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Rebalancing Relations between East Asian and trans-Pacific Institutions: Evolving Regional Architectural Features

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ABSTRACT

Various forms of multilateral regional institutions have evolved since the birth of APEC. APEC is now coming under increasing scrutiny for its very reason of existence, as more and more formal sub-regional or bilateral FTAs emerged. China and Japan continue to push forward East Asian cooperation monetarily, financially and in trade. APEC could be replaced or reformed by introducing new trans-Pacific arrangements such as an ongoing trans-Pacific trade program. Big regional players like China, Japan, and the US and their regional interactions will determine the future of the co-existence of multilateral-institutions. Relations between East Asian and trans-Pacific institutions should be rebalanced for mutual accommodation rather than mutual competition.

Keywords: Asia Pacific Institutions; China; East Asian Regional Institutions; regional architecture; US.

INTRODUCTION

The “East Asia Community” or “Asia-Pacific Community” exists only on paper. Even the ASEAN, which constitutionally goes toward “ASEAN Community”, is also not a Southeast Asian version of an EU-like regional integration. There is still not a unified multilateral framework of coordination or control within Asia-Pacific. But, the issue of the regional architecture remains a central issue of debate. Not only to big powers like China, Japan and the US, but also to smaller nations like many ASEAN countries, the stake are high whether Asia-Pacific can operate cooperatively as a region.

In 1990s, as the number one trans-Pacific forum, APEC’s initial progress with euphoria and rhetoric about trade and investment liberalisation was suddenly undermined by the Asian financial crisis. A consequence of that crisis was the well-known birth of experimental regional integration in East Asia for the first time. Before this regional practice, East Asia/Asia has had a one-century-long history of both “pan-Asianism” and regionalism. Different from trade liberalisation motivated by APEC, “ASEAN+3” (Southeast Asian nations, now ten countries, plus Northeast Asian nations, firstly China, Japan and South Korea) set a historic goal that goes beyond trade integration and moved a step towards an East Asia Community (or, more modestly and politically, an East Asia community).

Since the emergence of “ASEAN+3” process, there have been a number of regional arrangements including bilateral and multilateral ones. Different from APEC’s relative informality and even partial ineffectuality, and despite a lack of “concrete vision of the eventual architecture of institutional economic integration”,¹ these Asian regional institutions have made a number of breakthroughs, including trade integration, such as the agreement between China and ASEAN (CAFTA) as well as monetary and financial multilateral

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cooperation/governance — wider currency swap arrangements Chiang Mai Initiative (CMI) and Asian Bond Market Initiative (ABMI).

There is a background to this issue: many people in the world do believe the regional economic and strategic weight has shifted/moved from America to Asia (or, a strategic trend: relatively, China is rising, the US is declining), but many in China still think China has neither the political intention nor the capability (including the regional institutional one) to be a sustainable challenger to the US hegemony. In discussing current trans-Pacific relations among big powers, it is extremely important to take note of this widening gap.

However, to the US, which has maintained a strategy of preventing any other power from challenging US global and regional domination, leadership, and primacy, a decade long boom of ASEAN-led regional institutions (although they are definitely in their nascent stages) really serves as a geo-strategic “wake-up call”. During the Bush administration, particularly its second term (2004–08), Washington began to perceive East Asian regional cooperation as a big challenge to the US. But, as Washington’s foreign policy was pre-occupied by other agendas and was over confident to its effectiveness and centrality of regional bilateral alliance system, it failed to come up with a new approach to Asia, still sticking to the “hub and spokes’ approach to Asia — with the United States as the hub, bilateral alliances as the spokes, and multilateral institutions largely at the margins of American policy”.² The Obama administration has to change America’s policy and approach to East Asian institutions. Through visits and speeches, US political leaders are elaborating its renewed “principles of engagement in the Asia-Pacific”. In a high profile manner, the US came “back” to Southeast Asia and beyond.³

This article briefly discusses APEC’s transformation in the past two decades since its beginning, with special attention to both APEC’s variants and counterparts in East Asia and its current and potential alternatives. It emphasises the relationship between Asian/East Asian and Asia-Pacific (trans-Pacific) institutions. This chapter addresses the roles played by big players, particularly the US, Japan, and China, in such regional institutions.

