

The Historical Transition of Regionalism in East Asia

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논문요약

본 연구는 동아시아 핵심 국가의 지역주의와 패권 경쟁의 전환기 역사 관계에 대한 이해를 제공하고자 한다. 세계화는 1970년대 이후 동아시아에서 성장하는 국가에게 새로운 경제의 기회를 제공했다. 동아시아에서 새로운 지역주의의 출현은 1980년대 말부터 핵심 국가 간의 헤게모니 경쟁과 함께 증가했다. 미국과 호주가 시작한 APEC의 경제적 자유주의 전략은 동아시아 개발도상국의 개발 전략을 지원하는 EAEC와 대조된다. 아시아 금융 위기 이후 구조적 시장 지배력과 독립적인 정치적 주권을 바탕으로 한 중국의 출현은 아시아 지역주의를 재편했다. 그리고 APT는 중국과 일본 간의 경쟁을 촉진했다. 이 연구는 동아시아의 지역 조직이 강국의 지역 헤게모니를 강화하고 약한 국가의 주권을 유지하는 도구라고 주장한다.

주제어 : 아시아 태평양, 핵심 국가, 세계화, 새로운 지역주의 및 지역 조직

I . Introduction

The US-China trade war is entering a new phase due to a prolonged US-China trade war. The protracted US-China trade war can be traced to a shift in US pressure and China's perception of it. The US-China trade war began in March 2018 when Trump signed an executive order that calls for imposing tariffs on \$50 billion worth of Chinese imports, bringing China to the WTO and restricting China's investment in the US.

Since then, tariffs and US-China trade wars have added to the nature of technology competition as the Trump administration has implemented trade restrictions on Huawei and related companies amid complicated processes, including the imposition of retaliatory tariffs, trade negotiations, delay of tariffs and failure to reach a deal. The foreign currency of the trade war widened once again on Aug. 5, 2019, when the Xi Jinping government allowed the yuan to surpass 7 against the dollar, and the Trump administration designated China as a currency manipulator again.

The expansion of trade wars and the diversification of means employed resulted in a protracted trade war. But looking at China's initial response, it is sometimes read as if it had hoped to end the conflict as early as possible.

Although the Xi Jinping administration did not hesitate to take confrontational actions, including imposing retaliatory tariffs, it appeared cautious in avoiding a bilateral head-on confrontation with the US, labeling the Trump administration's

trade offensive as a challenge to multilateralism rather than stressing direct attacks on the country. This is because trying to resolve the situation early in terms of removing uncertainty, rather than prolonging the confrontational phase with the US, may be the second best option. While the US trade offensive is unprecedentedly strong, as shown by such cases as the imposition of tariffs on US soybeans, Trump also played a role in the judgment within the Xi Jinping administration that the domestic political burden would be too great to sustain the trade war.

But even though the US and China reached an agreement on the main contents of the negotiations in May 2019, the failure of the negotiations eventually served as a starting point for reaffirming China's fundamental perception of the US-China trade war. Therefore, the Xi Jinping government's pursuit of a compromise with the US is possible 'within the scope of an agreement,' not unilaterally accepting unfavorable solutions. China's critical perception of US pressure is largely divided into two dimensions. First, it is attributable to the failure of the US and China to resolve differences on such issues as subsidies from the Chinese provincial government, amending the cyber safety law banning data transfers out of China and forcing technology transfers to foreign capital. From China's perspective, it is difficult to compromise US raising the issue because it is an excessive intervention in domestic policy and the Chinese economic system beyond the scope of its ordinary policy.

More fundamentally, the Chinese government criticizes the Trump administration for violating the spirit of agreement at

least three times while proceeding with the negotiations. From China's point of view, the Trump administration repeated its act of turning back the negotiations by making false claims, such as China's coercion of intellectual property and technology transfers during negotiations, imposing additional tariffs on the basis of this, or by announcing the resumption of tariffs while raising criticism of China's economic system and trade policies just 10 days after the joint declaration of the two countries was announced in May 2018. Furthermore, the Trump administration has made very unequal demands, such as requiring the US not to withdraw its tariff waiver, while the US can re-impose its suspended tariffs if negotiations fall through. After all, the core of the criticism is that "the more China makes concessions, the more the US wants," which eventually boils down to a trust issue between the US and China (The State Council Information Office 2019).

