

China's Growing Role in Asian Regional Institutions

by

Pang Zhongying

Pang Zhongying: This is a great opportunity to conduct an interesting dialogue on Asia's or Asia-related regional institutions and China's role in them with the Washington D.C.-based China and Asia watchers this afternoon. I am so honored to be a part of the Sasakawa Peace Foundation USA's prominent Asian Voices Seminar Series. I really appreciate Professor G. John Ikenberry's kind introduction and am also honored by the presence of Professors Jonathan D. Pollack and Robert Sutter as two discussants on my presentation.

In Asia, there were no truly Asian regional institutions—ASEAN was a sub-regional exception—during the Cold War. But after the Cold War, an institutional change happened in Asia. In security, the early 1990s saw the emergence of the ARF (ASEAN Regional Forum); this was Asia's first continental regional security grouping. The U.S., EU, and Russia's engagements with the ARF, also China's engagement with the ARF, made it a global regional security institution. In economics, after the financial crisis, Asian regional institutions went from theories to reality. ASEAN may now be the most important regional institution in economics and security.

In the whole period of the Cold War, there was no NATO-like regional security institution in Asia. The U.S. initiated NATO in Europe, but just maintained a bilateral alliance system in

East Asia. After the Cold War, while the existence of NATO has been managed in Europe, America has been trying to revise or expand its alliance structure in Asia. The role of the U.S.-Japan alliance has already gone deeply beyond the bilateral scope. We Chinese watch and are concerned about this expansion. ASEAN has wanted to keep the U.S. engaged in Asia. Serious discussion of an Asian version of NATO has occurred. In the late 1990s, a two-year-long trilateral study discussed the possibility of a virtual alliance among the U.S., Japan, and South Korea. At the foreign ministerial level, Australia, Japan, and the U.S. have conducted trilateral security talks since 2002. Therefore, in the Asia-Pacific, there is a de facto regional security institution based on the existing America-centered alliance system. Other regional security institutions such as the Shanghai Cooperation Organization (SCO) and the Asia Cooperation Dialogue (ACD) have been created or organized in the 21st century. In short, since the end of the Cold War, various diverse economic and security regional institutions have been rising in Asia.

What do regional institutions in Asia mean? Professor Ikenberry, in preparation for my talk I read several papers you wrote about international institutions and the huge differences over their definition. Regardless of theoretical differences, in Asia's context, types of regional institutions can be understood as the following. First, the

dominant America-run regional institutions including the alliance system. Second, Asian initiated or born regional agreements—forms of so-called “New Asianism.” By the way, I think that Asianism is different from regionalism in Asia. I just attended a conference in Tokyo last week, and several scholars debated the difference between Asianism and Asian regionalism. These include ASEAN’s internal and external agreements and the SCO. Third, inter-regional institutions between Asia and the U.S. and the EU, mainly APEC and ASEM. The European Union has long been viewed in some parts of Asia as a prime model of regional integration. Lastly, in between the Asian and the American regional institutions are APEC, ARF and possibly emerging regional arrangement such as the Six-Party Talks. I see the Six-Party Talks as a regional institution, which is now controversial and many people are disappointed in the progress on the North Korean nuclear issue. But I believe it may finally work in the settlement of the nuclear issue.

Aspects of Extant Regional Institutions

What are the principles of regional institutions in Asia? First, I think America-centered regional institutions are still highly or heavily strategic and exclusive. Second, to not produce the effect of pressuring the U.S. to withdraw from the region, to avoid being viewed as an anti-U.S. grouping, and to assure the U.S. of no desire to change the American dominance of the regional order, Asia-born regional institutions have been seriously keeping to the principle of so-called “open regionalism.” Even the SCO has

repeatedly stated, and I quote, that “The SCO adheres to the principle of non-alignment, does not target any other country or region, and is open to the outside. It is ready to develop various forms of dialogue, exchange and cooperation with other countries, international and regional organizations.” Third, ASEAN Plus Three, the so-called “10+3” process as well as its natural extension as the East Asia Summit (EAS). You know, the East Asia Summit was originally planned to be held this month in Cebu, Philippines, but it was postponed due to the storm as well as other domestic developments in the Philippines. The EAS has been guided by the principle of flexibility, pragmatism and gradualism as well as open regionalism. Fourth, a guiding principle for newly emerging Asian regional institutions is reciprocity, or so-called “win-win partnerships” based on growing interdependence and complementarities among countries. For example, “China is affecting everyday life in Southeast Asia.” I quote this from the Secretary-General of ASEAN, and that’s true not only for Southeast Asia, but all of Asia and even the U.S. as well. China and ASEAN have been addressing the spirit of “win-win partnership.” This is a quote from our Prime Minister Wen Jiabao’s speech at the China-ASEAN summit Nanning, China, in October 2006. Finally, multilateralism has been accepted as a region-wide principle of conducting international relations. China is now taking an unprecedented level of interest in multilateral economic and even security approaches at the regional level.

How about the objectives of Asian regional institutions? To summarize, first is trade and investment

liberalization and convenience; second is economic development and technology cooperation; third, dealing with transnational problems and challenges like SARS and environmental degradation; fourth, strengthening regional peace, stability and security; and finally, realizing various types of regional integration or regional communities. ASEAN set a precedent as the first sub-regional security community.

There are three prominent features and limits of Asian regional institutions. First is diversity. There are multiple forms of regional institutions in Asia. ASEAN's so-called "vast network" internally and externally, APEC and ASEM, and other regional or sub-regional institutions have coexisted not only for the time being but for the foreseeable future.

Second, informality. Most of the regional institutions in Asia are not formal but informal. As a cooperative, multilateral economic and trade forum, APEC is still informal, a so-called "talk shop", without requiring its members to enter into legally binding obligations. APEC has been serving as a significant bilateral diplomatic setting in a multilateral meeting. Since 2001, it has deviated from its original goals or ambitions of trans-Pacific trade and investment liberalization and economic development promotion.

Unlike NATO, the SCO just has a *charter*, not a *treaty*, to bind its member countries, Russia, China, and Central Asian countries, together. The ASEAN Regional Forum (ARF) is a large but very loose institution on broadly defined regional security issues. The Thailand-

proposed (by former Prime Minister Thaksin) Asia Cooperation Dialogue (ACD), a new continent-wide foreign minister forum attended by thirty Asian countries, is more informal. The final one is networking. There are many networks, there is a network of higher education institutions in Asia, a network of railway systems, et cetera.