APEC IS NOT AN ASIA-PACIFIC ECONOMIC COMMUNITY

There are two alternative assessments on APEC's strengths and weaknesses, achievements and failures in the past 20 years.

One is a view of applause. Those who see success in APEC's performance cite the annual APEC "Economic Leaders Meeting" (the APEC Summit) as a signal of the importance of the trans-Pacific economic forum. There is little doubt that these meetings really helped boost the host country's self-image and perhaps even the economy. APEC is like a big regional Expo. Considering the huge size of APEC region, each hosting country was excited to host the event and to seize the opportunity to befriend with other members.

APEC is certainly not useless. According to APEC's secretariat, "an independent research" finds that "APEC members trade with each other more than they do with other free trading agreement partners and much more with trading partners who are both members of APEC and members of the World Trade Organization. This demonstrates the high level of *de facto* integration between members of APEC, even under non-binding arrangements".⁴

On the other hand, many have been critical of APEC. To them, "APEC is a perfect excuse for chat"; "It is not a serious regional institution-building"; "The Economic Leaders' Meetings, are better remembered for the attire of the leaders than for its substantive pronouncements".⁵ APEC is too informal or too non-binding to be effective. It has over-emphasised "open regionalism". It is the largest trans-regional body in the world. Gradually, its rules and forms are too old to "bottle" the new "wine" such as the rise of China and East Asian institutions. It is too American dominated to be balanced across the Pacific.⁶

To be fair, APEC encouraged economies in Asia, particularly economies still not fully opened (China) or highly managed (Malaysia) to unconditionally/unilaterally open up or to deregulate in order to let global market/financial forces prevail. To some APEC economies, the over-openness of their markets was dangerous not only economically but politically. Therefore, after the 1997 financial

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crisis broke out, such economies had to keep distance with APEC's "unilateral liberalisation" and turned to the "necessary evil" of more regulation and control by the state. As a result, to a large extent, APEC's central doctrine "liberalisation" in 1990s actually was paused or interrupted.

This chapter is neither for praising nor for criticising. I agree that APEC has been useful and valuable commercially or diplomatically. But the good times are over: APEC has been marginalised by various truly regional (although imperfect and premature) East Asian regionalism/cooperation initiatives. The decline — if temporary — of American hegemony is a latest blow to APEC. Within APEC, both the US and its allies have to seek a more effective alternative to APEC.

In a sense, APEC is at the same time effective and ineffective in pursuing multilateralism. Its initial effectiveness mainly existed in its first decade — its successful China absorption/integration strengthened its legitimacy as a most inclusive trans-regional body and its setting of ambitious trans-Pacific deadlines to liberalise trade and investment were attractive to all. During this period, both the US and ASEAN political leaders played leading roles. But, APEC's indifference and inaction to respond to the "Asian financial crisis" created its first Waterloo. After that, there was continuing doubt over its relevance to East Asian members.

The start of East Asian cooperation marked the theory of East Asian regionalism was translated into practice for the first time. With the support and push from Japan and China, the ASEAN had brought to the fore a number of "East Asia" processes. The birth of these East Asian regionalist projects further reduced the demand for APEC. In APEC's second decade in the 2000s, it had to co-exist with "ASEAN-led" East Asian economic cooperation.

Of course, at the same time, both ASEAN and its partners in Northeast Asia, China, Japan and South Korea, continued to play critical roles in APEC. China hosted APEC in 2001 just after the September 11 terrorist attack. In 2005, some ASEAN members in APEC established the early foundation of the Trans-Pacific Partnership (TPP) Agreement, an Asia-Pacific trade agreement

involving East Asian institutions' future competitor and, at the same time, possibly the need to APEC's future alternative.

