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The European Example?

Assessing Opportunities to Foster Mutual Economic Cooperation in Contemporary East Asia

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Abstract

Contrarious opinions have gained momentum, concerned with the broad question whether East Asian cooperation is driven by either convergence or skepticism. Having been set this background, the study at hand is positioned within the salient academic discourse on how to build up an East Asian Community. Thereby the author engages in a comparative integration perspective, applying basic neo-functional and inter-governmentalist principles, well known to have shaped the European Integration process significantly, on the contemporary framework in East Asia. In accordance, the paper discusses to what extent the European incremental method of integration may offer substantial capacities and orientation in a more global context, specifically related to East Asia, using regionalism as a concept for peace and stability. Re-imagining what Neo-functionalism means in a non-European context, its deductions will account for the theoretical fundament supporting the controversial establishment of “a new political community” (Haas 1958) in this part of the world. The inter-governmentalist *œuvre*, and its liberal advancement, will be employed as the opposing string of theory, shedding light on the constraints of accelerated integration in the region. By narrating the preceding account of East Asian cooperation, the author aims to infer future policy implications relevant to foster regional economic cohesion. The eventual objective is hence depicting policy rationales which could promote the overcoming of weak, or respectively non-existent, regional regimes. Therein, the issue of enhancing regionalization in general and regional cohesion in particular will be stressed, since formalized economic cooperation is identified as the fundament of a furthered integration process in East Asia. In effect, the study is framed by process-tracing methods, following a systematic approach of analysis.

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1. Introduction

If one examines the nowadays impact of globalization on the predominant world order, economically and politically, one cannot exclude Asia out of the equation in most possible scenarios, and particularly not East Asia. The region is on its best way to become a main promoter of global economic growth (and already performs as such), but yet, is not profoundly changing in – nation state transcending – institutional terms. Hence, scholars have often raised the lack of settled regional institutional structures, implying that a fundamental institutional gap would prevent the establishment of a formidable regionalism.¹ Indeed, the Region would lag far behind the highly supra-nationalized governance system of the European Union, thereby not living up to the level of mutual cooperation being achieved in the European effort *sui generis*.² Subsequently, analyzing the actual involvement of East Asian countries in forums of dialogue, it turns quite obvious that a strong reliance on the Association of Southeast Asian Nations (ASEAN) does exist. That is, in fact, being able to display initiatives within a broader framework of regional cooperation facilitating a mutually elaborated decision-making process.³ Beyond ASEAN, though, the East Asian institutional landscape displays less formal and standardized institutions determined by the concept of ‘Minilateralism’.⁴ Consequently, the rise of regional regimes seems to matter more than the founding of formalized institutions which work as overarching supranational organs to establish common policy-making procedures.

In accordance, formulating a state-of-the-art character study, Alagappa outlines five key features of international relations in East Asia. Therein the Nation state is *the* actor in international interactions, driven by survival (and thus keen to preserve sovereignty and independence) as the inherent key agenda. Moreover security encompasses both external and internal dimensions, stressing the competitive over the cooperative approach to ensure stability. And lastly – what is key – societal change shows omnipresence in the region.⁵ Bearing in mind this rather pessimistic but realist picture, the academic world sometimes refers to a “fundamental skepticism”, regional institution-building in

¹ N. Koyas, *Asianism, Pan-Asianism, and East Asia*, (Yoksabipeongsa: Seoul, 2003).; J. G. A. Pocock, *What do we mean by Europe?*, *The Wilson Quarterly* (1997), Vol. 21, No. 1., pp. 12-29.

² T. Koh, *Three challenges to Asia's global ascent*, *East Asia Forum* (2012), p.1f.; R. Foot, *The Role of East Asian Regional Organizations in Regional Governance: Constraints and Contributions*, (Carnegie Endowment for International Peace: Washington D.C., 2011), p. 1f.

³ M. Curley and N. Thomas, eds., *Advancing East Asian Regionalism*, (Routledge: New York, 2012).

⁴ K. Calder and M. Ye, *The Making of Northeast Asia*, (SAIS Reischauer Center for East Asian Studies: John Hopkins University, 2010).

⁵ M. Alagappa, *Asian Security Practice: Material and Ideational Influences*, (Stanford University Press: Stanford, 1998).

East Asia appears to be highly contested.⁶ Despite of substantive obstacles, this exploratory study does not intend to stop at the given point. Instead, the forthcoming narration of East Asian cooperation seeks to actively think forward through the application of Neo-functionalism to a new area. This is to detect possibilities re-imagining what neo-functional insights might account for in a non-European context. In this sense, the author thinks that a constantly evolving discourse on the question is needed if furthered (economic) integration matches the higher sake of welfare, stability, and peace in East Asia. Therefore this paper wants to stimulate the discussion through which method regional integration can be made feasible and if the European incremental model can be employed as a meaningful guideline. Thus, the view of “Holistic Convergence” and “Procedural Divergence” will form part of the elaboration, emphasizing to what extent the European functional experience may help to predict the potentially extended regional integration in East Asia.⁷ That said, no cultural or respectively political imperialism will be exercised, but a critical assessment of the validity of neo-functional principles in the context of East Asia.

In all aspects of the consecutive analysis, the region in focus involves at its core Japan, China, the Asian newly industrialized economies (NIEs) and the ASEAN. The eventual objective is to depict policy profiles which could enhance the overcoming of rather weakly fledged regional regimes. To do so, the European experience will serve as an important focal point and be compared with the East Asian reality – with regard to implications for the future development of the region. It will be debated how regional economic integration can be applied as a framework for securing peace through interdependencies, promoting a regional community in East Asia. Correspondingly, the study aims to derive innovative views within the field of comparative regional integration – a research realm providing illustrative accounts of the interplay between globalization and regionalism. Concluding, the purpose of this paper is to discuss the rationale and opportunities for closer economic cooperation in East Asia and to consider the European experience for the corresponding institutional arrangements. Thus answering the question: *To what extent* can the European Functional Method of economic integration serve as an instance to foster cohesive regional collaboration in East Asia?

1.1. The significance of regionalism in East Asia and Europe

Policy-makers and Academics likewise tend to conceptualize regionalism referencing the European experience. But, while they are not examining functionally equivalent entities, policy learning and the

⁶ N. K. Kim, *Globalization and Regional Integration in Europe and Asia*, (Ashgate Publishing: Burlington, 2013), p. 85.

