

Can East Asian Regionalism Provide a Bulwark Against a “Post-Liberal” International Order?

See Seng Tan

Professor of International Relations, S. Rajaratnam School of International Studies
Nanyang Technological University

저자 See Seng Tan is Professor of International Relations at the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University, and concurrently Deputy Director and Head of Research of the Institute of Defence and Strategic Studies at RSIS. He can be reached at: issstan@ntu.edu.sg.

* 이 글에 포함된 의견은 저자 개인의 견해로 제주평화연구원의 공식입장과는 무관합니다.

In his January 2017 address to the World Economic Forum in Davos, Switzerland, Chinese President Xi Jinping positioned himself - unusually for the leader of Communist China - as a defender of globalization and free trade. Without a doubt, Xi's remarks were directed at incoming US President Donald Trump, whose campaign rhetoric stressed resistance to globalization and promised the likelihood of an increasingly nationalist, isolationist, and protectionist America. Trump is not alone in wanting to reverse the tide of globalization; the current pro-Brexit UK government has been singing a similar tune.

This paper makes three interrelated points. First, the rising nationalist cum protectionist tide in the West is not a foregone conclusion due to mitigating factors that impel the great powers to cooperate, if only instrumentally and in the short term. Second, the history of East Asia from the Cold War to the present has been one where an emphasis on the preservation and protection of neutrality has given way in the post-Cold War period to so-called open regionalism, a broad-based preference for extensive and deep engagement with external powers and access to outside markets and resources. Third, East Asia's shared commitment to open regionalism makes East Asian Regionalism, despite the present uncertainty surrounding regional trade deals like the Trans-Pacific Partnership (TPP) and the Regional Comprehensive Economic Partnership (RCEP), an important counter-narrative and alternative model to the isolationist and protectionist zeitgeist.

Is the World Turning Protectionist?

Should Trump and other anti-globalists have their way, how might their behavior impact the liberal international economic order? According to a Brookings Institution report, despite holding the largest share of world trade and foreign capital, the US, relative to its size, is not as globally integrated as other countries.¹⁾ What could prove detrimental, however, is if other countries retaliate against US protectionist policies; this fact serves as the basis for concerns that Trump could precipitate a trade war. Yet while retaliatory trade behavior might only be a short-term issue, the more fundamental risk is if countries repudiate global norms and institutions that underpin the globalized economy. This is possible if they feel that the US is no longer committed to upholding the liberal economic order and shouldering its burden - a worry that predates the Trump presidency but has since been reinforced by it.²⁾

Additionally, there is concern whether China, despite President Xi’ s performance at Davos 2017, will honor the commitments it has made. These include accepting imported manufactured products and services as well as fully implementing TRIPS (the Agreement on Trade-Related Aspects of Intellectual Property Rights) as China promised to do when it joined the World Trade Organization (WTO) in 2001.³⁾ Finally, there is also concern about various types of “covert” protectionism (i.e., the so-called behind-the-border barriers) rampant in China and other emerging markets that are challenging to address.⁴⁾

Recent developments suggest that Trump has been forced by unanticipated events to delay or defer the pursuit of his anti-liberal agenda. The Trump administration has made a series of abrupt reversals in foreign policy, such as revising his earlier opinions about NATO, US involvement in Syria, burden sharing by US allies, the One China policy, US involvement in the South China Sea, and the US Export-Import Bank. It has also retreated from intended protectionist moves toward China because Chinese cooperation is sorely needed to manage a recalcitrant North Korea. Consequently, Trump has gone from accusing China of being the “grand champion” of currency manipulation to declaring they have not manipulated the China’ s currency in months. Additionally, since initially proposing a 45 percent tariff on Chinese goods for allegedly hollowing out US manufacturing, the administration has

1) Brina Seideland Laurence Chandy, “Donald Trump and the future of globalization” , Brookings, 18 November 2016, <https://www.brookings.edu/blog/up-front/2016/11/18/donald-trump-and-the-future-of-globalization/>

2) Kati Suominen, *Peerless and Periled: The Paradox of American Leadership in the World Economic Order* (Stanford, CA: Stanford University Press, 2012), p. 243.

3) Douglas Bulloch, “Protectionism May Be Rising Around The World, But In China It Never Went Away” , Forbes, 12 October 2016, <https://www.forbes.com/sites/douglasbulloch/2016/10/12/protectionism-may-be-rising-around-the-world-but-in-china-it-never-went-away/#359ae9bc73da>

4) “Protectionism: The Hidden Persuaders” , The Economist, 12 October 2013, <http://www.economist.com/news/special-report/21587381-protectionism-can-take-many-forms-not-all-them-obvious-hidden-persuaders>

gone quiet (whilst at the same time threatening to impose a 20 percent tariff on Canadian lumber). Crucially, Trump has also expressed strong support for bilateral free trade deals.⁵⁾