MULTILATERAL INSTITUTIONS

Regional institutions (the existing and the proposed) in Asia and the Pacific fall within four categories. These categories are naturally overlapping and not mutually exclusive. The four categories are: the "Southeast Asian", the "Pacific", the "East Asian", and some "in between the East Asian and the Pacific". They include:

- "ASEAN Community": When ASEAN relatively recovered from the financial crisis in 1997, in the late 2000s, its temporary emphasis on the importance of "East Asia" cooperation during the crisis gradually faded. Asia's first relatively fledged sub-regional integration strengthened its status by going integration: "The ASEAN Community is comprised of three pillars, namely the ASEAN Political-Security Community, ASEAN Economic Community, ASEAN Socio-Cultural Community".⁷ Its regional charter began on 15 December 2008 and it not only "serves as a firm foundation in achieving the ASEAN Community" but perhaps has the spill-over effect in other parts of Asia. The charter secures ASEAN's leadership position in East Asia.
- "ASEAN+1": The majority of Asian regional institutions are based in ASEAN. Now, ASEAN has concluded FTAs with all six non-ASEAN members of the East Asia Summit, a mini-APEC.⁸ Furthermore, ASEAN expands the "ASEAN+1" to forge a new ASEAN-US ties, the most important "ASEAN+1" arrives.
- Asian monetary cooperation: This multilateral monetary facility is a result from the Chiang Mai Initiative (CMI), which East Asian economies first initiated in 2003. Originally about a currency swapping mechanism to protect the region from increasing risks in financial globalisation, the plan has grown larger. Of the reserve, China and Japan take the co-leadership.⁹
- Shanghai Cooperation Organization (SCO): From geo-political perspectives, this organisation deserves to be mentioned in

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discussing APEC-related issues. Because China and Russia, SCO's organisers, are both APEC members. The SCO originated in Central Asia, which was formerly part of the Soviet Union, but it covers the majority of Eurasia and the continental East Asia. As a great nation located in between the Pacific Asia and Eurasia, China wisely seeks balanced regional relations. Considering China's unstable western parts (two "X"s: Xizang/Tibet and Xinjiang in particular) and the US's continuing intervention in the two "X"s, China fully knows the strategic importance of the SCO region.

- A Northeast Asia Peace and Security Mechanism (NEAPSM): In its joint statements, particularly the 19 September 2005 Joint Statement, a multilateral process called the Six-Party Talks has proposed the NEAPSM. According to China-US Joint Statement issued in 17 November 2009 in Beijing, this will be a "permanent peace regime" in this sub-region in Asia-Pacific. The nature of the NEAPSM is trans-Pacific. It offers a regional approach to deal with international issues like the nuclear weapons proliferation, with a view to lasting regional security through effective multilateral regional cooperation.
- TPP: Many Chinese analysts did not know what TPP stands for before the 2009 APEC Singapore Summit. The Trans-Pacific Partnership suddenly emerges as both a trade agreement and a strategic alliance. TPP is called a "high quality" arrangement of Asia-Pacific economic cooperation. In contrast, APEC is really a low quality trans-regional grouping. There are some interesting questions: Is TPP an inevitable answer to APEC's growing marginalisation and irrelevance? Is TPP a way to "restore America leadership" in the region? Several key ASEAN nations not only Singapore but also Vietnam (2010 ASEAN chair and the US's new regional partner) are keen to promote the TPP for engaging the US; the US current administration finds a strategic value of the TPP and quickly decided to enter into negotiations of the agreement.¹⁰ Other APEC members which are excluded by East Asian institutions such as Taiwan tries to join the TPP.¹¹