⁷ N. K. Kim, *European Experience for East Asian integration: ideas, national interests, and the international circumstance*, Asia Europe Journal (2013), Vol. 7, No. 2, pp. 295-312.

politics of emulation/ echoing (or respectively the avoidance of thereof) depict major characteristics of contemporary deliberations about regionalism in East Asia. Especially, this seems valid with respect to nowadays global economy where regionalism formulates “a political response to the internationalization of the division of labour and production.”⁸ Indeed, throughout the last half century, one has witnessed the rise of intermediate levels of government and politics across Europe, commonly depicted as a region. The term ‘region’ however refers to a rather complex interplay of patterns, such as of geographical, historical, cultural, social, economic and political layers that are closely intervened. Regions can be thus considered as socially constructed areas determined by state, supra-state, and societal agents, with shifting territorial, economic, and socio-political parameters.⁹ In context, a widely accepted consensus constitutes which is acknowledging Europe’s attempt toward regionalism as a multifaceted phenomenon that has been developed furthest in global terms. Yet, the European experience may also reverberate in other parts of the world, where basic fundamentals of thereof have come to surface.¹⁰

Effectively, developments in East Asia have progressed constantly in terms of regionalism since the 1997 Asian financial crisis. The fallout of the emerging economies called into question not only the capacity of regional states to satisfy the needs of their attendant people, but existentially scrutinized the viability of regional organizations, such as most prominently ASEAN, to adapt and respond to the altering circumstances in both regional and global respects.¹¹ The region has conveyed a distinct paradox: while economically driven integration grew, political cooperation has traditionally lacked formalized, multilateral, and regionally exclusive institutions, generating an “organization gap” compared with – most strikingly – the complex multi-level governance structure of the EU. Since East Asia is marked by differing political and socio-economic systems, disparate levels of development, and historical remnants, a vivid discourse circles around the immanent backlashes and benefits of fostering regionalism.¹² In accordance, this paper traces the possibility of East Asian integration through comparison with the economically driven method of European integration. To do so, one has

⁸ H. Dieter, ed., *Report on East Asian Integration: Opportunities and Obstacles for Enhanced Economic Cooperation*, Studies & Research, No. 47, p. 4.

⁹ M. Selden, *Economic Nationalism and Regionalism in Contemporary East Asia*, *The Asia-Pacific Journal* (2012), Vol. 10, No. 2, pp. 1-23.

¹⁰ M. Keating, eds, *Regions and Regionalism in Europe*, (The International Library of Comparative Public Policy series: Aberdeen, 2004).

¹¹ M. Curley and N. Thomas, *Advancing East Asian Regionalism – Politics in Asia*, (Routledge: UK, 2012).

¹² S.-H. Kim, *Northeast Asian Regionalism in Korea. New Regional Security Architecture for Asia*, (Council on Foreign Relations: South Korea, 2009). K. Calder and M. Ye, *Regionalism and Critical Junctures: Explaining the ‘Organization Gap’ in Northeast Asia*, (*Journal of East Asian Studies*: 2004), pp. 191-226.

to certainly overcome the divide between EU studies and comparative regionalism – a necessity if European Integration theories are set to a broader geographic realm.¹³ Often perceived as the “gold standard” model for regional integration, the EU itself seeks to diffuse its approach toward institutionalization by actively catalyzing genuine (intra-) regional economic and political collaboration, the creation of issue-related regimes, and the formation of joint institutions for decision-making in its direct vicinity and beyond.¹⁴ The EU has been a major reference point regarding various attempts of region-building – in integration theories as well as in practical politics –, stressed as an alternative to the model of economic regionalism designated by the US. With respect to East Asia in general and to ASEAN in particular, one can hold that the success of European economic integration has at the very least triggered the creation-process of free trade areas in the region during the 1960s and 1970s and hence served as inspiration for the recent ASEAN Economic Community blueprint.¹⁵

Indeed the most relevant regional counterpart to the EU in East Asia can be found in ASEAN which also became the first regional cooperation partner of the EC. Between both entities the earliest official contacts trace back to the 1970s and were formalized through the EC-ASEAN Cooperation Agreement in 1980.¹⁶ Emanating from there, one can draw a direct line to the emergence of the ‘new regionalism’ in the same period of time that enabled the EU’s position to keep influencing region-building in other parts of the world. Unlike the EU, though, the unwillingness of East Asian countries to constrain national sovereignty has been impeding attempts for a deepened regionalism in the region. Also market integration did not account for a primary goal, initially. More so, ASEAN member states have abdicated formal, supranational institutions which would compromise their sovereignty and power capacities. Opposing to the EU path of integration, the ‘ASEAN way’ used to be adapted from non-interference, informality, consultation and consensus with the consequence of avoiding binding agreements and far-reaching regulatory frameworks. Nowadays, however, ASEAN seems no longer to

¹³ See P. De Lombarde, *The good, the Bad and the Ugly in Comparative Regionalism: A Comment on Sbragia*, *Journal of Common Market Studies* (2011), Vol. 49, No.3, pp. 675-81.; F. Soderbaum and A. Sbragia, *EU Studies and the “New Regionalism”: What can be Gained from Dialogue?*, *Journal of European Integration* (2011), Vol. 32, No.6, pp. 563-82.; A. Warleigh-Lack and I. Van Langenhove, *Rethinking EU Studies: The Contribution of Comparative Regionalism*, *Journal of European Integration*, Vol. 32, No.6 (2011), pp. 541-62.

¹⁴ T. A. Börzel and T. Risse, *Diffusing (Inter-) Regionalism: The EU as a Model of Regional Integration*, KFG Working Paper Series (2009), No. 7, pp. 5-27.

¹⁵ See: Y. J. Choi and J. A. Caporaso, *Comparative Regional Integration*, in W. Carlsnaes, T. Risse and B. A. Simmons, eds., *Handbook of International Relations*, London, p. 481.; J. B. Grugel, *New Regionalism and Modes of Governance - Comparing US and EU Strategies in Latin America*, *European Journal of International Relations* (2004), No. 10, Vol. 4, pp. 603-626.; R. Higgot, *The Theory and Practice of Global and Regional Governance*, in: *European Foreign Affairs Review*, Vol. 10, No. 4, pp. 575-594.

¹⁶ See European External Action Service’s provision of information on ASEAN

sidestep the EU model and committed itself to the vision of Community-Building.¹⁷ Having been set this background of rather manifold nature, the interplay of perceptions and efforts regarding the promotion of regionalism in Europe and East Asia teach caution for the subsequent analysis. Hence preventing shortcut deductions which would back the rather narrow assumption, a ‘one-size-fits-all approach’ of the EU toward regional integration – although cooperation modes discerns regarding scope and content – was valid.

1.2. Research question and methodology

The study is dealing with the set of rationales that have shaped East Asia’s troubled, but changing process of regionalization after the Asian economic crisis of 1997. Given its primary goal to explain the guiding dynamics behind attempts of an intensified regionalism, it will concentrate on two competing theoretical assumptions. Either, neo-functional integration via spill-over and shifting loyalties is about to foster regionalism, or the inter-governmental argument of diversity and assured sovereignty will prevail. Hence the research question is formulated: *To what extent can the European Functional Method of economic integration serve as an instance to foster cohesive regional collaboration in East Asia?* In order to answer this question sufficiently, the below listed sub-questions have been developed:

1. In which way does East Asian economic cooperation currently take place?
2. And which set of issues is therein of significance?
3. Are there similarities between the European Functional Integration Method and the growing economic collaboration between East Asian states?
4. To what extent are the basic elements of the European Integration process applicable in the East Asian context?