Whether this retreat from protectionism and isolationism is a temporary or expedient move remains to be seen. After all, there is evidence to suggest that, despite these reversals toward what some observers see as a more traditional US foreign policy,⁶⁾ Trump appears to persist in his preference for transactional approaches.⁷⁾ This was apparent during the Trump-Xi summit, where both leaders reportedly deliberated with “a cold calculation of interests” as they mutually exacted concessions from one another while still acknowledging their interdependence.⁸⁾ In other words, the reversals merely reflect the Trump administration’s pragmatic response to evolving international conditions that require corresponding changes in reciprocity. These are the quid pro quos that embody transactional diplomacy. Still, by acknowledging mutual dependence, even if only on a transactional basis, a slide towards full-blown protectionism and unadulterated solipsism has been kept at bay.⁹⁾

East Asia: From “Neutrality” to “Open Regionalism”

It is worth noting that the emergence and evolution of East Asian Regionalism (EAR) did not occur outside the liberal international order but within it. If anything, EAR has sought to complement rather than compete against liberalism. When former Malaysian Premier Mahathir bin Mohamad’s idea of an East Asian Economic Grouping (EAEG) - later amended to an East Asian Economic Caucus (EAEC) - was proposed in 1990, the assumption then was that the EAEG/EAEC would form a Japan-led regional bloc that could serve as a counterweight to emerging - and potentially rival - regionalisms in Europe (such as the European Union, or EU) and North America (such as the North American Free Trade Area, or NAFTA). However, EAR would take a back seat to Asia-Pacific regionalism with the formation of the ASEAN Regional Forum (ARF) in 1994. Together with the earlier formation of the Asia-Pacific Economic Cooperation (APEC) trade forum, the emergence of ARF - with ASEAN as first

5) Geoffrey Gertz, “What will Trump’s embrace of bilateralism mean for America’s trade partners?” Brookings, 8 February 2017, <https://www.brookings.edu/blog/future-development/2017/02/08/what-will-trumps-embrace-of-bilateralism-mean-for-americas-trade-partners/>

6) David Ignatius, “Trump moves slightly toward pillars of traditional foreign policy”, USA Today, 13 April 2017, <https://www.usatoday.com/story/opinion/columnists/2017/04/13/trump-moves-slightly-toward-pillars-traditional-foreign-policy/100413776/>

7) Greg Jaffe and Joshua Partlow, “Trump phone calls signal a new transactional approach to allies and neighbors”, The Washington Post, 2 February 2017, https://www.washingtonpost.com/world/national-security/trump-phone-calls-signals-a-new-transactional-approach-to-allies-and-neighbors/2017/02/02/dcb797fa-e989-11e6-b82f-687d6e6a3e7c_story.html?utm_term=.97755b835303

8) Lexington, “A coldly transactional China policy: Donald Trump’s first meeting with Xi Jinping was all about business”, The Economist, 8 April 2017, <http://www.economist.com/blogs/democracyinamerica/2017/04/coldly-transactional-china-policy>

9) Robert Kagan, “Trump marks the end of America as world’s ‘indispensable nation’”, The Financial Times, 20 November 2016, <https://www.ft.com/content/782381b6-ad91-11e6-ba7d-76378e4fef24>

its midwife and subsequently its anointed custodian - marked a strategic shift in the way ASEAN viewed the involvement of great and regional powers within Southeast Asia. For the ASEAN countries, the Cold War perspective of the great powers as outsiders seeking to intervene, exploit, and divide the region and who therefore must be checked - as embodied in the 1971 ASEAN declaration of the Zone of Peace, Freedom and Neutrality (ZOPFAN) - was gradually replaced by a post-Cold War perspective of those same powers as external actors with whom Southeast Asians ought to actively engage through multilateral diplomacy, among other means.

Far from exclusivist, the new regionalism that emerged in the early post-Cold War years in the Asia-Pacific is what some have termed open regionalism. This concept argues for cooperation across national borders in a region to reduce transaction costs through the collective involvement of governments in "trade facilitation," or the expansion of open trade.¹⁰⁾

Second, open regionalism is meant to be inclusive in that it seeks to incorporate outside powers such as the US and other eastern Pacific Rim countries into APEC and ARF.¹¹⁾ Belief in such inclusivism - coupled with the perceived need to construct a stable regional balance of power by including outside groups to counter possible hegemonic ambitions - led to a push to enlarge the membership of the East Asia Summit (EAS) to include countries beyond the 10+3 of ASEAN plus Three (APT).¹²⁾

Third, open regionalism encourages groups to make their enterprises compatible with institutional arrangements and practices in other parts of the world, including world bodies. For example, the architects of ARF made it clear that the forum is not meant to replace the San Francisco system of military alliances. Instead, it serves as a supplementary mechanism for dialogue and consultation. Likewise with the Chiang Mai Initiative (CMI) reserve currency pool, an institutional expression of EAR and APT, was launched against the backdrop of the crippling Asian financial crisis of the late 1990s. Speculations that the CMI - along with its multilateral component, the CMI Multilateralization (CMIM) - would surpass the International Monetary Fund (IMF) as the region's first port of call for financial assistance in times of crisis were put to rest when it became clear that regional countries either prefer IMF assistance or bilateral swap agreements that had no IMF links.¹³⁾

This is also evident in how ASEAN and its suite of regional offshoots have avoided asserting themselves as the region's savior organizations when troubles hit by limiting their aim and remit. As

10) Ross Garnaut, *Open Regionalism and Trade Liberalization: An Asia-Pacific Contribution to the World Trade System* (Singapore: ISEAS Yusof Ishak, 1996).