- “Asia-Pacific Community” (APC): Australia had played a leading role in forging APEC. It wants to play a leading role again in proposing a single Asia-Pacific institution. Australia’s Kevin Rudd, coined and sent the idea of APC in recent years. His APC policy team organised a big Asia-Pacific conference in Sydney from 3–5 December 2009.¹²
- “East Asia Community” (EAC): In principle, optionally, “ASEAN+3” wants to be an East Asian Community. But, in recent years, leaders from both Southeast Asia and Northeast Asia decreasingly talked about the future of “ASEAN+3” as the base of EAC. Since 2005, the East Asia Summit (EAS) has made EAC more impossible rather than possible. Suddenly, in Tokyo, the ruling JDP represented by the Prime Minister Yukio Hatoyama proposed a Japanese edition of EAC. The proposal is based on the existing framework of EAS, but maybe different from any Asia-Pacific institution if the US joins the EAS. In other words, today’s Japan seeks a regional institution in between the existing ASEAN-led East Asian institutions and trans-Pacific institutions.

Critics in the US of the growing regional cooperation in East Asia have charged that the East Asian institutions and trans-Pacific institutions are mutually competitive and exclusive. Some of them have argued that the theory and practice of East Asian regionalism are a catastrophe to “open regionalism” — APEC’s core principle. They have always seen that East Asian processes without the US are not good for existing regional order but are good for alternatives such as Japan or China-centred ones. In conclusion, such worries simply see East Asian processes as not compatible with the APEC and other trans-Pacific processes.

Perhaps a fundamental reason of the new trans-Pacific initiatives and efforts made by either Australia or America is the deeply ingrained worry about competition. It can be interpreted as a number of new attempts by the Western players to unify/integrate multi-institutions — a wide diversity of regional architecture.

Each institution has its mission and enjoys its legitimacy. There is little likelihood that they would be amalgamated into one ultimate

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framework for the entire broad region. As the inventor of “reformist phrase” and “multi-multilateralism”, Francis Fukuyama, labeled as a conservative scholar, thinks from the regional governance perspective, these various institutions reflect the diversity and complexity of the region. As he argues, even “a truly liberal principle would argue not for a single, overarching, enforceable liberal order but rather for a diversity of institutions and institutional forms to provide governance across a range of security, economic, environmental, and other issues”.¹³

CHINA'S ATTITUDE

Over the past 20 years China's attitude to regional institutions has evolved into a stable and predictable regional multilateral policy.

Firstly, China sees itself as a part of the regional system. China's interests are well-served by an inclusive regional grouping and a freer trading environment.

At least from 1949 to the end of the Cold War in 1989, the People's Republic of China was not an indispensable part of the world economy. Prior to 1979 when it officially opened itself to the world, it did not even engage in international/regional trade except with Hong Kong and a handful of friendly countries. Since the late 1970s, especially the accession to the WTO in 2001, China has established itself as a major trading nation.

To the US, APEC facilitated China's integration into the America-dominated “global economy”. In the 1990s, APEC was one of China's main channels to link with outside economies. The experience in APEC helped China's accession to the WTO.¹⁴ Then APEC also provided a much needed diplomatic channel for nurturing China-US ties.

A result of China's WTO membership was that China and the US turned their relations into an unprecedented largest bilateral economic interdependence in world economic history.¹⁵ Both Beijing and Washington have known the relations are good for both sides if they could manage their differences. If a trade war happened, both would become losers — the worst scenario.

Should the bilateral relations break down, the results would be disastrous. “During the Cold War, we spoke of ‘mutually assured destruction’, in which the United States and the Soviet Union had so many nuclear weapons that one side could not destroy the other without destroying itself. Swap ‘mutually’ for ‘monetarily’ and you get the new MAD — ‘monetarily assured destruction’ — which exists between China and the United States. One consequence of the financialization of the US economy was that we managed to get China to swap real goods for paper, and a terrible rate of return on holding the paper, for more than 20 years, in the course of which the Chinese (and other East Asian economies) built up astonishingly large trade and current account surpluses”.¹⁶

Secondly, the engagement and participation in regional institutions is a key part of China’s strategic/realistic embrace of multilateralism.

