of APEC in 1989, five years before the first ASEAN-led organisation was established. APEC’s formation was an Australian diplomatic effort, driven by then Australian foreign minister, Gareth Evans, which began when then Australian Prime Minister, Bob Hawke, proposed the Asia-Pacific economic cooperation organisation in a speech in Seoul (Janow 1996, 953). At the same time, the Malaysian Prime Minister, Dr Mahathir Mohamed, was heading a push to form an East Asian Economic Group (EAEG) which was a rival to APEC before the US, Japan and Australia managed to solidify APEC’s position and in doing so kill off the EAEG (Aslam 2009, 283). This was a blow for Southeast Asian states; their attempt at creating an East Asian regional organisation was killed off by states they perceived as
outsiders: the western states in the region and Japan. But this and the end of the Cold War drove the formation of the ASEAN Regional Forum (ARF).

**The ASEAN Regional Forum**

At the time of the creation of the ARF, globalisation and the end of the Cold War were posing new security challenges for the states of East Asia and the Asia Pacific. The end of the Cold War had ushered in a period of US hegemony, but within the East Asia region a rivalry between China and Japan was beginning (Evans 2003, 743). On top of this, globalisation was bringing new transnational security threats (Dupont 2002, 2). Together these factors posed a threat to the sovereignty of all states in the region, which drove the formation of the ARF. But at the time the Asia Pacific had no experience with any security-focussed regional institution, so ASEAN, the most successful regional organisation in the Asia Pacific, stepped up to lead the ARF (Naidu 2000, 2).

Before the ARF’s formation in 1994, ASEAN was beginning to achieve its expansion into Indochina, with Vietnam joining just a year later (Secretariat 2011a). ASEAN was confident in its ability to spread its norms, a process that had worked so well for its founding states post-colonisation and was now working to stabilise Indochina. At the same time, US allies in the region were pushing for a multilateral security forum, a measure to keep the US in the region and deal with the new security threats of a Post-Cold War world (Narine 1997, 963). ASEAN was initially cautious about this drive for a new regional organisation but soon realised that it could result in another organisation in the region with no connection to ASEAN: APEC could happen again. Just five years earlier East Asian ambitions for a regional organisation had been killed off by Japan, the US and Australia through the formation of APEC. So ASEAN combined this push for a multilateral security organisation with its own drive to spread its norms to the region and the ARF was proposed (ibid). While there was some scepticism about ASEAN’s norms, the US allies in the region welcomed an organisation which involved the US in the region. This gave the proposal enough momentum to form into the ARF.
The 1997 Asian Financial Crisis

The AFC drove the formation of A+3 and shaped its most famous initiatives. Three East Asian states were forced to accept IMF assistance which forced structural reforms on these states, this was viewed as a serious breach of these states’ sovereignty (Tobin 1998, 352). This was disturbing as it showed that any state in the region was vulnerable to interventions similar to the ones the IMF had carried out (Beeson 2003b, 260). There are two main factors explaining why A+3 ended up being ASEAN-led. The first is simply ASEAN’s experience with other regional organisations. ASEAN had recently created and now led the ARF, the first successful organisation led from within Asia. This gave ASEAN the appetite to create more regional organisations under the ASEAN brand and the AFC provided the perfect opportunity. It also provided the opportunity to resurrect the EAEG which had been killed off by the formation of APEC some years earlier (Gyngell 2007, 6). The second factor is the ‘Factory Asia’ phenomenon; the intra regional production flows making A+3 a relatively organic creation.

The East Asia Summit

The EAS was formed to deal with the issues posed by the coming decline of the unipolar, US dominated world system and the emergence of a more multipolar world. The transition to multipolar system is a definite threat to the sovereignty of at least the ASEAN states and other smaller states in the region. So ASEAN moved to create the EAS, which initially just involved the A+3 nations, but states wary of China dominating the grouping (Japan, Korea and some of ASEAN) successfully pushed for the inclusion of India, Australia and New Zealand (Malik 2006, 207). Australia and New Zealand are Western nations and US allies in an ever more Asian region, so were happy to join the EAS. Also, India was keen to extend the definition of an East Asian organisation to include itself, giving it the ability to pursue its rivalry with China (Gyngell 2007, 7). Then, in 2010, the US signalled it was open to joining the EAS, interested in keeping a presence in East Asian regionalism (Wihardja 2011). With the large numbers of US allies already in the organisation, the US was soon invited (Pereira 2011). This left China heavily outnumbered by US allies, so with the assistance of India, it brought Russia into
the EAS. This enabled Russia to keep itself in touch with the Asia Pacific, something important for a newly ascendant Russia.