Aligned with the presented research question, this study is based upon four hypotheses. The first hypothesis points to the assumption that the East Asian region is rather echoing the European Model, than imitating the integrational approach that applies in the context of Europe: East Asia does not copy the European Method of Integration, but is inspired by the experiences of the EU. This is due to the

¹⁷ See: A. Acharya, *How Norms Spread: Whose Norms Matter? Norm Localization and Institutional Change in Asian Regionalism*, International Organization Vol. 58, No. 2, pp. 239-275.; E. Solingen, *East Asian Regional Institutions: Characteristics, Sources, Distinctiveness*, in T. J. Pempel, eds., *Remapping East Asia. The Construction of a Region*, (Cornell University Press: Ithaca, 2005).; A. Acharya, *Ideas, Identity, and Institution-Building: From the ‘ASEAN WAY’ to the ‘Asia-Pacific Way’*, *The Pacific Review* (1997), Vol. 10, No. 3, pp. 319-364.; R. Higgot, *Interregionalism and World Order: The Diverging EU and US Models*, in M. Telò, eds., *European Union and New Regionalism – Regional Actors and Global Governance in a Post-Hegemonic Era*, (Ashgate Publishing: UK, 2013).

observation that East Asia is embedded in a different setting of power structures which would complicate a replication of the European system. Accordingly, similar solutions may be adopted, however no exact copying of decision-making. The second hypothesis sheds light on the significance of economic relations in the East Asian interplay of nations that may serve as a blueprint for deepened integration attempts: economic interdependencies display the driving momentum for furthered integration in East Asia. Effectively, hypothesis two is backing hypothesis one to the extent that the East Asian integration process may echo the European example of supranational institutionalization via economically driven regionalism.

The lastly depicted hypotheses emphasize the importance of the extent to which in- and out-groups do exist and matter, marking the intervening politico-economic mechanism within the causal model. Whereas hypothesis three assumes that the neo-functional rationale of integration will prevail, fostering East Asian cooperation including China, hypothesis four predicts that the inter-governmentalist argument of diversity will gain validity, stressing the occurrence of East Asian alliances with the US in an effort to counterbalance the rise of China. The resolution of these opposing predictions is key to the feasibility of a deepened East Asian integration process and forms the heart of this study. Indeed it is controversial if rather the support of the US is desired to fight a common threat perception vis-à-vis China, than an entirely regional approach of mutual recognition (including the US only as an economic driver) directed toward all-encompassing integration. Whereas the former perspective would elucidate a historical commonality with one important aspect of European Integration history, namely the US provision of support for the European institution-building process during the Cold War to fight the influence of the USSR. The latter assumption would live up to the principle of functional cooperation that is outweighing ideological concerns due to the prospect of economic wealth as processed with the eastern European-expansion of the EU after the resolution of the Iron Curtain.

Research design

The way this research will be conducted is that the case of East Asian regional institutionalization after the year of 1997 will be studied by the means of process tracing methods. Achieving that goal, the amplitude of publicly available information both from primary sources such as official statements and secondary sources such as academic and newspaper articles that have been published in the provided course of time are to be considered. Due to time constraints however, conducted research will rest entirely upon publicly accessible documents, which granted, implies the risk of missing some of the factors that played a role, which could have been stipulated for instance by the employment of interviews. Simultaneously, though, depending on public sources displays the advantage of making the evidence easily accessible to other scholars and therefore accounts for ameliorated reproducibility. In a

nutshell, the method of process-tracing attempts to identify the intervening causal process, elucidating the inherent causal chain as well as the causal mechanism, between an independent variable (or variables) and the outcome of the dependent variable. Accordingly the main aim can be described as finding evidence why the independent and the dependent variable are connected.¹⁸ Constructing a systematic story along these lines gives the researcher the possibility to test a causal hypothesis over time regarding a specific case and to develop an analytical historical account of the issue.

The extent to which European Integration theory – and specifically Neo-functionalism – might be applicable in the context of East Asia has already been analyzed by hermeneutical means. This is to detect general patterns of regional convergence toward a supranational outcome across certain policy fields, such as economics.¹⁹ In fact, many very detailed works do exist, dealing with the causes, circumstances and development of East Asian regionalization, but remain limited, as most scholars settle their research within the respects of East Asia's unique history and setting. While this provides insights into specific patterns of desired/ less desired attempts of regional integration, the explanatory power of such – rather particular – studies, like exclusively stressing the ASEAN, is restricted given the concessions those models necessarily have to make for case-specific circumstances.²⁰ Furthermore, even if the results of such narrowed studies corroborate one hypothesis of the case study, they would contribute little to explaining the processes that have taken place in a broader context of East Asia's multifaceted interplay of formal and informal modes of cooperation. On top of that, focusing on one-sided contemplations also risks omitting intervening variables that have not been sufficiently theorized, yet (e.g. the role of the rise of China or the involved stakes of the US regarding East Asian institution-building). Concluding, that said, the methodological patterns of process tracing face their own limitations. Most strikingly, the restricted access to information about key actors motives, as opposed to the debate used in public statements, might distort the findings. For the purpose of this study, it thus has to rely on the sincerity of politicians and bureaucrats in their communication. Another limiting factor is the difficulty to apply the results of this study to other contexts, even in the realm of East Asian efforts to establish distinct sets of regional integration theory. Still, the insights of

¹⁸ J. Blatter and M. Haverland, *Designing case studies: explanatory approaches in small-N Research*, (Palgrave Macmillan: Basingstoke, 2012).; D. Beach and R. B. Pedersen, *Process tracing methods: foundations and guidelines*, (The University of Michigan Press: Michigan, 2013).

¹⁹ See: Aminian, N. *Economic integration and prospects for regional monetary cooperation in East Asia*, Structural Change and Economic Dynamics (2005), Vol. 16, pp.91-110.; L. Brennan and P. Murray, eds., *Drivers of Integration and Regionalism in Europe and Asia: Comparative Perspectives*, (Routledge: New York, 2015).; H. L. Law et al., *Globalisation, Institutional Reforms and Financial Development in East Asian Economies*, The World Economy (2015), pp. 379-398.

²⁰ G. Khandekar, *Mapping EU-ASEAN Relations*, AGORA Asia-Europe (2015), pp. 4-64.; S. Krapohl and S. Fink, *Different Paths of Regional Integration: Trade Networks and Regional Institution Building in Europe, Southeast Asia and Southern Africa*, Journal of Common Market Studies (2013), Vol. 51, No. 3, pp. 472-488.

this study might help understanding the process of regionalization in East Asia after the economic crisis of 1997.

Case selection and sampling

Disclosing the underlying case selection and sampling of this study, the units are formed by East Asian countries in the period between 1997 and 2015, namely Japan, China, the NIE and the ASEAN. When interested in the process of regionalization, this choice seems rather straightforward, taking into account that the listed countries have been key actors in agreeing/ not agreeing on the deepening of economic cooperation. Still, several other stakeholders might have played a role in the decision-making process and could have been included in the study. Corresponding, academics and think tanks having been played part in the provision of visionary/ ideological justifications for the furthering of economic collaboration might have been considered more extensively. Nevertheless, while both mentioned stakeholders did matter in the processing of negotiations, the actual decisions were carried out by the governments of countries only. Moreover, in line with the extensive body of functionalist literature²¹ on the transfer of domestic alliances from the subnational to the supranational level, or – following the inter-governmentalist perspective²² – of domestic constituents in forming the policy-preferences of a country, domestic interest groups, as recruited from civil society or business circles, could be included. This would exceed however the scope of this study. Yet, in the comparison of incremental and inter-governmental approaches toward integration, some significant factors of domestic influence will be implicated in order to explain key player's decisions on regionalization attempts at a given point of time.