After a temporary doubt and reluctance in the early 1990s, China began to firmly adhere to the principle of multilateralism. China’s leaders have conducted their high profile global and regional summitries without any disconnection. Multilateral diplomacy helped ease the pressures and tensions that China faced in the region. China has been facing a number of dilemmas in the region:

- **Political dilemma:** Generally, China’s fine economic/business relations with others helped improve its political relations. But, the economic relations have their limits in bringing about better political relations. From 1998 to 2006, China-Japan relationship was once summarised by a general saying: “hot economics but cold politics”. Many of the bilateral and even multilateral interactions between China and the others can be described in the same way. China’s close economic relations with the US have not changed the nature of China-US political relations.
- **Economics dilemma:** In the past China had doubted deeply and resisted strongly the theory and practice of free trade. But, as a trading nation and the “world’s factory”, today’s China heavily depends on the sustainability of the free trade system and it has become a major force against protectionism in trade and invest-

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ment. But, while taking advantage of China's opening up, others complain China's openness is quite problematic, especially and clearly the political openness. The tension between the company Google and China is being classified by the US government as a part of bilateral trade frictions: China's internet censorship is considered as a new "trade barrier".

- Security dilemma: The economically booming Asia-Pacific is also dynamic and energetic in the arms race. The US continues to strengthen its regional military alliances. Many countries in the region are already strong military powers in their own right. South Korea is strong enough to initiate preemptive war against North Korea — the 9th nuclear weapon power.¹⁷ At the same time, reactively and defensively, China has to modernise/revolutionise its military in order to not only deal with the worst scenario triggered by the arms race but also protect China's growing "overseas interests". Objectively, a growth-oriented China perhaps has benefited greatly from the Pax Americana (American Peace), but it is never a part of the America-led alliance system. The US and other regional powers justify their strengthened military alliances by addressing China's military build-up.

Thirdly, as China's surrounding environment is so complex geographically, China's approach to Asia is to be a good neighbour.

China-ASEAN is an example of this and shows China's great care in handling relations with its neighbours. Regional institutions helped improve China's relations with ASEAN. China has been eagerly showing good will to ASEAN by accepting the "ASEAN way" and regional rules produced by ASEAN. China is the first external player which acceded to ASEAN's Treaty of Amity and Cooperation (TAC) in 2003.¹⁸ China supports ASEAN's leading role in regional institutions. China continues to look to the "ASEAN+3" as a "main channel" to achieve greater economic integration.

Fourthly, China endorses the concept of "open regionalism". Reflecting this, China finally and formally acknowledges the US's "indispensable" role in Pacific Asia. The China-US Joint Statement

in 2009 states: “China welcomes the United States as an Asia-Pacific nation that contributes to peace, stability and prosperity in the region”. “The two sides stressed that they share broad common interests in the Asia-Pacific region and support the development and improvement of an open and inclusive regional cooperation framework that is beneficial to all. The two sides will work to encourage APEC to play a more effective role in promoting regional trade and investment liberalisation and economic and technical cooperation and for the ASEAN Regional Forum to play a more effective role in strengthening regional security cooperation”.¹⁹

Some has long supposed that an enduringly rising China would pursue regional hegemony.²⁰ But Chinese leaders and diplomats have repeatedly reassured the region that China would never seek Chinese dominance. Interestingly, to avoid international misunderstanding, China has even not pursued international leadership (Deng Xiaoping: “Bu Dai Tou” — not take the lead) because leadership always means hegemony.

Finally, China is in no hurry to promote a single, integrated regional institution such as TPP and APC. The emergence of multi-institutions may be an indication of an inevitable multi-polar world in the 21st century. But China has to respond to such policy challenges posed by the US and Australia. China could encourage and support closer and effective interaction of existing regional cooperation and integration initiatives to establish a de facto network of coordination among different regional institutions. China’s membership in TPP will be considered and sought seriously if most of ASEAN members and Japan finally joins it. China will continue to pay attention to Australia’ APC idea but has refrained from endorsing or opposing it.