Although Asian regional institutions are booming, their limits are apparent. They are indeed far from a truly regional architecture that can bind together the countries in Asia and external powers. The proposed East Asian Community is still an imagined community. Other regional institutions such as the Shanghai Cooperation Organization are still in the early stages of development. In other words, it is too early to judge if the SCO will be an effective regional institution. Its utility to the member states is still limited. Some people will see some differences and competition between China and Russia.

The questions about competition and accommodation of various regional institutions have been raised and discussed. What are the relations between ASEAN and the East Asian framework? How will the East Asian regionalist arrangements impact inter-regional frameworks, such as the EAS and its relationships with APEC and ASEM? That's the first part of the speech.

China's Roles in Asian Regional Institutions

Second, let me talk about China's role. China is a key player in the current frameworks of Asian regionalism. Its role in various Asian regional

institutions is quickly increasing. Traditionally speaking, Asia is the only region in which all dimensions of China's national interests—economic, strategic—are present. To secure China's regional interests and integrate with the region after the Cold War, China has been developing a regional policy and China seeks a comprehensive engagement in the region.

China's engagement in various regional institutions is one of the most important developments in both China's foreign policy and international relations in Asia. China has firmly realized the great importance of regional cooperation as a means or solution to stabilize China's own regional environment. China has taken a number of significant initiatives to advance regional cooperation not only in East Asia but Central Asia and South Asia. China views the world through regions, particularly Asia as a region.

I'll now give a very brief summary of China's role in the building of regional institutions. First, China as a participant and also a supporter of regional institutions. Since the early 1990s, China has been joining regional institutions and initiatives. In the beginning, it viewed regional institutions with a cautious and skeptical attitude. While it attended regional economic institutions, it less enthusiastically and more gradually became involved in security discussions. But China quickly realized that regional security institutions are not necessarily harmful to China's security interests. Its attitude toward them began to be positive and active.

ASEAN as a regional institution is China's bridge to other regional institutions. The development of China-

ASEAN relations has been quite fast. China gave financial and policy support during the financial crisis in 1997-98. The China-ASEAN Free Trade Agreement (CAFTA) in 2001 laid the first foundation of Sino-ASEAN relations. China's participation in regional security institutions started in the ARF in 1994. It was accepted as a full member of the ARF in 1996. In November 2002, China and ASEAN signed the Declaration on the Conduct of the Parties in the South China Sea (DOC). China was the first ASEAN dialogue partner to sign the Treaty of Amity and Cooperation in Southeast Asia (TAC), a key ASEAN security protocol.

Second, China as an organizer of regional institutions. China became a pillar of a regional security organization, the six nation Shanghai Cooperation Organization (SCO). China, with Russia, organized the institution. The SCO as a regional institution not only serves the six nations' common interests such as combating terrorism, separatism and extremism, it quickly expanded to include other members including India, Pakistan, and Iran as observer members in the organization. There are at least three important trilateral relationships inside the SCO—China, India and Russia, as well as China, India, and Iran. This year in Shanghai the members celebrated the fifth anniversary of this organization. It is now developing from a strictly security organization to include economic cooperation as well.

The third role is China as a rider on regional institutions, maybe not a free rider. China realizes that the U.S. presence in the region is helpful to some extent and has now publicly

acknowledged and accepted the utility of the American presence in the region. China does not wish to push the U.S. out of the region. China's behavior in the Six-Party Talks demonstrated that China has seen the importance and significance of the American military presence in the region. This means that China is a de facto rider on the America-organized regional order.

The fourth role, China as a mediator in regional institutions. In the rounds of the Six-Party Talks, and maybe in the new round next week, China has played such a role. China has been hosting the Six-Party Talks on North Korea's nuclear development since 2003. China has provided good offices for these discussions. The six parties agreed to explore ways and means for promoting security cooperation in Northeast Asia. This is a part of the Joint Statement, released on September 19, 2005 by the Chinese Ministry of Foreign Affairs at the conclusion of the fourth round of the Six-Party Talks in Beijing.

The last role, China as an observer in regional institutions. China was accepted as an observer in South Asian Association for Regional Cooperation. China began to seek increased regional cooperation with India and Pakistan. China wants to play a constructive role for peace and development in South Asia. China's President, Hu Jintao, just visited India and Pakistan. This is a very important development. China welcomed India and Pakistan's roles in the SCO and China supported India's participation in the East Asia Summit. Last year, India, with Australia and New Zealand, attended the first EAS in Kuala Lumpur.

The Reasoning Behind China's Increased Regionalism

Let me address why China so actively engages with regional institutions. China's worldview has shifted. As Professor Wang Jisi wrote, "The Chinese are now looking beyond East Asia in formulating their regional strategy." China's participation in regional institutions includes three categories.

Before addressing these categories, I need to mention China's evolving regional views. In defending the old principles of foreign policy like unlimited sovereignty and non-interference, China still speaks loudly. However, like China's domestic transformation, its foreign policy is also in the middle of a substantial transformation. China's embrace of regional institutions should be seen as an indication of China's foreign policy transformation.

First, China has adopted a multilateral approach as a major policy choice towards the region. China has become a major supporter of multilateralism since the mid-1990s. China finds that multilateralism is an effective way to increase China's interests, avoiding confrontation with other powers.

Second, China is gradually building Asia as an integrated world region rather than a divided and conflict-troubled geographical region. China has been hoping that such a new Asia would serve as China's foothold to become a global power. More importantly, facing deep-rooted geopolitical changes in Asia, like the rise of Asia and the reemergence of Japan, China has realized that regional

arrangements may be an effective solution to the rise of new powers.

Thirdly, China has been troubled by the contagion of the so-called “China threat” views in Asia and elsewhere. China tries to do everything it can to reduce the negative influence of China threat theories. China has been promoting new slogans of Asia policy like “Pursuing good neighborly relations and partnership with neighbors” and “Fostering a harmonious, secure, and prosperous neighborly environment.” In other words, to make the region peaceful and secure, to pursue regional common development, and to have good neighborly relations and friendship.