²¹ See: M. A. Pollack, *Theorizing the European Union: International Organizations, Domestic Polity, or Experiment in New Governance?*, Annual Review of Political Science (2005), No. 8, pp. 357-398.; I. Saliba, *Neofunctionalism vs Liberal Intergovernmentalism – Are the Theories still valid today?*, (GRIN Verlag: Frankfurt, 2010), pp. 3-36.; M. Selden, *Economic Nationalism and Regionalism in Contemporary East Asia*, The Asia-Pacific Journal (2012), Vol. 10, No. 43, pp. 1-23.; J. Wanandi, *East Asian Regionalism and Global Governance*, in J. Wanandi and T. Yamamoto, eds., *East Asia at Crossroads*, (Japan Centre for International Exchange: Tokyo, 2008), pp. 19-37.

²² See: G. C. Alons, *Predicting a State's Foreign Policy: State Preferences between Domestic and International Constraints*, Foreign Policy Analysis (2007), Vol. 3, No. 3, pp. 211-232.; S. Brück and L. Sun, *Accounting for the Micro Drivers of East Asian Governance Outcomes: Evidence from Banking Scope Regulatory Policy-Making in Mainland China, Korea and Taiwan*, (Centre for Financial and Management Studies: London, 2007).; N. Aminian, *Economic Integration and prospects for regional monetary cooperation in East Asia*, Structural Change and Economic Dynamics (2005), Vol. 16, pp. 91-110.

Operationalization and data collection

In terms of Operationalization and data collection methods, the research design of process-tracing permits the use of different data from several sources, accounting for the complex relationship at display and the longer time span being studied. In effect, a multitude of documents will be employed to gain further insights on the public (elites') opinion of East Asians vis-à-vis the creation of a regional Community. These are based on quantitative oriented surveys as well as on qualitative interviews dealing with the peoples' perceptions of the East Asian integration potential which are of great interest, especially with regard to the neo-functional and, respectively, inter-governmental assessment of the regions' cohesion potential. Valuable and publicly accessible sources are found, for instance, in the 2008 conducted "Multinational Survey of Public Opinion" in East Asia, resorting on both quantitative surveys and qualitative interviews, or in the "Mansfield Asian Public Opinion Poll of 2009" which is entirely based on qualitative, individual interviews.²³ These documents will be supplemented by the best comparable data accessible, namely through the World Bank and the Asian Development Bank, legitimating their usage throughout the study. Emphasizing their quantitative value, the therein depicted macro-economic indices serve to identify a country's position in relation to its neighbors within a particular region, and second to illustrate relative power and dependency that may be of importance regarding pushes and pulls toward fostered economic integration.

Acknowledging the distinct benefits of quantitative data, the narration of the assets and drawbacks of East Asian regional integration, however, will be primarily committed to a qualitative analysis of documents. These will have to be collected fragmentary from newspaper articles, press releases and speeches, in which leading politicians and academics express their opinion on the future of East Asian economic integration. In terms of government interests, those statements will be used to assess the position of public elites' toward a common coordination, either supranational or inter-governmental, of economic cooperation. Hermeneutical explanations for the theoretical backing of officials' positions concerning regional economic cohesion as well as intellectual justifications of such can be retrieved, again, from statements made by the actors of importance. Comment articles in newspapers can serve this purpose as well. The sources from which those data can be derived are globally operating newspapers, magazines, and information-pools with explicit Asian news coverage, such as – but not limited to – the *East-Asia Forum*, *Asian News* or *Japan Times*. With regard to official positions, the publicly available documents of *ASEAN* and the *Chiang Mai Initiative Multilateralization* (CMIM) are

²³ See, for instance: C. B. Whitney and D. Shambaugh, *Soft Power in Asia: Results of a 2008 Multinational Survey of Public Opinion*, The Chicago Council on Global Affairs: United States, 2008), pp. 3-48.; The Mansfield Asian Opinion Poll Database, *Yomiuri Shimbun* and *Xinhua's Oriental Outlook Weekly joint public opinion poll*, The Maureen and Mike Mansfield Foundation (2009). (For a detailed depiction of employed survey data, revise the reference section on "consulted survey data".)

to be considered, providing insights into the general proceedings of already institutionalized fields of economic cooperation. Last, but not least the *European External Action Service* (EEAS) provides valuable sources regarding EU relations toward East Asia.

2. Literature review

In this chapter, the contentious debate on regionalism will be given a shape by illustrating the main assumptions and claims of the existing literature. Effectively, the three main objectives are (1) to outline the highly controversial, but promising content that is of significance in research on regionalism, followed by (2) elucidating the ambiguous environment in which East Asian cooperation currently takes place, and last but not least to (3) build the fundament for the comparative perspective on European and East Asian regionalism that will be carried out in chapter four.

2.1. Regionalism and regionalization

In most general terms, effective regional integration requires the solid establishment of regionalism describing an ideological mind-set toward deepened, nation-state transcending governance structures. This should be accompanied by regionalization as the process of integration *per se*. Consequently regionalism as a concept cannot be separately investigated from the idea of regionalization. Whilst the latter refers to a process of closer transnational cooperation among neighbouring states promoted by socio-economic organisations and enterprises, the former displays the will to deliberately shape the process of regionalization in political dimensions, reified in regional, governmental frameworks.²⁴ Accordingly, regionalism expresses a mutual perception of identity and intention resulting in the founding and implementation of institutions that underline a particular vision of top-down cooperation. This is to steer collective policy-attempts within a geographical region. Stressing a rising level of regionalism, it alludes to the agreement of geographically related governments to constitute formal institutions for the sake of a communalized policy-making. By contrast regionalization is specified as increasing levels of the cross-border flow of capital, goods, and people in a particular geographical area. Effectively regionalization arises in bottom-up procedures, societally driven by private initiatives which turn visible in markets, private trade, investment flows, and civil society. The key players are non-governmental actors – organizations or individuals – as opposed to governmental

²⁴ R. Foot, *The Role of East Asian Regional Organizations in Regional Governance: Constraints and Contributions* (Carnegie Endowment for International Peace: Washington, D.C., 2011), p. 1f.; N. Munakata, *Regionalization and Regionalism: The Process of Mutual Interaction*, The Research Institute of Economy, Trade and Industry (2004), RIETI Discussion Paper Series 04-E-006, pp. 1-41.

actors in regionalism. Hence the development of regionalization emphasizes the quantitative progress in regional economic transactions such as money, trade, and foreign direct investment.²⁵

Correspondingly, regionalization displays one prominent but effective response to the obstacles of globalization, since countries in a certain region join forces to fight increasing instability and fragmentation – a formed bloc resting upon shared identities and interests. This process of integration through which regional agendas and identities are pooled and sustained, for the sake of facilitated collaboration, exhibits the key feature of regionalization.²⁶ It is fostered via the integration of several dimensions including economic, social, and political interdependences by the means of an institutional framework, hereby elucidating the core meaning of regionalism as “policy coordination through formal institutions within a region”.²⁷ In context, Balassa employed the term ‘economic integration’ referring to the creation of formal cooperation between states, classifying five stages which emphasize the degree of cooperation. At first, free trade agreements (FTAs) are installed, removing trade restrictions as to reduce tariffs to zero among related parties. Following up, a customs union evolves which imposes a common external trade policy towards non-members (e.g. common external tariffs against outside countries) while no tariff among member states is requested. Thirdly, the free movement of goods, services, capital, and people are guaranteed through a single market, which settles the way toward the creation of a monetary union with either fixed exchange rates or a single currency, and the harmonization of economic policies. Subsequently, progressing to an economic union, legally binding, common economic policy is realized among member states that potentially – in the most comprehensive scenario – culminates in a political union as joint political institutions are formed

²⁵ T. Akaha, eds., *Politics and economics in Northeast Asia: Nationalism and Regionalism in Contention*, (St. Martin's: New York, 1999).; J. A. Camilleri, *Regionalism in the New Asia-Pacific Order*, (Edward Elgar Publishing Limited: Cheltenham, 2003).; H. Hoshiro, *Regionalization and Regionalism in East Asia*, The University of Tokyo (2009), ISS Discussion Paper Series F-162, pp. 2-20.