Globalization has brought opportunities for a new economy for growing states in East Asia since the 1970s. The end of the Bretton Wood system was a key incident in accelerating globalization (Gamble and Payne 1996). The collapse of the old monetary system contributed to capital mobility, and states having a cheap labour market could be the destination of capital. The capital flow from the United States (US) and Japan resulted in the increase of investment in the Newly Industrialising Countries (NICs): South Korea, Taiwan, Hong Kong and Singapore, and South East Asian countries between the 1970s and the 1980s. Simultaneously, China containing the biggest market and cheap labour in East Asia, was the most attractive destination for capital, including Trans-National

Corporations (TNCs) and Foreign Direct Investment (FDI) between the 1980s and 1990s.

With globalization the emergence of new regionalism in East Asia has risen with the competition of hegemony between core states from the end of the 1980s. In Europe there had been no perspective view of a single regional hegemony emerging because Germany, France, and Britain relatively evenly share capacity and resources. On the contrary, the US has been a significant hegemony in East Asia and China and Japan have considerable possibilities of becoming hegemonic in the region (Gamble and Payne 1996, 257).

Consequently, while Europe has moved forward with unified regional organization, the EU, however, in East Asia, multiple regional organizations have been in competition since the late 1980s. Especially, with the decline of the US and the emergence of Japan and China in economic hegemony this seems to be a salient point to try to understand regionalism in East Asia.

Therefore, this study seeks to access the relationship between regionalism and hegemonic competition of core states in East Asia. It puts forward the argument that regional organizations in East Asia have been instruments to intensify regional hegemony in strong states and to maintain state sovereignty in weak states. In particular, it emphasizes the emerging power of China and its impact in the region since the Asian financial crisis.

For this argument, the study is divided into four sections. The first section introduces theoretical approaches, including neo-functionalism, neo-institutionalism and neo-Marxism, to

regionalism. The second section shows the competition between the US's economic liberalization and the developing states' developmental protection with the emergence of East Asia Economic Cooperation (APEC) and the East Asian Economic Caucus (EAEC) before the Asian financial crisis. The third section explores the impact of the emerging hegemony of China in the region since the Asian financial crisis. And the last section concludes by summarizing main arguments.

The following section looks at fundamental definitions and theoretical distinctions in regionalism, and underlines the Neo-Marxian prospect that focuses on hegemonic relation and capital mobility as economic globalization. In addition, it explains how regionalism has affected state sovereignty in the region.

II. Theoretical Approach

Since the European Single Market Act in 1986 facilitated the 'new regionalism', there have been diverse theories to explain the new regionalism. In this section, in order to analyse the regionalism and state sovereignty in East Asia, we firstly look at neo-Marxist theory in connection with neo-functionalism and new-institutionalism. neo-functionalism was developed by Ernst Haas, who theorized it for both international institutions and the process of European integration (Haas 1975). He insisted that social and economic groups would require supplementary economic integration, which would generate

new political actors intent on promoting further integration. Thus, both domestic interest groups, especially business and international actors, such as civil servants or corporations would create political integration (Hass, 1975). In addition, neo-functionalism emphasizes that economic and other welfare concerns must be more important than traditional concepts, such as national security and interstate rivalry. Thus, it is inadequate to apply for East Asia regionalism that mainly seeks to reinforce or maintain hegemony between power states.

Neo-institutionalism underlines the role of institutions to overcome economic and other obstacles; it points out that institutions can be operated as instruments to prevent market failures and to overcome collective action problems in economic and political problems. Robert Keohane (1989) concentrated on international institutions' function to deal with market failures, and to decrease transaction costs, and respond to other problems. Neo-institutionalism emphasizes that international institutions assist in improving cooperation between states.

Andrew Moravcsik (1998) argues that 'the broad lines of European integration since 1955 reflect three factors: patterns of commercial advantage, the relative bargaining power of important governments, and the incentives to enhance the credibility of interstate commitments.' In other words, neo-institutionalism claims that regional international institutions increase interdependence between states: it becomes an important incentive to overcoming their disputes and leading to cooperating with one another. It is possibly true that economic interdependence between states in East Asia since the 1990s has increased, and enhanced

cooperation rather than competition during the Cold War. However, neo-institutionalism has certain limitations in explaining the hegemonic aspect of interstate and uneven benefit between core states and periphery states.

Since the 1990s, most East Asian countries have actively embraced the trend of globalization, converging on export-driven industrialization strategies. The fact that China joined the World Trade Organization(WTO), which represents the free trade order, in 2001 is the most striking example of this trend. In addition, East Asia has become the most dynamic free trade pact-promoting region in the world as countries competitively push for free trade agreements with countries outside the region. By mid-2013, East Asian countries had pursued 107 free trade negotiations, 75 of which had already been agreed or put into effect (Dent 2013, 973). Even as the US is preoccupied with bilateral negotiations since the inauguration of the Trump administration, China and Japan have become leading countries in multilateral free trade agreements, supporting 'globalization'.