11) Amitav Acharya, "Ideas, Identity, and Institution-building: From the „ASEAN Way“ to the „Asia-Pacific Way“?" , *The Pacific Review*, Vol. 10, No. 3 (1997), pp. 319-346.

12) Malcolm Cook and Nick Bisley, "Contested Asia and the East Asia Summit" , *ISEAS Perspective*, No. 46, 18 August 2016.

13) Hal Hill and Jayant Menon, "Asia's new financial safety net: Is the Chiang Mai Initiative designed not to be used?" , *Vox*, 25 July 2012, <http://voxeu.org/article/chiang-mai-initiative-designed-not-be-used>

in the case of the CMI/CMIM, Asian countries involved in territorial disputes have looked to world bodies such as the Hague-based International Court of Justice (ICJ) - as in the cases of the Indonesia-Malaysia dispute over Sipadan and Ligitan, the Malaysia-Singapore dispute over Pedra Branca, and the Cambodia-Thailand disputes over Preah Vihear and its promontory - the Hamburg-based International Tribunal for the Law of the Sea (ITLOS), or the Hague-based Permanent Court of Arbitration (PCA) for UNCLOS Annex VII arbitrations - activated recently in the case of the China-Philippines dispute over the South China Sea (SCS). Alternatively, they rely on bilateral means of dispute settlement rather than ASEAN-based dispute settlement mechanisms.¹⁴⁾

Reinforcing the Liberal Message Though EAR

Since the knee-jerk reactions in the immediate aftermath of the US withdrawal from the TPP - in particular, Japan's insistence that a TPP without the US would be “meaningless” - Australia and Japan have emerged as the loudest voices in favor of an 11-member TPP trade deal sans the US, without ruling out the possibility of the latter's return to the fold.¹⁵⁾ Meanwhile some are hoping that RCEP will launch by the end of 2017, though the best possible outcome is likely to be a framework agreement.¹⁶⁾ Much was made at the RCEP Kobe meeting in February 2017 about an inclusive agreement that ensures roles for all stakeholders. The argument by RCEP Trade Negotiating Committee Chief Iman Pambagyo, for example, that RCEP balance the needs of both developed and developing nations implies that progress is likely to be slow and by no means guaranteed.¹⁷⁾ APEC supports a third trade pact, the Free Trade Area of the Asia-Pacific (FTAAP), but it remains at the consultative stage despite receiving strong support from China when it chaired the 2014 APEC summit.¹⁸⁾

Open regionalism inherently and intuitively liberalizes trade and refutes protectionism. Or it tries to. Despite the uncertainty surrounding TPP-11 and RCEP, they remain key reference points for any defense of trade liberalization. There is a longstanding debate over whether regional trade agreements

14) See Seng Tan, “The Institutionalisation of Dispute Settlements in Southeast Asia: The Legitimacy of the Association of Southeast Asian Nations in De-securitising Trade and Territorial Disputes”, in Hitoshi Nasu and Kim Rubenstein, eds., *Legal Perspectives on Security Institutions* (Cambridge: Cambridge University Press, 2015), pp. 248-266.

15) Walter Sim, “Australia, Japan lobby for TPP-11”, *The Straits Times*, 21 April 2017, <http://www.straitstimes.com/asia/east-asia/australia-japan-lobby-for-tpp-11> “TPP 11' to Washington: We'll keep your seat warm”, *Nikkei Review*, 16 May 2017, <http://asia.nikkei.com/Politics-Economy/International-Relations/TPP-11-to-Washington-We-ll-keep-your-seat-warm>

16) Shefali Rekhi, “Will RCEP be a reality by the end of 2017?” *The Straits Times*, 23 April 2017, <http://www.straitstimes.com/asia/se-asia/will-rcep-be-a-reality-by-the-end-of-2017>

17) Eric Johnston, “16-nation RCEP talks resume in wake of TPP's demise”, *The Japan Times*, 27 February 2017, <http://www.japantimes.co.jp/news/2017/02/27/business/16-nation-rcep-talks-resume-wake-tpps-demise/#.WR1RaU21v3g>

18) Mireya Solís, “China flexes its muscles at APEC with the revival of FTAAP”, *East Asia Forum*, 24 November 2014.

compete with the world trade system.¹⁹⁾ But, as we have seen, the ways in which open regionalism has hitherto been conceptualized and practiced in both the economic and security domains in East Asia render EAR a key political counterpoint to the anti-globalization fever that has seized the geo-economic cum geopolitical imaginations of the West. This is perhaps the most important role that EAR can and hopefully will play in the future, namely, as a bulwark against the anti-globalization tide through reinforcement of a liberal message.

posted on October 23, 2017

저작권자 © 제주평화연구원, 무단 전재 및 재배포 금지



19) Parthapratim Pal, “Regional Trade Agreements in a Multilateral Trade Regime: A Survey of Recent Issues” , Foreign Trade Review, Vol. 40, No. 1 (2005), pp. 27-48.