²⁶ See: B. Russett and J. R. Oneal, *Triangulating Peace: Democracy, Interdependence and International Organizations*, (Norton: New York, 2001); J. K. Choi and C. Moon, *Understanding Northeast Asian regional dynamics: Inventory checking and new discourses on power, interest, and identity*, *International Relations of the Asia-Pacific* (2010), Vol. 10, No. 2, pp. 343–72.; N-K. Kim, *A framework for Peace in the Era of Globalization*, in N.-K. Kim, eds, *Globalization and Regional Integration in Europe and Asia*, (Ashgate Publishing: Burlington, 2009), pp. 1-6.; N. M. Ripsman, *Two stages of transition from a region of war to a region of peace: Realist transition and liberal endurance*, *International Studies Quarterly* (2005), Vol. 49, No. 4, pp. 669–93.

²⁷ S. Oh, *Prospect of Northeast Asian Regionalism: Comparative Case Study of Southeast Asia and Northeast Asia*, *Cornell International Affairs Review* (2013), Vol. 6, No. 2), p. 1.

accordingly. Perceiving regionalism in such way, is certainly based on teleological reasoning and served as a significant rationale for the neo-functionalist theory of integration.²⁸

With specific regard to East Asia, Hurrell has suggested précised categories explaining regional processes that are useful in assessing the region's prospects of encompassing integration. In addition to the basic distinction between regionalism and regionalization, he argues that "regional awareness" or the "shared perception of belonging to a particular community" appear as important measures of regional development. Notably, he states that regional awareness may rest on common "internal" cultural foundations and history, or "it can be defined against some external 'other'". Accordingly, major aspects of sub-regional development, such as interstate cooperation and regional cohesion, would not be well accomplished in the East Asian setting thus far, Hurrell outlines.²⁹ The reasons for this will be stressed more profoundly in the following sections, but can be traced back – in a nutshell – to the relatively recent de-colonialization in this part of the world. Moreover, the implicit burden of nation-building and concerns about the maintenance of internal security accumulate and make regional political elites especially sensitive concerning threats to domestic sovereignty.³⁰

Summarizing these two developments, regionalization as the interdependence between economy and society on one hand, and regionalism as the openness of national governments toward common institutions for a supranational community on the other, one has to bear in mind the distinction between the two concepts, but their interdependent relationship. In this context, however, East Asia stimulates academic discourse. Indeed it seems that regionalization (to some extent) takes place without regionalism.³¹ Despite of economic interdependencies and intra-regional trade, the competition for status and conflicting interests have not at least shown their impact throughout the Asian Financial Crisis in 1997. Such moment of crisis revealed the existential vulnerability of the rationale to exercise high-level cooperation (e.g. by the means of ASEAN) with concurrent low levels

²⁸ B. Balassa, *The Theory of Economic Integration*, *The Economic Journal* (1962), Vol. 72, No. 286, pp. 389-391.; B. Fort and D. Webber, eds., *Regional Integration in East Asia and Europe: Convergence Or Divergence?*, (Routledge: New York, 2006).

²⁹ A. Hurrell, Regionalism in Theoretical Perspective, in L. Fawcett and A. Hurrell (eds.) *Regionalism in World Politics: Regional Organization and International Order*, (Oxford University Press: New York, 1995), p 4.

³⁰ See also: M. Alagappa, *Asian practice of Security: Key Features and Explanations*, in M. Alagappa (ed.), *Asian Security Practice: Material and Ideational Influences* (Stanford University Press: Stanford, 1998), pp. 611-76.; M. Beeson, *East Asian Regionalism and the End of the Asia-Pacific: After American Hegemony*, *The Asia-Pacific Journal* (2009), Vol. 7, No. 2.

³¹ P. Evans, *Between Regionalism and Regionalization: Policy Networks and the Nascent East Asian Institutional Identity*, in T. J. Pempel, e.d., *Remapping East Asia – The Construction of a Region*, (Cornell University Press: Ney York, 2005), pp. 195-215.

of institutionalization.³² Correspondingly, regionalism is not necessarily horizontal, harmonious, or about collective cooperation. Even if a joint-initiative for regionalization comes to light, states with larger capacity may be more influential than others, or a hierarchy may emerge (or may not). As a result, the establishment of consensus for regional cooperation, based on peace, prosperity and economic development, turns significant but, with respect to East Asia, is challenged by the question *how* to achieve furthered regionalization, employing *which* means.

2.2. Current mode of cooperation in East Asia

Interestingly East Asia has gained relatively little attention in IR comparative perspectives thus far. However one would fall prey to shortcuts by assuming that the development of the East Asian region is not present in the IR discourse at all. Indeed the considerate scholar observes vital contributions which aim to shed light on the distinct history and implicit historical burdens (e.g. impact of the colonial era, Korean war, Cold War), as well as nowadays circumstances (e.g. consequences of the IMF-Crisis) in this part of the world. In context, the framework of analysis is often shaped by the complex, but particular dynamics and norms of governance, with a focus on the predominant drivers such as conflict and attempts to exercise hegemony. Important threats to the regional stability have been outlined as becoming present in the uncertain future of the US's engagement, the rise of China, or most currently, the ongoing island disputes in the South China Sea which involve a multitude of East Asian stakeholders. As a common denominator, East Asia is often characterized by a clash of national identities which would undermine cooperation between states and even interfere with the generation of consensus within states. It is hence argued that over-politicization and nationalism will continue to narrow decision-making procedures.³³

Prior to a concentrated depiction of the most influential regional regime types in the region, it is sound to provide a basic illustration of the framework in which they operate. Analyzing the mode of cooperation in East Asia, as outlined in the preceding section, regionalism and regionalization turn out to be not the same: regionalization seems to work partially without regionalism. Indeed contradictions constitute an environment in East Asia that shows a Janus-faced structure. On one side diplomatic

³² P. J. Katzenstein, *Varieties of Asian Regionalisms*, in P. J. Katzenstein, N. Hamilton-Hart, Kazuo Kato, and Ming Yue, eds., *Asian Regionalism*, (Cornell University Press: Ithaca, 2000), p. 1 and pp. 17.