China really attaches importance to regional institutions. Not only in East Asia, but also in other sub-regions in Asia. In other parts of the world as well, like Africa and the EU. Last month in Beijing there was the largest Africa-China meeting ever and relations with the EU also have developed relatively smoothly. China now sees the world through regions.

Chinese Regional Dominance?

Finally, let me talk about the question of so-called “Chinese dominance” in the region. In recent years, regional leaders and analysts have observed that China has made great leaps forward in improving relations with its neighbors. China’s active policies to address Southeast Asia’s fears about the future impact of a stronger China have made these states more optimistic and hopeful that a more powerful China will be a force for peace, stability, and prosperity in the short-to-medium term. However, even optimistic analysts acknowledge

that long-term concerns remain over whether a more powerful China may decide to try to increase its influence or even try to dominate the region. Some key persons in the U.S. have expressed clearly their worries about Chinese dominance of East Asian integration.

My answer to these concerns is simply “no.” It is too early to judge whether China might dominate Asia through regional institutions. The U.S. is still viewed as the unchallenged hegemon in the Asia-Pacific region and China lacks adequate hard and soft power to replace the U.S. position in Asia. Let me address two issues related to the reality of the situation.

China is still not the number one regional economic hub. The Chinese economy is now a foreign investment (FDI) and technology dominated economy. China’s economic power has been based on its opening up and interdependence with the West and Asia. This month marks the fifth anniversary of China’s accession to the WTO. China’s booming trade relations with Asian countries, for example, is largely symbolic. That is because it is mainly foreign companies in China that account for most of the trade with ASEAN and other parts of Asia. In 2005, 60.6 % of China’s trade with ASEAN came from foreign companies based in China. The foreign component of ASEAN exports to China is also very high. So any increase in China-ASEAN trade would likely be mainly between foreign companies in China and Southeast Asia. Now, as China faces tremendous challenges in energy security, environmental degradation, and social harmony and stability, the sustainability of the Chinese economy in the relatively long-

term has become a serious problem. We need to know the real nature of the Chinese economy.

Second, China's disadvantageous regional position does not allow it to be a regionally dominant power. Some countries like Japan, South Korea, and Singapore possess not only military capabilities more modern than China's but also very substantial financial and economic resources. Others like India, Pakistan, and Vietnam can put large conventional forces in the field. Several countries either have (North Korea, India Pakistan) or could quite quickly acquire (Japan, South Korea, and even China's Taiwan) nuclear weapons capability. So, there is still a high possibility of Asian balancing reactions to China's possible regional predominance, if necessary. Now it seems that there is no such need to balance China.

Finally, China does need America's presence in the region. China needs regional stability and the U.S. can continue to provide such public goods. Recently, on many occasions, China has clearly and repeatedly confirmed that it welcomes America's positive role in Asia.

Implications for U.S. Policy in Asia

In conclusion, let me mention some implications for the U.S. role in Asia. Firstly, the U.S. should change its attitude toward the building of Asian regional institutions. As President George W. Bush's visit to Asia in November once again showed, America remains deeply engaged in Asia. To the U.S., Asia is much more important than Europe.

But in recent history, the U.S. either lacked a real interest to see the importance of Asian regional institutions or killed Asian proposals for regional integration such as Malaysia's East Asian Economic Grouping and Japan's Asian Monetary Fund. U.S. Secretary of State Condoleezza Rice skipped the 2005 ARF meeting, which frustrated many ASEAN countries. Washington D.C. still refuses to consider signing ASEAN's TAC. It is difficult for ASEAN to invite the U.S. to be a member of the EAS. Some asserted that Asian nations including China were intentionally excluding the U.S. from the EAS.

The U.S. still uses the old "hub and spoke" system to deal with geopolitical and institutional changes in Asia. Many Asian countries think America's engagement with the region is one thing and forming a their own regional architecture is another thing. No matter if America supports or opposes Asian efforts for regional cooperation, the process of regional institutionalization will continue. Trends toward various regional economic and security communities will continue. The basic reason for the trends is China. It provides the biggest market for Asia and it unilaterally goes into Asian regional institutions to be constrained by regional norms.

If the U.S. fully supported Asian regionalism, America's long-term interests in Asia would persist. Secondly, the regional dimension of Sino-U.S. relations should be addressed. China-U.S. relations have long lacked a solid regional foundation. It is an unsettled problem whether China and the U.S. will accommodate or compete with

each other in the region. An objective development is that China has already interacted positively with America-centered or influenced regional institutions. The Six-Party Talks is a good example, APEC is another one.

Thirdly, America should realize that some attempts to strengthen America-dominated regional institutions may be unhelpful. America began to revitalize APEC and the ARF to deal with rising Chinese influence in intra- and inter-regional institutions. America would like to get APEC back on track as an economic institution through an Asia-Pacific FTA proposal and would like the ARF to fully play a role as a trans-Pacific security forum. The problems are that the over-enlarged APEC has already lost its relevance and momentum in terms of addressing regional imperatives and the ARF's importance in building cooperative security has long been ignored by the U.S.

These are my major points about China's role in regional institutions. I would like to take your questions, some may be tough and sensitive, but I would like to respond to any question related to China's role in Asia or its relations with Asian countries. Thank you very much.

Robert Sutter: This has been a wonderful opportunity to hear this very full speech dealing with China's role in these multilateral organizations in Asia, I see a lot of experts here so I think you know what these organizations do, but we really need a chart to keep track of all of these things—it's really amazing how many there are. I agree with what the professor had to say on a whole range of questions.

The issue that I want to address deals with the last part of the talk because we are in Washington, and in Washington everything is "the implications for the United States." And so we need to deal with those to some degree—which has already been done to a considerable degree by the fourth section of the talk on the "Chinese dominance" issue. I think that's the issue in debate here in Washington. What does all of this mean for the U.S. position in Asia? We have a situation where the United States government is extremely challenged, Americans by and large are pretty depressed about the situation of their foreign relations, so they look at the situation, an area where the U.S. has seemed to be neglecting the situation, focused very much on Iraq and other issues. The image of the United States is very criticized in Asia as it is elsewhere. So you see this image of China rising and China very active in these multilateral organizations and the Americans not keeping pace in this regard.