But for East Asian countries, including China and Japan, 'globalization' was perceived as compatible with their historically formed economic nationalism. Countries embraced liberalization policies that opened markets and eased regulations, but the perception that they could design and maintain their own social institutions to improve the international competitiveness of the national economy continued (Zheng and Pan 2012, 91). Furthermore, they accepted 'globalization' as a kind of strategy to realize their economic nationalism, and the neoliberal policy reforms accompanying globalization justified through the

rhetoric of economic nationalism.

East Asian countries have taken a relatively passive attitude in negotiating international liberalization of trade in goods and services, particularly in the process of increasing access to and stimulating exports to overseas markets. Despite the reduction in tariff and non-tariff barriers resulting from the institutionalization of the free trade order, East Asian countries favored 'selective liberalization' that excludes environmental or labor provisions deemed relatively unfavorable to them (Stallings and Katada 2009, 245). And in these countries, economic nationalism has evolved into a more complex and sometimes original form of strategy that leverages unofficial links between government and business or nationalistic feelings in the private sector (Gerth 2012, 202).

Countries where nationalism is used as an ideology supporting national growth as socialist ideology declines, such as China, are a prime example of this new evolution of economic nationalism. After reform and opening up, the Chinese government began to seek its justification in the "new nationalism" based on the "Chinese people" on behalf of socialism based on the Chinese people. In the 1990s, in particular, this trend was strengthened, and the existing ruling elite actively utilized nationalism to suppress opposition forces and maintain legitimacy (Huges 2001, 7). Furthermore, new nationalism has been used as a means to promote the re-combination of mainland China with Chinese diaspora scattered in East Asian countries.

As such, China's recent 'economic diplomacy' shows that it uses the economic power it has secured through exports to advance its own companies abroad. In the process, various

non-market links of 'Chinese characteristics,' which are retroactive to the post-imperial era, will be utilized rather than free market principles. After all, China's economic nationalism, which emerged in a defensive form with reform and openness, is now shifting to an aggressive form that extends its influence abroad regardless of profitability and supports the activities of ethnic enterprises (Zheng and Pan and D'Costa 2012, 17).

This is why concerns arise that the goal of China's external economic strategy is to create a modern deposit system that literally all roads lead to Beijing (Miller 2018, 18). In the 2010s, China's 'localization' strategy based on economic nationalism is creating global and regional repercussions. Most of all, it is in conflict with the Trump administration's "America First" strategy. In addition, attempts to harness globalization as a strategy of economic nationalism are found in many countries in the East Asian region. However, it is doubtful whether regional convergence of export strategies based on economic nationalism - often involving the political use of foreign economic strategies from the "gray zone" of the international political and economic order - will be compatible with the free trade order and, moreover, be able to establish a sustainable regional order.

Neo-Marxists, and especially Cox, emphasize the hegemonic shift in the globalization era in order to explain regionalism (Cox, 1987). Cox's theoretical frame is arguably adequate in explaining regionalism in East Asia because of the analysis on contemporary world order in his writing. He explained regional order and the fundamental cause of new regionalism in East Asia since the late 1980s.

He describes contemporary world order as 'an aggressively competitive trading pattern' in which negotiating power state determines consequences. This tends to facilitate 'an emulative uniformity in the way problems are confronted and solved rather than withdrawal into isolated spheres within which distinctive solutions can be attempted'. There has been diversity: economic and hegemonic instability between hegemonic states such as the US and potential hegemonic states such as China and India; economic and strategic competition between economic liberal states and developmental states. Therefore, there has been economic competition between the APEC and the Association of Southeast Asian Nation Plus Three (APT).

The following section deals with the APEC and the EAEC and, with the formation of regional organizations, it demonstrates the decline and increase of US hegemony, the growth and decline of Japan hegemony, and the emergence of Japanese production networks in East Asia before the Asian financial crisis.