³³ See: J.J. Suh, P.J. Katzenstein, A. Carlson, eds., *Rethinking Security in East Asia. Identity, Power, and Efficiency* (Stanford: Stanford University Press, 2004); Muthiah Alagappa, eds., *Asian Security Order. Instrumental and Normative Features* (Routledge: New York, 2008); R. Foot, *The Role of East Asian Regional Organizations in Regional Governance: Constraints and Contributions* (Carnegie Endowment for International Peace: Washington, D.C., 2011), p.1f.; R. Lee, *A Rising China and Security in East Asia. Identity construction and security discourse* (Routledge: New York, 2008); T. Akaha. *International Cooperation in Establishing a Regional Order in Northeast Asia* (East-West Institute: New York, 1998).

efforts for collaboration and peace form part of daily policy-making whereas on the other side differing interests concerning *realpolitik* impede the enunciation of common resolutions and norms. It appears as if a well-known conflict to political science is prevailing: the cognitive dissonance between the focus on idealistic ends generating absolute, valid solutions with an underlying, specified vision, as opposed to the agenda-setting in practice disclosing differing priorities from state to state. The result of such conflict on the extrapolation of supranational cooperation has been a lack of consensus on formalized cooperation.³⁴

Associated with this conflicting, rather general mind-set, the particular development of East Asian states comes into play. Notably, domestic transition constrains the dynamic of policy-making aligned with the re-configuration of the regional power balance, posing an extra challenge to efforts for cooperation and peace. In context, domestic politics and the fiscal/bureaucratic capacity serve as process-inhibiting factors. Institutionalizing regional cooperation would indeed require interoperable political and bureaucratic practices and processes. The stark contrast in state structures, however, is circumventing a common fundament for collective actions. What would be hence needed is to create momentum for regionalization on the basis of mutual trust. In reality, though, mutual distrust is shaping East Asian states' perceptions. Historical legacies, sovereignty disputes and disagreements as well as long-standing problems that cause regional divides seem overwhelming (e.g. North Korean nuclear program). In the sequel of such a competition for status and conflicting interests, one is tempted to ask *for who* and *of who* regionalism should be executed. Effectively, only slight linkages between broad in-principle agreements, international/ regional agreements, and policies do exist. Furthermore, problems within the regional architecture reveal a lack of consistency on how regionalization should take place in ultimate terms. Unless states find a consensus, or at least a satisfactory formula, (domestic) momentum for regionalization will remain weak. Therefore, institutionalization of multilateral cooperation is highly needed in order to strengthen confidence building and conflict prevention/resolution in East Asia.³⁵

Despite of the rather pessimistic picture conveyed, regional integration is astonishingly working (sort of) with respect to the dense economic interdependence in this part of the world. Intra-regional trade has flourished ever since the economic crises of 1997 in an effort for collective recovery and as a

³⁴ P. J. Katzenstein, *A World of Regions: Asia and Europe in the American Imperium*, (Cornell University Press: New York, 2005).; N.-K. Kim, *Europe and East Asia: Holistic Convergence or Fundamental Scepticism*, in N.-K. Kim, eds., *Globalization and Regional Integration in Europe and Asia*, (Ashgate Publishing: Surrey, 2009), p. 105f.

³⁵ A. Acharya, *The Quest for Identity: International Relations of Southeast Asia*, (Oxford University Press: Oxford, 2000).; A. Acharya, *Theoretical Perspectives on International Relations in East Asia*, in D. Shambaugh and M. Yahuda, eds., *International Relations of Asia*, (Rowman and Littlefield Publishers: Plymouth, 2008), p. 57f.; G. B. Cockerham, *Regional Integration in ASEAN: Institutional Design and the ASEAN Way*, East Asia Studies (2010), Vol. 27, No. 2, pp. 165-185.

means to fight market vulnerability and interrelated issues such as austerity management. Accordingly, a great need for anticipated regional cooperation is perceived in order to tackle security issues and to enhance economic cooperation. Many regional regimes are contemporarily organizing inter-state bargaining in East Asia with regard to different policy fields (e.g. Asia-Pacific Economic Cooperation, the Asian Development Bank or the Asian Infrastructure Investment Bank), however, to not expend the means of this study, the following will be stressed more in detail: the ASEAN (+3) and the Chiang Mai Initiative (Multilateralized).

2.2.1. ASEAN

Established in 1967, ASEAN is one of the oldest and most prominent examples of regime-driven cooperation in East Asia, due to its long-lasting ability to persist in the very much demanding regional setting. The organization is based upon six core principles which are characterized by mutual respect for the independence, sovereignty, equality, territorial integrity, and national identity of all members as well as the premise to cooperate effectively among each other. The main aim is therefore the institutionalization of East Asian relations through ASEAN-centered regional dialogues and forums, such as, for instance, the ASEAN plus Three (1996 ~ till nowadays) including China, Japan, and South Korea, or the Asia-Europe Meeting (1996 ~ till nowadays).³⁶ In a nutshell, ASEAN can be most adequately described as a transmitter organization that designs and navigates inter-state relations by morphing them from spaces to structures. Through formulating and institutionalizing (beyond just meetings) it produces policies and legally binding agreements through effective governance. However, political issues prevail, induced by constraints and restraints, which can be traced back to domestic agendas, mutual distrust, missing leadership, and the lack of common goals. In context, the question of membership has gained prominence, as the EU or the Arab League, for instance, have expressed their interest in joining, raising the issue that the bigger it grows, the broader it may get. Moreover, it remains questionable if the furthered democratization of the region can be significantly pushed forward through ASEAN, since it cannot exercise meaningful influence on domestic politics, yet. Correspondingly, the organization's functioning has been often assessed critically because of its potentially self-serving and ineffective impetus: on the one hand, it has insulated authoritarian rulers from outside criticisms and interference, and on the other hand, ASEAN has shown only limited capacity to develop or enforce regionally encompassing and binding policies. The main challenge will

³⁶ A. I. Johnson, *Socialization in International Institutions. The ASEAN Way and International Relations Theory*, in G. J. Ikenberry and M. Mastanduno, eds., *International Relations Theory and Asia-Pacific*, (Columbia University Press: New York, 2003), pp. 107-165.

be hence finding the right balance, norms, and principles between states in the region in order to establish consent on the proceeding of integration.³⁷

In this respect, it is illuminative that ASEAN proved to be the most compelling example of regional institutionalization in the developing world – despite an arbitrary geographical environment of operation – by employing the “distinctive ‘ASEAN way’ of managing regional affairs” through consensus, voluntarism, and non-interference.³⁸ The most distinguished achievement of ASEAN may have been its willingness to internalize and give political expression to prospects of identity and integration which had hitherto been marginalized in East Asia. Facing the implicit institutional shortcomings of ASEAN, one has to simultaneously stress its strong commitment toward the creation of a common identity and purpose for East Asia. One crucial factor has been indeed the organization’s sense concerning the regional importance of Northeast Asia: through the establishment of the ASEAN+3 forum, regional identity could be expanded to include China, Japan, and South Korea, as the wider East Asian region becomes a more important and institutionalized part of inter-regional relations.³⁹

Asking why ASEAN has become the most influential model of East Asian regional institution building, one must certainly name the specific history of this part in the world as well as the diversity of the region, displaying critical factors in defining regional cooperation efforts. Regionalization has been grounded on human relations and economic cooperation, primarily through the mutual benefits of trade and the implicitly rising level of interpersonal contacts. Effectively, the process of convergence has been initiated from below, following a bottom-up approach. Nowadays, the government’s role within the East Asian mode of cooperation is only becoming important, because a certain intensity of interregional coordination has been reached, so that a need for rules – and respectively governance mechanisms – reified in substantial institutions turns obvious. Indeed the creation of an ASEAN Charter has become essential, since regionalization is not exclusively progressing in the spheres of trade and economic cooperation alone, but also in the political one and among its people.⁴⁰ The statement of the Indonesian President Yudhoyono seemingly verifies this assumption: “This is a

³⁷ G. B. Cockerham, *Regional Integration in ASEAN: Institutional Design and the ASEAN Way*, East Asia Studies (2010), Vol. 27, No. 2, pp. 165-185.; P. Korhonen, *Monopolising Asia: The Politics of Metaphor*, The Pacific Review (1997), Vol. 10, No. 3, pp. 347-365.