So the question is, is the United States in decline? And is China rising and a new order really emerging in Asia? Now I think the professor has given us a good series of points—which I really hope everybody concentrates on—on the limitations of Chinese power. This is very very important. Looking at Chinese trade as the main source of Chinese influence—and yet he indicated why this isn't such a big deal. I think this is very important to keep in mind. The point I wanted to get to, if you look at the limitations of China in dealing with these issues, I'm going to talk about some of the American strengths. Here what I'd like to do is point out that number one, the United States is

catching up in this area. It's not totally flat-footed at all. If any of you are interested in this, the area where the U.S. has been most involved, and where much of this multilateralism comes from, is Southeast Asia. I think Donald Weatherbee has done an excellent piece in *Strategic Asia 2006-07*. If you haven't seen that, please take a look at that. It really lays out very clearly what the United States is doing in multilateralism, and he agrees that the United States is catching up, that China is really a catalyst in this area, that Chinese diplomacy has shown great strengths in this regard and that the U.S. has to catch up. And I assume that the Americans will catch up in this regard.

America's Strengths in Asia

The things I want to focus on here are America's strengths, but I'm not sure they're in multilateralism. I've done a lot of interviews in Asia, I interviewed 75 Asia-Pacific officials last summer in eight countries, and two years ago I did a larger group in the same kinds of countries, talking to them confidentially. And I got two fundamental foundations of American strength which I want to share with you. This is very different from what you're seeing in multilateralism because it involves risk, cost, and commitment. These are things that are not present in these multilateral discussions.

What I mean is, number one, in Asia, governments matter. They make the decisions. Number two, the governments basically don't trust each other. What you see between China and Japan is emblematic of what you see among most of the governments of Asia—they don't trust each other. But, they are focused on

development, they need nation building. To do that, they need stability. And to have real stability, they need to be sure that the situation will remain stable. Who provides that? It's expensive, it involves risk, who does that? There's only one government in Asia that does that, and it spends fifty to one hundred billion dollars a year doing it, and people sign up for its military and go to this place and they're willing to get shot to keep stability. Because they love Asia? No. Because they see it as in their interest. When I talk to government officials in Asia, throughout the region they say "this is fundamental." It's absolutely fundamental, the American presence in the region. What the professor called "public goods." These public goods are not cheap. They come at a great cost, and there's no other country in the world that's willing to do this sort of thing. That's the fundamental basis.

The second fundamental basis is economic. And the economic basis is that the United States is willing to keep its markets open at a time when it runs a trade deficit of seven hundred billion dollars a year. All of these countries have export-oriented economies. They understand the web of relationships and so forth, but they understand where these things finally go. And the United States is fundamental to this chain. When you talk to these officials and you say to them "OK, do you appreciate the United States?" They'll never say "thank you" to America. That's not the public discourse. So if you're a scholar and you look at newspapers and public opinion polls and what they say in public, they don't say that. But this is fundamental.

Now, multilateralism is important, but it doesn't involve risk, commitment, or

cost. China's thinking has changed on a whole range of issues—it's the leader in a lot of these multilateral organizations—but it still doesn't do big cost. This is win-win diplomacy. Win-win diplomacy means I don't do anything I wouldn't ordinarily do and I don't expect you to do anything you wouldn't ordinarily do. This is win-win. The upshot of this is that China's foreign aid is very low, China doesn't put its people in harm's way, China doesn't take the big risks.

Example: the tsunami relief effort. How may people think China gave two hundred billion dollars of aid to the tsunami relief? Maybe the publicity about all this "going up and up and up." The Chinese announced on January 19th, 2006 in the China Daily that we have finished our commitment to the tsunami relief, and we have donated twenty two million dollars in kind and cash. That's China. And I understand, it's a poor country with internal concerns. It's very understandable; I'm not criticizing China one bit. What you're looking at, though, is a very different situation. You have lots of activity, lots of action and image polishing and so forth, but the fundamentals are certainly seen very clearly by the government officials that I talk to. They say, "If you really want something done, if you want to do something hard, you better go to America." Or you could go to Australia, they'll do it sometimes, and Japan will pay for something.

These kinds of multilateral things are very important. But if you're looking for commitment, cost, or risk-taking, this kind of multilateralism doesn't lend itself to that. And it's fundamental for these governments to maintain order and keep

stability to develop their economies. So I just wanted to leave our audience with those ideas, not to criticize, but to underline the point that China isn't dominating Asia. The fundamentals that are necessary to keep order in Asia are, I think, what I just said, and to do that it's very expensive, very risky, and requires commitment. Thank you.

Jonathan Pollack: Well, I want to thank Professor Pang for his very wide-ranging presentation. It is a daunting list of organizations, descriptions of activities, it's a different kind of proliferation problem, if you will, proliferation of organizations, not all of equal consequence to be sure, with many questions about whether and how these organizations or, at times, really not organizations but something else. In fact, that would be my first question: Professor Pang, do you have a definition of what an institution is? I know we have Professor Ikenberry here, I'm sure he could give that.

John Ikenberry: It could be an entire lecture!

Pollack: Right! No doubt, it would be a long night. What I am struck by is the extraordinary diversity of these activities, diversity in agendas, diversity of expectations. There isn't a lot of uniformity, even if we could say in a broad sense that these are efforts to seek some kind of coalescence across states, states that are asymmetrical in power in some cases, in other cases not so asymmetrical, but basically if we think of the world as a Venn diagram, is there enough overlap so you can cross-hatch it and see a basis on which states will proceed? Now Bob is absolutely correct in the sense that a lot of this does not

involve particular cost and risk, although I think some of it does.

Pan-Asian Coalescence

Indeed, my basic question would be whether or not we really think that the states of the region and the United States are really ready for some kind of a larger Asia-wide identity, because that's what you seem to suggest. I'm less persuaded of that. There may be a kind of common denominator that can be used, but to me as I look at these organizations and the character of Chinese involvement in these organizations—and I'll just use that label "organization" even though it isn't exactly what I mean in all cases—it varies a lot. The boundaries that attach, the responsibilities that attach are significantly different from case to case and from sub-region to sub-region. So you could argue that, and I believe this, there is a qualitative difference between China's effort to come to some kind of shared understanding with Russia over the degree and character of Chinese involvement in Central Asia, which has at a minimum involved a level of, I don't want to call it a collective security organization, but it comes closer to that model than anything else, as opposed to ASEAN or the ARF, which necessarily has a somewhat anodyne set of concepts that apply, it's charm such as it is derives from the fact that it is not specific, it does obligate states to talk, to meet, to discuss, hopefully to achieve consensus, but is really doesn't go much further than that.