Most of these geopolitical and economic drivers of regionalism in East Asia have involved threats to the sovereignty of at least some states in East Asia. In each case the threat to sovereignty has driven the formation of regional organisations, but specifically regional organisations that are ASEAN-led. ASEAN has been built to resist threats to sovereignty and thrives in situations that threaten sovereignty. These drivers of regionalism I have outlined above have driven the expansion of ASEAN. Until 1994 ASEAN was a purely Southeast Asian organisation, but today the organisation now leads 3 other East Asian regional organisations. I argue that this expansion of ASEAN occurred because of ASEAN’s norms, which are designed to deal with threats to sovereignty.

The ‘ASEAN way’

ASEAN’s norms are a combination of ASEAN’s principles and its decision making process. I will usually use the term ‘ASEAN’s norms’, but will occasionally refer to it as ASEAN’s principles and decision making process or as the ‘ASEAN way’. The ‘ASEAN way’ is the term scholars have used to refer to ASEAN’s distinctive decision making process, a popular topic even if not all of the attention is sympathetic (Beeson 2009, 336). It refers to ASEAN’s signature decision making process which “favours a high degree of consultation and consensus” based on “discreteness, informality, consensus-building and non-confrontational bargaining styles” (Acharya 2001, 64). Some argue that the ‘ASEAN way’ originates from Southeast Asia’s culture, a culture that emphasises agreement and harmony over a more confrontational ‘Western’ style (Goh 2003, 114). But I find this is an argument that is far too similar to Lee Kuan Yew’s ‘Asian values’, and would assert that a far more salient factor in the ‘ASEAN way’ is the environment in which ASEAN arose. ASEAN’s post-colonialisation era and the need to secure each states’ sovereignty led to the creation of a regional decision making process which emphasised the preservation of sovereignty to a fault.
The ‘ASEAN way’ is another way of referring to ASEAN’s norms, these norms are explored by Katsumata in his book about the ARF. He views the ARF as a “norm-building exercise”; ASEAN sharing its norms with the other participants (Katsumata 2010, 77). These norms are the ASEAN principles, which have also been referred to as the ‘ASEAN way’. The ARF and consequent organisations such as A+3 and the EAS are attempts to “encourage the external powers to pursue policies consistent with ASEAN’s norm” (ibid). Katsumata is careful to point out that the ARF is not meant to provide “concrete institutional mechanisms”, arms control or the “ability to punish those who break the rules” (ibid). Instead ASEAN makes progress by influencing the region with its norms. It takes the same norms that have worked so well for ASEAN in addressing threats to sovereignty in Southeast Asia and so ASEAN endeavours to spread them across the region to address the various threats to sovereignty that have emerged in the Post-Cold War environment.

There are criticisms of the ‘ASEAN way’, some arguing that it is just a cover for inaction and ineffectiveness (Hartcher 2009). Critics argue that ASEAN has not responded adequately to the internationally isolated regime in Myanmar and the recent disputes and conflicts between Thailand and Cambodia (ibid). These criticisms point to weaknesses in ASEAN; because of its extreme concern with sovereignty it is unable to influence the internal affairs of a member like Myanmar. A similar weakness in apparent in the conflict between Thailand and Cambodia. It is viewed as an issue for these states to sort out between themselves with the International Court of Justice, while ASEAN limits itself to calling for calm (Anonymous 2009).

However, these criticisms do not affect ASEAN’s ability to lead the ARF, A+3 and the EAS. For all its faults, ASEAN is still an organisation that has and should continue to deal well with post-Cold War security threats through its leadership of the ARF, A+3 and the EAS. The intra-ASEAN issues such as the isolationist Myanmar and disputes between Thailand and Cambodia shouldn’t affect ASEAN’s leadership of the EAS. ASEAN has occasionally had internal divisions before but members have accepted compromises to make sure they do not affect ASEAN’s ability to present a united front. This was shown during the Cambodia conflict, where there was significant divisions between ASEAN
members, but these divisions did not affect ASEAN’s ability to act with one agenda when necessary (Buszynski 1992, 832). But another criticism of ASEAN - that it is unable to deal with regional ‘flashpoints’ - is a little harder to overcome.