III. Economic Liberalization vs Developmental Protectionism

US economic power in East Asia declined in the 1980s, despite the maintenance of a strong military alliance with Japan, South Korea, Taiwan, and the ASEAN member states. During the Cold War, the US sought to build a capitalist states block in order to prevent the expansion of the Soviet Union in Asia. For this, the US supported the alliances economically and militarily. In particular, the economic support generated new

competitors, mainly Japan, and NICs in the region. The huge expenditure on the Vietnam War and the enormous trade deficit resulted in the hegemonic decline of the US the Asia as well as in the world. Consequently, to maintain hegemony, the US contributed to the collapse of the Bretton Wood system in the early 1970s, and pressed Japan to increase Japanese currency (yen) value. The increase of the yen value brought about a Japanese production network in the region. Gamble and Payne (1996, 260) indicate that the US became less hegemonic over the capitalist economy than the way it had been in the 1940s, 1950s, and 1960s. They, however, maintain, that its hegemony militarily and culturally was greater than in 1990s ever before.

From the 1960s to 1980s Japan, more than any other country, created economic links in the South East Asia. According to Ensign (1992, 92), Japanese economic aid focused on capitalist East Asian states in order to fulfill a strategic role in supporting US allies; South Korea, the Philippines, and Indonesia in the 1960s. Most Japanese aid concentrated on Asian states, especially Indonesia (33.8%) and South Korea (23.3%) in the 1970s. Japan's most important contribution in shaping economic links in East Asia has been Foreign Direct Investment (FDI) by Japanese firms.

The largest expansion of Japanese FDI in the region has been implemented since the Plaza Accord of 1985. Accordingly, the investment of Japanese firms in 1989 were four times as much capital in Taiwan in 1985; five times as much in Malaysia; five time sa smuch in South Korea; six times as much in Singapore; fifteen times as much in Hong Kong; and

twenty-five times as much in Thailand from 1985 to 1989 (Fallows 1994, 264). Most of these investments concentrated on the manufacturing sector, especially electrical machinery, electrical components, precision machinery, and transportation equipment (Stubbs 1998, 75). As a result, the regional investments of Japanese manufacturing firms brought about the growth of South Korean firms, as well as ethnic Chinese firms in Taiwan, Hong Kong and Singapore.

The US and its capitalist alliance initially promoted the APEC in order to enhance economic liberalization in East Asia. The APEC, with Australia's proposal, was implemented in November 1989; the initial members were Australia, Canada, Japan, New Zealand and South Korea, the United States and the six members of the ASEAN. China, Taiwan, Hong Kong in 1991, Mexico, Papua New Guinea in 1993, and Chile in 1994 integrated into the APEC. The APEC in the region sought liberal perception. For example, in the Jakarta summit in 1994, the US and Australia strove to reach full trade liberalization by 2020.

The economic liberal perspective of the APEC may provide benefits with regional states. One of the important concerns of the APEC was about the possibility of the emerging divided market in Europe and North America. The possible end of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) and the growing conflict between the US and Japan also resulted in the establishment of APEC (Higgott 1995). According to Keohane (1989), liberal institutions enhance cooperation between states, and prevent market failure. Moreover, the APEC has sought to deal with security problems,

such as terrorism, conflict between China and Taiwan, and the North Korea nuclear problem. The effort of the APEC in regional security may be important in East Asia. In other words, the implications of the economic liberalization in the APEC are to stabilize regional markets as well as to attempt to the decline of regional conflict.

On the other hand, it has been said that the APEC is a vehicle to maintain the US hegemony in the region. With international institutions such as the International Monetary Fund (IMF) and the World Bank, the US pursued the diffusion of neo-liberal economic policies in the Third World. At the same time, the US generated regional organization, such as the APEC and the North American Free Trade Agreement (NAFTA), in order to promote neo-liberal economic policies. Neo-liberal policy, especially structural adjustment, has shown its limitations in many cases in the Third World (Frieden and Lake 2000).

In addition, it may be true that liberal economic trade does not intensify economic development in the Third World. According to Chang (2002), the US and Britain did not accept free trade and increased tariffs when they were rapidly developing their economy. When a number of European states were decreasing the tariff between 1860 and 1880, the US was the exception that had a very high tariff. In addition, the US maintained one of the highest average tariff rates on manufacturing imports in the international market between 1861 and the end of World War Two. However, since World War Two the US, that had been the richest state, sharply reduced its tariff. Therefore, it is arguably possible that the US sought to establish the APEC to reshape the

economic pattern of the region.

The economic liberalization of APEC contrasts developmental strategy in East Asian developing states (Rodan 2001). He points out that a key aspect of the developmentalist coalitions of East Asia is the emergence of a set of vertical relationships between state and business players, and indeed, in the Southeast Asian context, these business interests engaged with the state. In addition, he maintains that 'the implementation of the Washington consensus policies of deregulation and privatization' undermined 'public infrastructure by politically protected conglomerates' and that domestic industry was protected by developmental policy (Rodan 2001). In fact, Malaysia and Indonesia sought to adopt developmental strategy that was applied in the NICs.