"Stunted Regionalism"

In Northeast Asia, I am struck in a profound sense by how underdeveloped these institutions still are. Gil Rozman in

his apt phrase talks about "Northeast Asia's Stunted Regionalism." Because in effect he is saying that even in an era of globalization, there is not a basis on which states have been able to achieve some sort of common cause. So I think we need to ask some questions about what may be missing in this larger institutional framework, what are the domains where states really aren't prepared to go, how much learning and adaptation will there be as a function of these processes over time?

China's Investment in Regionalism

Clearly a decision was made in China at a certain point that it was a good idea to make some kind of an investment in these organizations. Whether that was based on a clear sense of where they might go or not I don't know, I think in many respects China's involvement, although there for positive and good reasons, is also there for negative reasons, to try to deflect what might be seen as concerns across the region about China's emergent power and China's emergent goals. It's also a way to try to deflect possible suspicions from the United States to the degree that China seems engaged in constructive behavior in these organizations. So, a few other questions I would like to pose, because I think fundamentally what this process is about is that the states of Asia are trying to grope their way toward some kind of a concept of regional or sub-regional order. That process is further along in some locations than others, but what I find is that the "buying in" if you will, to institutional involvement is done in a way that still leaves an enormous amount of flexibility. States can test possibilities without necessarily over-investing. More than this, there is the

question of how complimentary their agendas are. In other words, the reasons why members of ASEAN would like China in the room certainly overlap with the reasons why China thinks it wants to be in the room. But whether it goes to deeper levels given the asymmetries in power—economic, political, and otherwise—remains to be seen.

U.S. in East Asia

Let me talk a little about the United States. I guess not being a resident of this city, I'm a little less U.S.-centric maybe, and I hope Bob doesn't give me too hard a time for that. What the United States has observed over the last ten years, and what China's involvement in these regional institutions highlights, is the degree to which China's power has increased in measurable ways, China's international involvements have increased in measurable ways. Whereas the United States is hugely distracted, to put it mildly, by events well removed from East Asia. Indeed, when you travel in East Asia, there is at least among some a degree of lamentation, if you will, about the disproportionate involvement of the United States beyond this region for reasons that we are all very familiar with. Add to this the question of whether or not the very fact that the United States has those coercive capabilities, whether that really provides the kind of lasting impact and role in this region that some may believe that it has. Is the United States weighting is regional presence disproportionately to its coercive capabilities? It's very striking that, of course, despite all the anxieties and concerns that are always there about stability and security in East Asia, this looks like a vastly more stable region than a number of others in the world,

and it's vastly more stable, I would argue, not simply as a function of American power and involvement, but certainly on the part of others as well. So the question of course of whether and how the United States might become more deeply involved in these institutions is still an open question, this could vary a lot with time. It's also related to whether or not these institutions undergo a transformation over time and become something more, and have more capabilities and capacities to shape the regions they are in. It is, I believe, too soon to tell.

China's Internal Dynamics and the Risks Worth Taking

One other question I would like to ask Professor Pang is that you could argue at one level, most of this activity predominantly concerns the Foreign Ministry, but I'd be curious about the extent to which all of these diverse agendas, particularly as we get into things that move away from your classic security questions, to what extent does it begin to draw on other kinds of bureaucratic capabilities within the Chinese system? Because then you have an interesting phenomenon. If there are requirements in terms of expertise, knowledge, and so forth, that are more than simply what the diplomats can bring to bear, then maybe we're talking about something that over time, sometimes subtly, sometimes not so subtly, really obligates China to a different level of knowledge, expertise, and involvement very different from the past.

I do think, on balance, the involvement of China in these institutions has been enormously helpful. I'm not trying to

oversell them by any means, but it does strike me that underlying it all is a recognition that for the most part, the Cold War is over. It's still ongoing on the Korean peninsula, indeed, as I've suggested elsewhere recently, it's not clear that the leaders of North Korea really want the Cold War to be over, but that's perhaps a different question. But what I would be concerned about in a longer-run sense is whether these regionally specific institutions can be fashioned in a way that diminishes the possibilities for major power rivalry. That would be worth the ample commitment of time and effort and maybe even worth taking political risks, if not necessarily military risks. Thank you.

Ikenberry: Thank you Jonathan. We're going to open this up, and Professor Pang, I won't ask you to directly respond to the questions and comments from our two discussants, but you can certainly respond and incorporate your response into our wider discussion here as we go forward. I just wanted to make two comments; these are questions that you don't need to immediately respond to.

The Postwar American Model

You've clearly underlined and reinforced the view that many of us have that China is taking institutions seriously as a tool of diplomacy, if for no other reason than to help to reassure neighbors about the peaceful intentions of a rising China. That's interesting. I'm not from Washington either, but where I come from there are comments such as "China has a more sophisticated view about how international institutions can be useful for a powerful state or a rising state than Washington does," or at least than

Washington does today. There is this almost neo-Bismarckian strategy of using institutions and regional engagement through institutions to reassure. You've said that in your remarks. My question here is to what extent is Chinese thinking informed by America's earlier experience after World War II, how explicit is this very pragmatic, power-oriented view of institutions, and to what extent is there explicit discussion about how the U.S. used them after World War II, creating and reinforcing its power position through institutions.

Underlying Rivalry

The second question really is, if we strip away the nice pleasantries of institution-talk and openness, pragmatism, instrumentalism, all these principles of using institutions in the region, aren't we really below the surface watching a very high-stakes competition between China and the United States over the dominant institutional structure of the region? That was certainly suggested at the end of your remarks. China wanting, in the end, an Asia-centered and China-centered regionalism organized around ASEAN, The East Asia Summit, the SCO—which you mentioned more than any other—which is a great power formation that the U.S. is outside of. Whereas the U.S. wants to stay involved in the region primarily through its alliances, its hub and spoke system, and encouragement of these soft multilateral organizations that are not attached to security commitments and guarantees. So it's really in the end neither going to be Washington nor Beijing that will decide what the institutional structure of the region will be, it's going to be the others, the weaker states that will decide that we prefer to

plunk down with China on this regional organization or plunk down with Washington on another organization. The competition is for membership, and the terms are over how inclusive they are and the way in which bilateralism and multilateralism connect to security. Let's open the discussion up.