‘Flashpoints’

Some critics of ASEAN have argued that the ARF has been unable to deal with ‘flashpoints’ in the region: Taiwan, Korea and the South China Sea (Narine 1997, 961-962). Of these ‘flashpoints’ in the region I will look at the Korean Peninsula and the Taiwan Straits, both situations in which the US and China are deeply involved and could result in instability and conflict in the region (Wesley 2004, 10). ASEAN is undoubtedly weak on regional ‘flashpoints’ such as these, which attract the attention of the great powers in the region and leave little room for a coalition of very small powers. The Korea issue for example is tackled through the Six Party talks, a group of four great powers in the region and the two Koreas which emerged as the issues in Korea became more hostile and serious (Lin and Chu 2008, 29).

But I argue these ‘flashpoints’ do not impact on ASEAN’s ability to lead regional institutions because they are unlikely to create conflict in the near term and in the long term ASEAN’s norms sharing should limit hostility. Korea at the moment is at a stalemate; neither side can take any action, a situation that has become even more entrenched by the North’s nuclear test (ibid). There is a similar situation in Taiwan; the Chinese have managed to exert enough pressure on the US to deter the US from selling weapons to Taiwan. The US is consistently denying Taiwanese requests to buy US fighter jets, instead offering Taiwan upgrades to their current fleet (Lander 2011). This means China is making headway, managing to prevent Taiwan strengthening itself while China continues its military modernisation. So the conflict in Taiwan is also at a stalemate, a situation where the conflict will not develop for some time and thus is unlikely to result in instability.
So these issues are of limited threat at the moment, this will allow ASEAN to deal with them over time. ASEAN rarely has to deal with issues such as this, but when it does, ASEAN prefers to tackle “sensitive security issues in an oblique and non confrontational manner” (Narine 1997, 964). This basically involves moving sensitive issues to the side so that progress can be made in other areas (ibid). ASEAN will happily sacrifice progress on a specific and troublesome issues to make progress overall even if the overall progress only involves forming an atmosphere of dialogue and cooperation. ASEAN is weak at dealing with ‘flashpoints’ but this does not matter when looking at ASEAN’s leadership of the EAS and ARF. ASEAN will avoid these ‘flashpoints’ in an effort to make progress in other areas and the ‘flashpoints’ are unlikely to interrupt this because they are entrenched stalemates and unlikely to change in the near future.

To conclude, post-Cold War threats to sovereignty drove for the formation of the ARF, A+3 and the EAS. The ARF was driven by transnational security threats related to globalisation which involve demographic pressures, resource depletion, global warming, unregulated population movements, transnational crime, virulent new diseases as well as others (Dupont 2002, 2). A+3 was driven by the damaging IMF interventions during the AFC as well as the AFC itself, while the EAS was driven by the emergence of a multipolar world system. As I have shown, all these threats share a common trait, they are threats to sovereignty. ASEAN’s norms are well suited to dealing with threats to sovereignty and thus make ASEAN an obvious choice to lead the ARF, A+3 and EAS. But these were not the only reasons for ASEAN’s expansion into leading multiple regional organisations. ASEANs experience was one simple explanation; it was the only regional organisation in Asia for some time. The other reason was the formation of APEC, which occurred at the expense of an East Asian regional organisation and so drove ASEAN to expand.
Conclusion

ASEAN has undergone significant and interesting transformations in the last 16 years. As a result, it now leads three different regional organisations, each with a different membership, purpose and direction. This thesis explains how and why this has occurred, why ASEAN began leading regionalism and why these three regional organisations in particular: the ARF, A+3 and EAS. In this I offer three reasons, the first is ASEAN’s unrivalled experience, no other regional organisation in Asia has lasted as long while still remaining relevant. The second reason is APEC: the circumstances of APEC’s formation drove the creation of East Asian organisations, which resulted in the ASEAN-led ARF. Also APEC’s lacklustre performance during the 1997 AFC drove the creation of another East Asian organisation, so ASEAN ended up creating A+3. The third reason is more complex. To start with, regionalism in East Asia has almost always been driven by threats to state sovereignty. The drivers for regionalism that were not threats to state sovereignty resulted in the formation of APEC. Also, ASEAN was founded to deal with threats to sovereignty and has done so for much of its history. This makes ASEAN particularly well placed to lead regional organisations that are formed to deal with threats to sovereignty. And this is what has led to ASEAN leading the ARF, A+3 and EAS.
Bibliography