Deng Xiaoping said China is both a big and a small power.²¹ This is true not just today. In the past, China was such a complex and contradictory power. In the future, as many developments indicate, Deng’s sober argument is likely to continue to hold. As a big power, China needs to accommodate the demands from small powers, especially its Asian fellows. A best way to accommodate is the provision of regional public goods. As a small power, China needs to be accommodating

with the big powers, especially the US and Japan in the same region. A rising China with growing regional stakes seeks a regionalist approach to be a key contributor to the regional order. This would not only better serve China's interest but also others; as well it would not only bring regional peace but also contribute to global peace.

ASEAN'S CENTRE STATUS IS GUARANTEED BY US'S NEW ASIA-PACIFIC STRATEGY

ASEAN strategically straddles East Asia and the Pacific. As a group of small and medium powers, ASEAN has resisted the domination of big powers. They have managed to play a unique role in between big powers. Now, ASEAN has enjoyed improved relations with all big powers including the US, Japan, India and China. These powers need ASEAN and tolerate its usual balancing acts.

The US rediscovers the strategic importance of ASEAN in the formation of US centred Asia-Pacific "regional architecture". According to US Secretary of State Hillary Clinton,²²

- Washington highly values ASEAN as "an important success story"; "A strong, integrated ASEAN will serve broader regional interests";
- Washington continues to support ASEAN by enhancing the US-ASEAN Enhanced Partnership and the economic-focused US-ASEAN Trade and Investment Framework Agreement;
- Washington applauds ASEAN's decision to establish a new Intergovernmental Commission on Human Rights;
- Washington is eager to strengthen the ASEAN Regional Forum (ARF);
- Washington establishes an ambassadorial post to ASEAN in Jakarta;
- The United States might play a role in the East Asia Summit (EAS).

In the foreseeable future, ASEAN appears able to keep good relations with both China and the US. ASEAN is unlikely to choose

between China and the US. Instead, for its own balance of power diplomacy, it promotes a deep regional presence of the US. Some ASEAN leaders have managed to advise that the US should realise the strategic importance of the APEC region. Singapore's Lee Kuan Yew warns: "America will lose economic ground to China and find itself excluded from the economic dynamism of East Asia if Congress continues to resist FTAs. During the next two to three decades, the region will grow in economic weight and the balance of power in the world will shift to Asia and the Pacific region". "China's competitive advantage is in the economic arena, with its huge, well-qualified manpower pool and its growing consumer market". "The contest of this century will take place in the Pacific between the US and China, and it will be economic, not military. America cannot retain its position as the leading global power if it loses influence in the Pacific".²³

THE TRAJECTORY OF THE REGIONAL POLICY OF CHINA AND JAPAN AND THEIR INTERACTIONS IS A KEY

Currently, in China-US economic disputes, the US accuses China as causing the global (economic) imbalance (read: US-China economic ties). But, actually, the imbalance was very much a result of America's own making. As mentioned before, after Japan, China has been linked or integrated by the US as part of the US-centered global economy. "For decades, the United States has relied on a tortuous financial arrangement that knits together its economy with those of China and Japan. This informal system has allowed Asian countries to run huge export surpluses with the United States, while permitting the United States to run huge budget deficits without having to raise interest rates or taxes, and to run huge trade deficits without abruptly depreciating its currency".²⁴

China and Japan have enormous potential to develop their mutual economic relations. The two have common experience and perception of gains and pains from the economic relations with the US. They can develop a common stand to improve the East Asia-US

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imbalance or the America-dominated regional order in East Asia in order to reduce the future risks of financial collapse.

Japan's timid new efforts on an East Asia community show that it fully knows its economic dilemma resulting from its long economic integration with the US. Japan really wants to achieve a new relations with the US on "equal footing". China has formally rejected the US's unofficial proposal of a "G2". The refusal to form a G2 should be good for China-US to rebalance their imbalanced interdependence. It is also good for East Asian cooperation/integration. China's relations with the US are indeed vital, but more important to China is not forming a G2, but diversifying its foreign relations and not neglecting the other powers in Asia and elsewhere. In either "Strategic Economic Dialogue" (2006–08) or ongoing "Strategic and Economic Dialogue", China expressed its worry on US budget policy and China's US-dollar assets. The challenges and risks posed by both Japan-US and China-US economic relations give China and Japan the incentive to work together in dealing with the US. But, due to many strategic reasons and various other considerations, both China and Japan are reluctant to formally make an economic alliance for a shared truly regional East Asian Community.