³⁸ M. Beeson, *East Asian Regionalism and the End of the Asia-Pacific: After American Hegemony*, The Asia-Pacific Journal (2009), Vol. 7, No. 2.

³⁹ S. Narine, *ASEAN into the Twenty-first Century: Problems and Prospects*, The Pacific Review (1999), Vol. 12, No. 3, pp. 357-80.; S. S. Kim, *Regionalization and Regionalism in East Asia*, Journal of East Asian Studies (2004), No. 4, pp. 39-67.

⁴⁰ K. Calder and M. Ye, *The Making of Northeast Asia*, (The East-West Centre: Stanford, 2010), pp. 27-57.

momentous development [...] ASEAN is [...] transforming itself into a community. It is achieved while ASEAN seeks a more vigorous role in Asian and global affairs at a time when the international system is experiencing a seismic shift.”⁴¹

In fact, catalyzed through the eventual launch of the Charter in December 2008, ASEAN appears to increasingly emulate the formalized institution-setting of the EU in order to strengthen its international recognition. Historically, the European integration process has provided a significant point of reference for East Asia, ever since ASEAN was established.⁴² While the European paradigm was only employed selectively before, the ASEAN Charter echoes important parts of the EU’s constitutional structure now. Accordingly, the objective of building an ASEAN Community till 2020 gained momentum after the Charter had entered into force. This aim was further stressed in the sequel of the 14th ASEAN Summit in March 2009, where all member states reached a consensus on a Roadmap to put the ASEAN Community into practice. Therein the ASEAN Economic Community – a Single Market based on the principles of “free flow of goods, services, investment, capital, and skilled labour” – has been given rise. To realize the organization’s other two pillars, the ASEAN Political-Security and the ASEAN Socio-Cultural Community, the member states adopted blue prints to frame their consecutive proceeding.⁴³

Therefrom, ASEAN’s recent initiatives to foster regional integration have been inspired by the European Union as the organization partially succeeded to morph itself into a “rule-and rights based Community” with a distinct legal personality (pronounced in Chapter II). For instance does the highest decision-making body of the entity – objectified in the ASEAN Summit and its Chairmanship (as articulated in Art. 7) – strongly resembles EU-like structures, since it partly equals the European Council and its Presidency regarding composition and working procedure. Effectively, the Charter also imitates EU concepts and terminologies to the extent that a human rights body has been formalized (Art. 14) as well as the commitment to uphold international law with respect to social

⁴¹ The Nation Newspaper, *Surin welcomes Thailand's ratification of ASEAN charter*, published on September 18, 2008, Jakarta.

⁴² A. Friedberg, *Will Europe's Past Be Asia's Future?*, Survival (2002), Vol. 142, No. 3, pp. 147–59.

⁴³ ASEAN Charter. (The ASEAN Secretariat: Jakarta, 2016).

⁴³ Ibid.; J. Rüland, *The limits of democratizing interest representation: ASEAN's regional corporatism and normative challenges*, European Journal of International Relations (2014), Vol. 20, No. 1, pp. 237-261.; T. A. Börzel and T. Risse, *Diffusing (Inter-) Regionalism: The EU as a Model of Regional Integration*, KFG Working Paper Series (2009), No. 7, pp. 5-27.; T. A. Börzel and T. Risse, *The EU and the Diffusion of Regionalism*, in M. Telò, L. Fawcett and F. Ponjaert, eds., *Interregionalism and the European Union: A Post-Revisionist Approach to Europe's Place in the World*, (Routledge: New York, 2015).

justice and multilateral trade (Art. 2). Despite of such common characteristics, ASEAN remains entirely an intergovernmental organization missing any supranational institutions. Correspondingly, there are three main points that elucidate the ‘ASEAN Way’ of regional institutionalization: first, decisions are carried out under the premise of consultation and consensus (Art. 20). Second, no independent dispute settlement body has been installed that could mediate potentially diverging interpretations of the Charter and its application (Art. 23). Instead, conflicts that may occur shall be settled by the Secretary-General, who also signs responsible for the monitoring of compliance standards (Art. 27). Last but not least, while the Charter strives for a strong involvement of the people’s interest with regard to cooperation efforts, the organization failed to install a parliamentary assembly or a representation of societal interests. Yet, it has advocated “adherence to the rule of law, good governance, the principles of democracy and constitutional government” (Art. 2).⁴⁴

Summing it up, the Charter shows evidence for the establishment of an ASEAN community based on three poles of collaboration: economic, security, and sociocultural. Indications of thereof have gained prominence metaphorically as through the creation of a common flag, anthem, emblem, and a national ASEAN day, yet also in more particular terms. In this connection, the development of friendly external relations and a position with the UN (akin the EU) serve as illustrative examples. It further suggests that the encompassing vision of an East Asian community has been significantly advanced by such a legally-binding document that spells out the principles, objectives, institutions, and processes of decision-making, constituting ASEAN to be a more institution-driven entity.⁴⁵ However, in the context of gradually building an East Asian community, a future issue remaining is how intensified convergence with respect to China, Japan, and South Korea will be reached. Where increasing collaboration requires rules and institutions, it is arguable that – for the medium term – East Asian regional institutions such as most importantly ASEAN+3 would operate best if they also agreed on common principles and rules, hence following an incremental approach in introducing them while working consistently to expand their scope.

2.2.2. The Chiang Mai Initiative

It is not to be underestimated how strongly most of the emerging economies in the region have been affected by the implicit shocks to their trade, capital inflows and incomes in the wake of the 1997 Asian financial crisis. However – despite the severe fallout of regional economies –, the major achievement of regional multilateralism which has been largely directed toward normative frameworks

⁴⁴ ASEAN Charter. (The ASEAN Secretariat: Jakarta, 2016).; L. C. Hung, *ASEAN Charter: Deeper Regional Integration under International Law?*, Chinese Journal of International Law (2010), No. 9, pp. 821-837Doi: 10.1093/chinesejil/jmq025.

for economic and security relations remained unaffected. Indeed the principle intention of regional policies, to strengthen internal security, has assured a retained emphasis on economic growth and an open neoliberal development in this part of the world. The regionalist impulse has been seemingly highlighted by the crisis, depicting a mayor reason why East Asian countries have shown thriving interest in expanding the scope of regional economic and monetary cooperation.⁴⁶ Thus far, the most profound policy invention to advance this process has been the ‘Chiang Mai Initiative’ (CMI) of May 2005 which reached a consensus on establishing sets of currency swap arrangements between participating countries in the region. The utmost concern is hence depicted as to install insurance mechanisms for distressed economies in potential future crises.⁴⁷