Consequently, East Asian developing states sought to generate Asian states dominated regional organization to respond to the expansion of a neo-liberal economy. For the developing states, Asian regionalism can be adopted as a reaction to maintain their economic sovereignty. In 1988, Japan failed to create an 'Asian network' based on Japanese production links in South East Asia. In 1990, which was the following year of the US's first summit with the founding members of the APEC, Mahathir, Malaysian Prime Minister, put forward the East Asian Economic Grouping (EAEG). This was renamed as the East Asian Economic Caucus (EAEC) because the original name's image seemed to intend a regional trade bloc (Stubbs 2002, 441). Moreover, the proposal for an EAEC failed to become a dependent organization due to US opposition. Eventually, the EAEC was located within the APEC as a part of it in 1993. Japan did not participate in EAEC, in spite of being invited to

do so by East Asian states. Accordingly, the EAEC was unable to be dominant due to opposition from the US and the absence of Japan.

Despite the fact that Japan was a state that transferred 'catch up or mercantilist policies' to the NICs and South East states, why did Japan not actively support East Asian regionalism of Mahathir. There could be two reasons. First, as already mentioned, economic and military dependence on the US is much heavier than that of Malaysia and other East Asian states. The US has been the biggest market to Japan as well as to South East Asian countries. Most Asian exports, the most important factor for economic success, have relied heavily on the market of North America. For instance, 'Japan sends 32 percent of its exports to the US, and most of the Asian exporters send at least twice as much of exports to the US as they do to Japan' (Pempel 2000, 69).

Secondly, with the effect of globalization, the Japanese from the late 1980s could not afford to resist because of domestic economic problems, the 'bubble economy'. The Japanese stock market fell sharply, and almost half its value disappeared. In addition, during the 1990s Japan had less than 1 percent of real growth on average. (Kashyap and Rose 2001) With the economic tragedy, Japan has failed to follow new industrial trends in the world market (Drucker 1993).

For example, the US has recovered its reputation with its information technology, while Japan slowed down its economy in the 1990s. Moreover, through the 'bubble economy', the Liberal Democracy Party (LDP) that supports mercantilist policies was significantly undermined; accordingly, in the

1990s the Japanese economy was transformed from a mercantilist to a liberalist policy (Drucker 1993). Third, Japan as a 'core state' (Gamble and Payne 1996) has the economic competitiveness to manage Anglo-American economic policies. Furthermore, this can provide financial and tradable profit with Japan's economy. Thus, Japan does not have a strong necessity to oppose the APEC, including the Anglo-American economic policies.

The competitions between the US and East Asian states may be explained by Andrew Gamble and Anthony Payne (1996, 16). The following interprets the main points of the Cox analysis on the contemporary world order.

All states-the strong and the weak, the ex-hegemon as well as the would-be developer- now have to react to the pressures of global production, choosing broadly between an offensive strategy which takes on the challenge and usually gives some support to the competitive thrust of national industries, and a defensive strategy which enshrines protection and seeks to effect at least a partial withdrawal from world competition in some sectors.

If we apply Cox analysis to regionalism in East Asia before the Asian financial crisis, the US and Australia established the APEC in order to promote an 'offensive strategy' necessary for reacting to the press of global production; the growth of the East Asian economy, including Japan, NICs and South East

Asian countries. On the other side, East Asian developing states sought to establish the EAEC in order to promote defensive strategy. In other words, the APEC was to undermine barriers in trade and finance. The EAEC was a developing states' project to protect competitive advantage in competing with Western developed states. The next section looks at the effect of China as an emerging power in the region since the Asian financial crisis. First we deal with the Asian financial crisis and its impact in regionalism in the Asia Pacific.

IV. The Emergence of China in East Asia

The Asian financial crisis seemed to prove the 'triumph' of the neo-liberalist and the US in East Asia. The Asian financial crisis was implemented by the devaluation of the Thai currency, the bath, on 2 July 1997, and transferred to Indonesia, South Korea, the Philippines, Viet Nam, Malaysia, and Hong Kong. As a result, South Korea, Indonesia, Thailand, and the Philippines had to apply the IMF (South Korea: the US\$ 54 bn, Indonesia: US\$ 40 bn, Thailand: US\$17.2 bn, and the Philippines US\$1 bn: Bowles, 2002, 249) and structural adjustment that included the neo-liberal policy (Jayasuriya, 2003). The IMF intervention undermined the states role in the states that required the IMF funding. The erosion of state in the states contributed to the decline of developmental strategy. In addition, despite the external factors, such as hot money and panic, the domestic problem in the states was a major cause of the Asian financial

crisis. Moreover, the IMF and liberalists scholars significantly criticized the developmental strategy as a primary source of domestic problems. In other words, developmental strategy had precisely diminished through the Asian financial crisis.