The Obama administration seeks to restore America's domination in Pacific Asia, but, paradoxically, due to the large trade deficit with China and Japan, the US president says East Asia could no longer rely on the US market but their own domestic consumption.²⁵ Washington also repeatedly says that "the US alone can't solve the world's problems". The aim of this is for others to share the US's burden in a crisis time. But, this US position can be interpreted as a self-declaration of the beginning of the end of the US hegemony. "After hegemony",²⁶ it is more imperative and necessary to establish regional accords and frameworks. For having cooperation from the region, the US needs regional multilateral arrangements. At the same time, regional multilateral arrangements can bind the US's unilateral actions. A historic turning point for rebalanced East Asia-US relations is coming. A fundamental reason for Japan's economic success after its defeat in the World War II is that the US

provided a market for Japan. Similarly, China's economic achievement was also because of such a US market effect.

Now, things have changed. At least for a while (global economic recovering period, maybe for several years), America's current economic crisis has reduced the importance of the US market to export-driven East Asian economies. Objectively, many key economic challenges and problems the US faces will not be easily overcome in the foreseeable future. As a consequence, East Asians have no better choices than to seek East Asian cooperation. China and Japan are the largest trading partners in the region. Although both China and Japan still very much dependent on the US market, but the era of absolute reliance is over. If the two can overcome the politics and security dilemmas between themselves, the possibility of a China-Japan-driven East Asia community is high. China-Japan economic ties will be strengthened as China continues to grow and Japan relies on China's market to solve its own economic and social problems. That is why the Japanese new vision on East Asia community has its real rationales and why China-Japan relations have been improving in the time of global crisis.

CONCLUDING REMARKS

The coexistence of East Asian regional institutions and Asian Pacific regional institutions does not imply "drawing a line down in the middle of the Pacific".²⁷ A second Cold War — a Cold War between China and the US is highly unlikely. While China has benefited from a growing, open and cooperative regional environment, China has been constrained and regulated by the existing Asia-Pacific multi-lateral order. So, although tensions and frictions between China and the US always occur, both Washington and Beijing realise that "it is in the interest of both the US and China to continue forging a wider and genuine strategic relationship".²⁸ East Asian institutions and trans-Pacific institutions have converged. But, on the other hand, their paths and objectives have diverged. As the Japanese leaders described, the East Asia community will be a European Union-like body. The EU does not include the US. The East Asia community

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also should not include the US. The ultimate framework of East Asia is very much dependent on the policy stance of China and Japan. If they really want to build balanced and equal footing based relations with the US (if they do not want to continue to live in an unequal, hegemonic/America-centred regional environment), a commonly pursued East Asia community is a necessary and legitimate choice with clearly far-reaching significance.

Such an East Asia community should not be exclusive and should be open. The EU and the US achieve coordination through trans-Atlantic institutions such as the NATO. Like the EU, a proposed East Asia Community could and will have better cooperation and coordination through a number of trans-Pacific institutions.

However, the future of multilateral institutions in Asia and the Pacific is still uncertain. East Asian institutions may be short-lived because America attempts to resume its regional multilateral domination. Japan hosted the APEC in 2010. The US will host APEC in 2011. Washington is viewing this Japanese APEC leadership as an opportunity to sell its core Asia-Pacific agenda — TPP, which may deconstruct East Asian cooperation and reconstruct Asia-Pacific cooperation: “The United States and Japan should work closely to move the process forward in 2010 and perhaps bring it to a successful conclusion: a signing of the Trans-Pacific Partnership at the Honolulu Summit in the fall of 2011”.²⁹ If Japan decided to join TPP, the expanded TPP would deal a hard blow to existing East Asian processes.

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