The Importance of NGOs

Questioner: The discussion has understandably largely focused on inter-governmental organizations, but to what extent can China have a role in knitting together a region unless non-governmental organizations and groupings are also brought along? I'm thinking of religious groups, labor unions, all manner of educational exchanges, all of these that impact the knitting together of a region.

Pang: That's an excellent question. In the Asian context, NGOs, and other networks are also very important. State-to-state relations and institutions are not adequate in advancing regional integration. NGOs play a leading de facto role in this by advancing regional dialogue on labor, the environment, and education. ASEAN can play a leading role as an inter-governmental organization. Neither China nor Japan as governments can play leading roles in bringing about regional integration. NGOs can do this and build networks for regional integration. Thank you.

The Six-Party Talks and Chinese Leadership

Questioner: I have one question for Professor Pang and one for Professor Sutter. For Professor Pang, people say that the Six-Party Talks can develop into

a regional security organization—could you give us a picture of this possible organization? For Professor Sutter, you said that the United States' influence is catching up in Southeast Asia, but isn't the United States losing influence in Northeast Asia? We can name several phenomena, increasing Chinese role in the Six-Party Talks, the lack of good relations between South Korea and Japan, increasing cooperation between South Korea and China on North Korea policy, conflict between South Korea and the U.S. on North Korea policy, the Taiwanese search for independence, and North Korea's detonation of a nuclear weapon. These mean that the United States is losing influence in Northeast Asia.

Pang: I would add something to your question—the idea of inclusiveness is perhaps the Asian way to regional cooperation without integration. On the Six-Party Talks, I think they have provided a good opportunity for security cooperation among China and the United States and its allies in Northeast Asia. This is, perhaps, a historic opportunity for Sino-U.S. relations. From this perspective, the Six-Party Talks, if successful—this is of course a big “if”—could lay a foundation for the future arrangement of the Northeast Asian regional security order. As I wrote previously, there may be linkages between the Six-Party Talks and the future regional security arrangement in Northeast Asia. Thank you.

Sutter: Thanks very much for your comment. I probably didn't make myself clear. The U.S. is catching up in using multilateralism, that was what I meant to say, it's what Dr. Weatherbee says in his article on Southeast Asia. I certainly

don't want to be put in a position of defending the Bush administration's Korea policy. That's not my favorite policy. I think your points are well taken about the U.S. seeming to lose influence in this part of the world. I would add, however, that we have this big crisis on the Korean peninsula—this is my barometer, it's what I'm looking for. If China's going to take a leading role, why don't they take it here? This is really important for China. In other words, they obviously don't like the Bush administration's policy, it's too hard line; I don't like the Bush administration's policy either. Why don't they take the lead? Why don't they say, "No, we have the solution here and we will take the responsibility if it works or not." Did you notice that China isn't doing that? Did you notice that no one else is doing that? So the North Koreans detonate a nuclear weapon, what does the world do? Well, they just sort of sit there and say, "America, you get back to the talks, start fixing this thing." Do you see what I mean? It's by default. These governments don't want to take big risks. It's up to America to just manage this thing somehow. I agree, the U.S. isn't in a great position to do this, and this is a failure of American policy, I agree with you completely. But I think the reality is that the U.S. is still the power that people turn to when they have a really tough issue to deal with. If China's going to lead in Asia, then I think this is the place where they'll do it first. This is the area where they have the most influence. Will they do it? Will they take the risk? It's expensive, risky.

Ikenberry: Let's ask Professor Pang, how do you respond to that? Professor Sutter's saying that China has made a historic decision to attend meetings, to

join, to talk, to multilateralize its foreign policy, but on hard issues there's not leadership, the most critical case being North Korea. How would you respond to that?

Pang: On China's leadership in the Six-Party Talks. This role that China has played was requested by President Bush and the State Department. It is a host role, providing good offices, good meals and accommodations to the delegations. China's foreign policy may change, but in Deng Xiaoping's words, China does not need to take the lead according to the principle of *tao guang yang hui*. There are several translations of this, one is "to bide one's time." I don't agree with this translation, but China does not want to take the lead. The Six-Party talks are a special case. South Korea cannot take the lead, nor can Japan, Russia, or the United States. Talking about China's leadership role in Asia, it is still too early. Still too early.

Pollack: I was in Beijing for about ten days in late October, and I spent quite a bit of time talking to people both in and out of government on the question of where we, and I do mean we, go from here on the North Korean question. I think, in a way, part of the problem is that no one really wants to take ownership of this issue. But that may not be a bad thing, necessarily. Indeed, I would argue that if China tries to assertively lead on this, that would trigger exactly the kind of negative reaction from the United States that we've been talking about—that China's trying to call the shots. To me what would be much more interesting is whether or not in this new situation, which has certainly been very sobering to the leaders of China, the United States

and China have a sufficiently overlapping sense of their respective interests, or at least that they can begin to talk candidly and confidentially about what this test and its consequences could imply in the long term. I think there are some indications that our governments do, privately, try to engage in that. I was very struck when I asked officials at the Foreign Ministry and at the U.S. Embassy how they would characterize the nature of discussion and dialogue and interaction between the U.S. and China in the post-test environment. They both independently gave me the same answer: it's never been better. I don't want to try to get silk from a sow's ear, but that ought to be modest grounds for belief in some sort of maturation on the part of both countries as they deal with some very nasty consequences that flow from the decision of North Korea to test.

Ikenberry: Bob, don't you think, responding to Jonathan's point, that if China played the role that you've said they aren't playing, they aren't taking risks or making commitments or paying costs, that were it to play those roles and make those commitments, that it would indeed trigger the kind of reaction that would not be in China's interests to trigger? So, they're kind of stuck aren't they?

Sutter: Yes, I think the whole region is sort of stuck—they're stuck with America. This is my basic point—it's a default strategy, but they have good reasons for it.