The APEC and the AESAN failed to respond to the Asian financial crisis. (Bowles 2002, 252). The ASEAN was unable to rescue member states, such as Indonesia, Thailand and the Philippines from the crisis due to a lack of financial capability. There have been debates about the role of APEC during the crisis period. The APEC just recommended the IMF solution to states that were in economic tragedy. According to Higgott (1998), the APEC is not a financial institution to respond regional financial crisis, but is an organization to facilitate liberal trade and finance in the region. Thus, it is not necessary to blame APEC's roles during the crisis period. However, it has been increasingly said that the IMF policies provided protection of the interests with Western lending institutions and sought to 'open Asian markets for Western firms at the expense of Asian workers and the sovereignty of Asian countries' (Bowles 2002, 252). At the same time, increasingly, Asian observers implement to regard APEC as an instrument of the US foreign economic policy (Kahler 2000, 568).

The massive shock of the financial crisis declined the Japanese hegemony in the region. According to Higgott (1998, 336), 'Japanese capital created overcapacity in the region without fulfilling the role of a market of last resort to absorb it'. Japanese government tended to depreciate yen to maintain its own competition rather than to solve Asia's problem in the

period of financial crisis (Bowles 2002). This contributed to bring blaming of Japan after the Asian financial crisis. Japan put forward proposal to build an Asian Monetary Fund (AMF) in 1997 (Dieter 2000). This has been regarded as a policy to intensify its regional hegemony by financial support and protection for its production networks in East Asia. However, the US, which was a dominant state to Japanese decision, strongly opposed the Japanese proposal for an AMF, and China as a hegemonic competitor of Japan in East Asia refused the proposal due to a concern about expansion of Japanese leadership (Noland 2000). After the rejection of the initial Japanese proposal for an AMF, Japan began the Miyazawa Plan which created available \$ 30 bn to weak neighbours in the region (Bowles 2002, 253). However, Japanese power in the region has significantly declined since the crisis.

With the decline of Japanese power it is tremendous to note that China has become potential hegemony based on structural market power in the region in the late 1990s. For example, Steven Gill indicates that the size of its market provides the structural power with the US government in forcing change of decision on other countries in order to gain US based economic interests. Chinese economy has grown with 'Chinese Circle', which refers to ethnical links between the Special Economic Zone (SEZ) and the overseas Chinese communities in Taiwan and Hong Kong. The 'Chinese Circle' has considerable potential to become a 'Greater China' economic zone like the EU. In fact, China leader, Hu Jin Tao and leader of Taiwan's second political party declared that they would attempt to create 'Greater China' in the last summit.

Table 1. ASEAN 6 Exports by Country of Destination: 1993-2003
(US \$ Million/ percentage)

country of destination	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Hong Kong	-	-	-	10,571.0	20,069.2	16,162.7	16,843.2	21,749.1	20,061.8	21,861.4	28,519.5
(Share)								(5.3%)	(5.5%)	(5.8%)	(6.7%)
Taiwan	6,143.6	7,394.4	8,761.0	11,316.7	12,708.3	6,799.6	8,932.5	10,289.1	8,693.5	18,556.1	13,792.3
(Share)	(2.9%)							(2.5%)	(2.4%)	(4.9%)	(4.0%)
China	4,528.7	5,303.8	6,200.9	7,474.1	9,167.9	9,202.6	9,564.1	14,117.0	14,454.9	19,486.1	26,929.4
(Share)	(2.1%)							(3.5%)	(3.9%)	(5.1%)	(6.4%)
Japan	30,952.2	34,299.6	42,680.7	43,150.3	42,008.6	34,716.8	37,628.6	50,484.2	48,152.7	44,411.0	50,043.3
(Share)	(14.9%)							(12.4%)	(13.1%)	(11.7%)	(11.8%)
US	42,008.2	49,370.7	54,993.7	59,515.5	70,030.4	64,620.0	70,003.4	72,855.5	61,594.4	60,317.4	60,061.0
(Share)	(20.0%)							(17.9%)	(16.8%)	(16.9%)	(14.2%)

Source: ASEAN Trade Statistics Database

Table 1 illustrates the downsizing of effect of the US and Japanese market in ASEAN 6 major countries in the last decade. On the contrary, China has increased its impact in ASEAN 6 major countries. Also, the share rate (16.4%) of the great Chinese circle: China, Taiwan and Hong Kong from ASEAN is over one (11%) of Japan and one (14%) of the US. Moreover, China has become the biggest market of South Korea in 2004. This means that Chinese market has recently replaced the US market with South Korea export.