A Distracted America's Role in Regional Institutions

Question: Thanks to all three of our speakers for addressing this very

interesting topic. My question is to Professor Pang Zhongying. Over the last few years, I think the commonly held view that I have heard from Chinese analysts is that the fact that the U.S. is distracted by the War on Terror and in Iraq has generally been to China's advantage. There had been growing concerns very early on in the Bush administration that the attention of the United States was shifting, and a shift in focus of the United States to East Asia was viewed rather ominously. I think there was a sense of relief that the United States indeed was not shifting its attention and resources to East Asia and became bogged down in a region that was not on China's periphery. Not to say that China feels that it would benefit from a major U.S. failure in Iraq, that is not the point I'm trying to make. So my question goes to the latter part of your presentation in which you strongly encourage the United States to take on a more proactive and involved role in East Asia. We should sign the Treaty of Amity and Cooperation and become part of the East Asia Summit, and I'd assume become an observer in the Shanghai Cooperation Organization. So I wonder, I guess I'm sort of baffled; if you could please explain how you see this as playing to Chinese interests. When the East Asia Summit was first held it was very clear that China wanted it to be ASEAN Plus Three, it wasn't happy about the other three participants that joined the room. I certainly think China would not have been happy if the United States had indeed shown up as well. So I'm very interested if you could make an argument as to why a more proactive stance by the United States, greater involvement, more support for regionalism, would benefit China. Because I would argue that China has in

fact benefited from the fact that the U.S. has been distracted elsewhere. Thank you.

Ikenberry: Did you want to piggyback on this question?

Questioner: I'd like to follow that and pick up on something Professor Ikenberry pushed Professor Pang on a little bit. The question of an Asia which is intra-Asian in its institutions as opposed to trans-Pacific. Secretary Baker, who has reappeared on our screens recently, said in the mid-90s that the United States would not and should not allow a line to be drawn down the middle of the Pacific with us on one side and the other countries on the other side. My question is, does that make a difference? I'm a little confused again as to what China's reaction is to the United States belatedly suggesting that we go forward with new policies in APEC, getting back into the region. What is China's reaction that? I inferred from what you said that you thought maybe the time had passed for that. Also, to the other two speakers, Drs. Sutter and Pollack for different reasons really downplayed the importance of institutions, Dr. Sutter kept coming back to the fact that you're stuck with the United States, there's power and risk and money, Dr. Pollack thought these institutions were still too amorphous. Does that not make a difference that we're not there as a part of those institutions? One final question, I'm sorry to go on, some of my colleagues have suggested that the United States in the future take the lead in putting together a security institution, and maybe beyond that, that is composed of the democracies in East Asia. I wonder what your reactions are to that,

separately that is, what the Chinese reaction would be or from Dr. Sutter. He got this kind of question I think at the U.S.-China Economic and Security Review Commission this summer. So I'd be interested in your reaction to that.

Ikenberry: Hold that one, start with the previous question and then we'll come back.

Pang: Let me make it clear, China's participation in regional institutions is on three levels: the intra-regional level, the inter-regional level, and the sub-regional level. China's participation in APEC is very active and China has contributed a lot. Particularly in the 2001 Shanghai APEC summit, which President Bush participated in, and China's support for anti-terrorism after September 11th. China also supported APEC's shift from an economic agenda to a security agenda. But there are practical problems with different kinds of regional institutions. APEC is too large. India is now applying for APEC membership and ASEAN Plus Three may be suitable, it works. ASEAN Plus Three, plus three, sixteen members, the East Asia Summit, would work well. So this is a relationship between inter- and intra-regional relations. In Asia, many countries are America's allies or quasi-allies, and many countries are America's friends or partners. China is also now a partner of the U.S.A., particularly in economic terms. Even ASEAN Plus Three, without U.S. participation, countries like Japan, Australia, and other friendly countries like Singapore can be there on behalf of U.S. interests and priorities. So China is viewed as a stakeholder by some and not by others, like in the annual report of the USCC. Maybe it's in-between. China's support

for ASEAN Plus Three is because it seems more workable. I think big ideas like an FTA in the Asia-Pacific region might not be so realistic. 2010 is the deadline for trade liberalization in APEC for economically advanced member countries, but it is difficult to achieve this. For developing members, they should achieve this liberalization by 2020, but it's still difficult. The WTO Doha Round still contains many difficulties. APEC goals are more realistic, but still not easy. China's reaction to America's promotion of free trade through APEC is very good. China has been using APEC fully as a diplomatic place to meet the U.S. President, both Clinton and Bush. It's a very important multilateral forum.

Ikenberry: We're going to hold off on the democracy question until we make another round here.

The Nature of Asian Regionalism

Questioner: There's something very strange about Asian regionalism, if you look at the motivations. If you go for this institutional approach to maintain regional peace or produce more public goods, then you go in with a set of motivations that are heavily collectivist and not based on realism. But when you look closer at why Asian states are participating in these various forums, you find that the driving motivation is realism. To start with, ASEAN countries, which are driving this process—this in itself is very strange because real effective regionalism is driven by major countries. Small, mid-level powers do not make a difference. My suspicion is that they do this because they were becoming irrelevant after the Cold War. Then, China and Japan got

into the game because they fear isolation, not because they find a fundamental reason to get into these groups. So my question is, how can regionalism in Asia succeed if the motivations are realist rather than institutionalist?

Ikenberry: By realist do you mean zero-sum in the final instance?

Questioner: More realist, zero-sum, than this positive-sum game.

Ikenberry: That's a question for all of our speakers really, so whoever feels most passionate about it...

Pang: Let me respond first. In the late 1990s I worked on ASEAN affairs in Indonesia, and I saw an advertisement that said "Malaysia is truly Asia." The other countries in Southeast Asia are also truly Asian. ASEAN is a leading organization to bridge Northeast and Southeast Asia—the major reason is because ASEAN has been providing norms for big powers and small powers. This is a normative role, an institutional role. Many analysts ignore ASEAN's role as a good example or model for Asia-wide regional arrangements. This is a good experiment in a sub-region of Asia. The other countries like China and Japan have not played a leading role to bring about regional integration. I think this is because China does not want to be viewed as a rising power and assertive and proactive with a desire to dominate regional institutions. Japan also faces similar realist constraints. But if we view ASEAN as a normative power, we should encourage it to play this role. That's why President Hu Jintao and Premier Wen Jiabao repeatedly say that

China supports ASEAN's leading role in the region.

Sutter: Just a quick comment, I think the questioner has put his finger on some of the weaknesses of Asian regionalism, and it is important. ASEAN, I would argue, did this for itself, not because they thought they were ignored but because they were worried about each other. It was very important within the group that they do this, and this process has been helpful. Building confidence and norms is good. Michael Yehuda has written very eloquently about this—there are still real limits. This is not Europe. It's designed to preserve state integrity and to have non-interference in internal affairs. These institutions are going to continue to have very independent states if they follow the ASEAN model, which seems to be the case. The limitations on actual commitments and limitations on relinquishing individual sovereignty for the sake of the group are very large, and they're guaranteed in ASEAN. So it's going to be a very long process. From the United States' point of view, we want to be involved in this sort of thing because our friends want us to be involved. ASEAN clearly has its own sort of hub and spokes approach, working with China, India, Japan, the United States, and so forth. They want us there to be part of this process.

Pollack: The questioner's point is very well taken, and it's no accident that after all, this is primarily a Southeast Asian process to which others have been added. Of course I am always reminded of Groucho Marx's famous comment that he wouldn't want to be a member of any club that would have him. In this particular case, I think the intent of a lot of these organizations to simply pile on

members actually dilutes even more what you might be able to do because you, frankly, have to set the bar a little too low. It reminds me yet again that security in East Asia is still disproportionately driven by events in Northeast Asia. I can imagine circumstances in which that could potentially be less the case, but it certainly is now. The bottom line, I suppose, and not to be cynical, is that if the ARF didn't exist we'd have to find a way to invent it. I think that, on the margins at least, it serves a useful purpose, and very frankly, I'd much rather have China in the tent than outside it.

Ikenberry: That's not LBJ's phrase, is it?

Pollack: I tried that the other day in a meeting and it didn't work, but you knew where I was going!

A Beijing Consensus?

Questioner: I'd like Professor Pang to talk about these normative rules that are undergirding the process of multilateral region building, and we're talking about the Beijing Consensus as opposed to the Washington Consensus. It seems to be a different template or set of principles on political and economic cooperation that the so-called "Beijing Consensus" is proposing. They seem to meet more of the needs of the ASEAN countries, and it's one reason why Beijing has been more successful, because there is more of a meeting of minds on what the rules are concerning sovereignty, non-interference, human rights, and so on. Could you please speak to that because it is a concept that I think is important and something that is an alternative to the

Washington Consensus and meets more of the ASEAN norms for region building, and could you speak to the different dimensions of the Beijing Consensus. Thank you.

Pang: This is a very important question, and many people around the globe are talking about the concept of a Beijing Consensus. If we say this is a Chinese success, no, I'd say it is a failure of the Washington Consensus. That's the key. Economically, the Washington consensus was abandoned by many countries in the world, particularly after the financial crisis. The "Beijing Consensus," this term was not formulated by the Chinese. Some Chinese leaders and scholars and the public are interested in the concept, but many of them still disagree with the concept. For example, you mentioned the principle of sovereignty and non-interference. China is changing and employing some flexibility on the non-interference policy or principle. China is now sending troops to Pakistan for the first time, and it conducted military exercises with the SCO countries, and China also sent peacekeeping troops to many regions in the world. The principle of non-interference is changing with a more pragmatic attitude. China has also paid attention to some changes in ASEAN after the financial crisis, such as democratization, and ASEAN is now forging a charter. China also noted that in the African Union, there are many principles there including non-interference and sovereignty. But the African Union would like to support interference with conditions. This is a difference between China and African countries. Some differences between China and Southeast Asian countries also exist. China is very realistic. In

many areas, there is no consensus with Beijing. Don't talk about the Beijing Consensus—actually, no consensus exists between Beijing and other capitals in the Third World.

Ikenberry: Comments by our other discussants? This will be our last question.

Pollack: I think your point about some shift in the concept of non-interference and sovereignty is very telling. If China judges that its vital interests are at stake, it would be impossible to maintain those principles and would be very inhibiting over time. A world that I would not welcome is where China is assertively defending the right to intrude in others' internal affairs. We have enough of that in the world already.

Sutter: We've *had* enough of that.

Pollack: Had, yes, thank you.

Pang: You know there were two cases of Chinese military or revolutionary intervention in the world. The first was North Korea in the 1950s and the second was in the 1960s, China's growing influence on domestic politics in Southeast Asia. You can see the results of Chinese interventions. After Deng Xiaoping and China adopted the non-intervention policy, I think the world, including the United States, has benefited from this policy. If China adopted an interventionist policy, it would not be good for the United States or the other countries according to an American perspective.

Pollack: It would be intervention with Chinese characteristics.

Pang: Maybe.

Ikenberry: I think the United States would become more interested in the United Nations Security Council if this were to happen! Bob, do you want to have the last word?

Sutter: Just a couple of points. First on Chinese intervention and China taking risks. I think the last big time China did this was with Deng Xiaoping when he invaded Vietnam in 1979, that was taking a big risk, that was very costly, that's what China can do, and that was done in collaboration with the United States, obviously. On the issue of the Beijing Consensus, I just wanted to make one point about that, and that is that Beijing is also committed to the Washington Consensus. Every year the World Bank gives two billion dollars a year in loans to China. Every year. And that's going to continue for the rest of this decade. The ADB is very involved with China, and the European Union promotes governance in China, and the last time I looked it was to the tune of about four hundred million dollars a year. China is still a net aid recipient, it benefits from the Washington Consensus in a whole host of ways. These promoters of the Washington Consensus happen to be the EU and the United States, who are their most important trading partners. So this is a real contradiction for China. The Chinese never talk about the Beijing consensus; officials never do this, because it's really not in their interest. They're on both sides of this issue.

Pang: In some aspects, China itself is a good student of the Washington Consensus.

Sutter: Absolutely. China has very deep interests in the Washington Consensus.

Ikenberry: Well with that, I'll just say that it's interesting to think about China's rise in historical comparative perspective because you can see how quickly we start talking about institutions, ones that China joins, ones that it plays a role in, ones that it actually initiates regionally; it's so different from thinking about rising powers of the past where the international system they were joining and/or opposing was mostly devoid of institutions. So there's something unique about this moment. I think it has something to do with how China will accommodate, integrate, and in certain ways transform the order that it is joining. It plays havoc with the standard story of rising states and upheaval and conflict. It's clearly more complicated, and our presenter and discussants today have done an able job of presenting in a lively fashion the issues and China's choices and the region that's emerging in its wake, so would you join me in thanking them for their presentations.