The emergence of China in the late 1990s has accelerated

new regional frame. In 1996, the ASEAN implemented meeting with Europe as the Asia Europe Meeting (ASEM), and the ASEAN invited North East three countries; China, Japan, South Korea to the ASEM meeting. While the ASEAN states were disappointed with outcome of the ASEM, they facilitated the new regional meeting, 'the ASEAN Plus Three' (Stubbs 2002). As the 'politics of resentment' with APEC and inability of ASEAN during the Asian financial crisis, ASEAN states have sought to foster the APT as a dominant regional organization for dealing with future crisis (Stubbs 2002, 449).

Moreover, despite the growing power China still has less power to respond the US pressure. Accordingly, China initiated to be active in fulfilling regional organization to reinforce its voice in the region as well as in the world order. For example, in 2000 Chinese former Prime Minister, Zhu Lung-Ji proposed free trade area with ASEAN member states until 2010 (Bowles 2002). The condition of proposal underlined the China's aim at being a regional hegemony. China promised openness of its market to the ASEAN without any condition five year earlier than ASEAN States. This Chinese offensive integration in building new regionalism has contributed to foster Japanese participation into the APT (Stubbs 2002). To prevent enhancement of China, Japan put forward 'monetary regionalism' due to its financial advantage rather than relatively small market. Therefore, it is possible to say that the emergence of China and Japanese in the region response have significantly bolstered new regionalism.

Table 2. Regional Organizations and Competition between States

World Event	Year	Regional Organization	The US	ASEAN	JAPAN	CHINA
Plaza Accord	⇒ 1985		Military Politics		Economic Power	
	1986					
	1987					
	1988					
The End of the Cold War	⇒ 1989	APEC	○	△	○	□
	1990	EAEG → EAEC	X	○	△	○
EU integration into NAFTA	1991	APEC: 1				
	⇒ 1992	EAEC: 2	1	2	1	2
	1993	AFTA	□	○	□	□
	1994					
	1995	ASEM= EAEC + EU	□	○	○	○
Asian financial crisis	⇒ 1997	AMF APEC: 1 APT: 2	X 1	○ 2	○ 1	X 2
	1998					
	1999					
Emergence of China	2000	APT [Chiang Mai] Financial focus: 1 Trade focus: 2	□	1/2	1	2
China integration into WTO	⇒ 2001	APT expansion: 1 NO expansion: 2	1	2	1	2

주) ○: approval, △: Neutral, X: opposite, □: absent

China and Japan compete in way of building the APT as a vehicle to fulfill each states interest. China, with support of Malaysia and Thailand, is pursuing only integration of East Asian states for excluding the US and Western states, but Japan with support of Singapore and Vietnam, intend integration of Western states, especially the US, into the APT due to fear of Chinese expansion in the APT (Hangyele 2005).

Many scholars expected that Japan could become regional hegemonic state in Asian Pacific until the early 1990s, because of Japanese economic power. However, Japan has not had 'structural power' due to too much reliance on the US. Japan, with the end of World War Two, had to give all rights on military and international politics to the US.

On the contrary, China has the fundamental potential to have 'structural power' because of its structural market power and political, military independence of the US power except interdependent economic relation. Despite the fact that Japan's financial influences are still enormous the economic impact of China which has huge structural power has been significantly rising in the region.

China's economy since the 2001 World Trade Organization (WTO), defensive nationalism. Increasingly aggressive in the form, into implementation (Zheng and Pan 2012, 84). While attracting direct overseas investment, the Chinese have utilized devices that can transfer high-tech and knowledge. It has also devised policy measures to circumvent the rules of the World Trade Organization in a complex and creative manner, including new non-tariff barriers at provincial levels. In addition, Chinese companies put forward sales strategies appealing to

nationalism, and consumer nationalism such as the anti-Japanese boycott movement and the 'Mountain head' campaign was activated in the wake of the territorial dispute with Japan in 2007 (Zheng and Pan 2012, 85; Gerth 2012, 213).

In particular, after the global financial crisis, which originated from the 2008-09 US financial crisis, China's economic nationalism has become an expansionary character while advocating a Chinese economic model distinct from the American one. China's economic growth has slowed since reaching its peak just before the 2008-09 global financial crisis (Lardy 2019, 10). China's exports and balance of payments surplus have also begun to decline, and large-scale housing and infrastructure construction projects in Korea have been implemented to cushion the impact of the resulting impact (Watkins 2019).

At the same time, the liberalization policies that were pushed to join the World Trade Organization were brought to a halt, and a policy reversal, which was slowly described as a 'rehabilitation of the nation' (Lardy 2019). The launch of the Xi Jinping regime in 2013 represents the transition. Xi Jinping promised to realize a "Chinese dream" that would finally end the "100-year rule" (Miller 2018). State-owned enterprises were preferred as an alternative to the 'Chinese characteristics' of realizing the Chinese dream. China's top leadership recognized that state-owned enterprises are hampering China's economic growth but took the position that it is essential to achieving the party's strategic goals. As a major force supporting the government's economic nationalism, these state-owned companies were able to maintain debt ratios of three to four times that

of private companies because they served the party's interests. The strategic goals laid out by the Party are expressed in the 'China Clause 2025' and other industrial policies, which aimed to achieve domestic dominance and global initiative in the broader advanced technology sector (Lardy 2019, 122).

Another strategic goal is to have an international personality, "one-belt-one-road" is a typical example. The clear scope of a clear definition of 'one-belt-one-road' or the participating countries do not exist, but the essential logic is grow the economy and investment in infrastructure (Miller 2018, 43). Chinese based on his experience and reduce poverty. While being checked by the US and Japan, China established the Asian Infrastructure Development Bank and, through this, provided massive support and investment in the infrastructure and resources development of Asian, African and Latin American debtors expected to become "one-belt-one-road" hubs. There, state-owned construction companies such as the China Building and Highland Corporation - they have huge amounts of excess capital - have become major contractors for the construction of roads, railways, power plants and ports in participating countries. China's leaders hope that state-owned enterprises will grow as so-called "national representative" and compete with foreign transnationals (Zheng and Pan and D'Costa 2012, 97; Lardy 2019, 122; Miller 2018, 31).

V. Conclusion

Globalization has provided opportunities for a new economy with growing states in East Asia since the 1970s. The emergence of new regionalism in East Asia has risen with the competition of hegemony between core states from the end of the 1980s. The First competition occurred between economic liberalist states and developmental states in the early 1990s.

US economic power in East Asia declined in the 1980s, despite the maintenance of a strong military alliance with Japan, South Korea, Taiwan, and ASEAN member states. With the decline of the US, Japan, more than any other country, created economic links in the South East Asia in the late 1980s. The economic liberal strategy of APEC that was initiated by the US and Australia contrasts developmental strategy in East Asian developing states. Accordingly, East Asian developing states, especially Malaysia and China pursued Asian regional organization to respond to the expansion of a neo-liberal economy.

Since the Asian financial crisis, the emergence of China, based on structural market power and independent political sovereignty, reshaped the Asian regionalism. Accordingly, the Second competition occurred between the US-Japan alliance and China-weak sovereignty states. This competition created the APT, new Asian regional formation. Within the new formation, China and Japan seek to expand own hegemony, simultaneously to protect own interest in the region. To sum up, Asian regional organizations have been instruments to maintain or expand regional hegemony for strong states and to protect sovereignty for weak states.

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투고일 : 2020년 9월 10일 . 심사일 : 2020년 9월 18일 . 게재확정일 : 2020년 9월 24일
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<Abstract>

The Historical Transition of Regionalism in East Asia

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This study attempts to examine transitional history for understanding the relationship between regionalism and hegemonic competition of core states in East Asia. Globalization has provided opportunities for a new economy with growing states in East Asia since the 1970s. The emergence of new regionalism in East Asia has risen with the competition of hegemony between core states from the end of the 1980s. The economic liberal strategy of APEC that was initiated by the US and Australia contrasts the EAEC that supports developmental strategy in East Asian developing states. Since the Asian financial crisis, the emergence of China, based on structural market power and independent political sovereignty, has reshaped the Asian regionalism. In addition, the APT has brought competition between China and Japan. This study argues that regional organizations in East Asia have been instruments to intensify regional hegemony in strong states and to maintain state sovereignty in weak states.

Keywords : Asian Pacific, Core States, Globalization, New Regionalism, and Regional Organizations