Historically, at their May 2001 meeting held in Chiang Mai, on the sidelines of the Asian Development Bank’s annual meeting, the ASEAN + 3 finance ministers settled the CMI-framework. Moving beyond the need for sustained policy dialogues and regional cooperation attempts, the CMI formulated a four-sided agenda that was directed toward regional financial harmonization. First, the goal was set up to establish an expanded ASEAN swap arrangement that would embrace all ASEAN member states, as well as networks of bilateral swap and repurchase agreement facilities among ASEAN countries, including the Northeast Asian fraction of China, Japan, and Korea. Second, the ASEAN +3 network of cooperation was employed to promote the future exchange of significant and timely data and information on capital flows in order to ameliorate transparent supervision processes. Third, a regional financing arrangement to supplement existing international facilities (i.e. the IMF) was established. And last but not least, early warning systems were installed enhancing the ability to provide sufficient and timely financial stability in the East Asian region. Since the founding of the CMI, encouraging progress has been achieved in each of the above mentioned aspects: an expanded ASEAN Swap Arrangement (ASA) could be adopted, followed by a network of Bilateral Swaps and Repurchase Agreements (BSA) which both mark a watershed with respect to a new regional financial architecture in East Asia.⁴⁸

Indeed, East Asian countries seem to have become naturally interested – as a result of the devastating impact of the Financial Crisis – in boosting regional financial cooperation with a special emphasis on information exchange, surveillance processes, and resource provision mechanisms. Coming to functional terms of the CMI, the initiative agreed on a common liquidity pool, but without the prospect

⁴⁷ C. R. Henning, *East Asian Financial Cooperation*, (Institute for International Economics: Washington, 2002).

⁴⁸ P. B. Rana, *Monetary and Financial Cooperation in East Asia: The Chiang Mai Initiative and Beyond*, in Y. H. Kim and C. J. Lee, eds., *Strengthening Economic Cooperation in Northeast Asia*, (Korea Institute for International Economic Policy: South Korea, 2001), pp. 295-310.

of a common or centralized funding. As a consequence, contributions remain in the central banks of the member countries which promise to provide sufficient funds in the event of crisis. In balance of payments or liquidity crisis, member governments swap local currency for US dollars from this pool. Respectively, the participating country's specific borrowing quota is based on its contribution multiplied by its borrowing multiplier (e.g., Hong Kong - 2.5, Korea – 1, Japan and China - 0.5). In compliance with the supervision standards of the CMI, member states must allow review of the economic and financial situation, submit periodic reports to its surveillance unit – the ASEAN+3 Macroeconomic Research Office (AMRO) –, and participate in the ASEAN+3 Economic Review and Policy Dialogue (ERPD).⁴⁸

Concluding the first interregional steps toward financial cooperation in East Asia, the CMI well describes an effort of the ASEAN+3 grouping to add value to regional financial frameworks and to provide practical expression to an East Asian identity. Despite of skeptical voices stating that there has been a considerable lack of meaningful action regarding the actual instalment of financial security mechanisms, the CMI made two substantial points.⁴⁹ Firstly, as Pempel highlights, the troubled precondition of historical animosity being present between Japan, Korea, and China has not hindered a “relatively intimate and institutionalised regional [...] potential for cooperation among the powers of Northeast Asia”.⁵⁰ Secondly, according to Beeson and Lincoln, the obvious issue of ineffectiveness that was impeding the transformation of the CMI into a construct somewhat similar to an Asian monetary fund should be less emphasized than the importance of the negotiating process for the region itself. By accentuating the latter and simultaneously acknowledging the eventual conclusion of the bilateral swap agreements, it becomes clear what major effect on the ability of East Asian countries to reject future speculative attacks was stimulated by the CMI. This was due to the establishment of dense networks of communication between central bankers and finance ministers within the CMI-framework – a security structure that did not exist at the time of the Asian financial crisis.⁵¹

⁴⁸ M. Kawai, *Reform of the International Financial Architecture: An Asian Perspective*, Singapore Economic Review (2010), Vol. 53, pp. 207-292.; H. J. Menon, *Financial Safety Nets in Asia: Genesis, Evolution, Adequacy, and Way Forward*, ADBI Working Paper 395, (Asian Development Bank Institute: Tokyo, 2012).; R. Siregar and A. Chabchitichaidol, *Enhancing the Effectiveness of CMIM and AMRO: Selected Immediate Challenges and Tasks*, ADBI Working Paper 403, (Asian Development Bank Institute: Tokyo, 2013).

⁴⁹ C.R Henning, *East Asian Financial Cooperation*, (Institute for International Economics: Washington, 2002).

⁵⁰ T.J. Pempel, *Firebreak: East Asia Institutionalizes Its Finances. Paper presented to Regionalisation and the Taming of Globalization?*, (University of Warwick: Warwick, 2005), p. 2.

⁵¹ E.J. Lincoln, *East Asian Economic Regionalism*, (Brookings Institution: Washington, 2004), p. 194.; M. Beeson, *East Asian Regionalism and the End of the Asia-Pacific: After American Hegemony*, The Asia-Pacific Journal (2009), Vol. 7, No. 2.

Nevertheless, when evaluating the actual scale of effectiveness performed by the CMI, the picture drawn is rather down to earth. If, for instance, the CMI had been available before the financial crisis of 1997, the ASEAN member country Thailand would have been only able to receive about US\$2 billion from the CMI swap mechanisms prior to calling for IMF support. This amount, however, proves to be insignificant compared to the issue scope Thailand faced in mid-1997, or compared with the size of the IMF package for the country (US\$17.2 billion) that was eventually signed. Thus, the magnitude of money available under the CMI has been exposed as too small to secure the financial independence of the region. The CMI should instead be characterized – like shown above – as a symbolic initiative, elucidating that the countries in East Asia are willing to cooperate for the sake of self-help mechanisms that minimize the risk of a future crisis. Indeed the initial CMI marked a project work in progress, especially in the light of the compromises that have been necessary for the actual creation of thereof. Since the region gradually recovered from the financial fallouts, though, the need for an interregional liquidity support mechanism became seemingly less urgent. In fact, the major macroeconomic adjustments of the crisis-affected countries were carried out through the means of currency depreciation and the strengthening of the export sector. Though – despite of the ongoing recovery of the East Asian economies –, momentum to educe the CMI into a more effective mechanism persisted. In context, the fact played a decisive role that the accumulation of liquidity reserves provided greater self-insurance for each national economy. The cost of providing some reserves for a regional liquidity mechanism declined, as the countries in question had still plenty of reserves left for its own self-insurance. Correspondingly, the further development of the financial architecture in the region was clearly perceived as a construct that should be kept more tangible and substantive. This has been partially realized though the evolution of the CMI into the Chiang Mai Initiative Multilateralization (CMIM).⁵¹

Albeit of controversial proceedings, the ASEAN+3 finally made terms on the principle of converting the bilateral schemes of the CMI into a multilateralized and self-managed reserves pooling scheme, administrated by the single contractual agreement of the CMIM. At the 10th ASEAN+3 finance ministers' meeting in May 2007 in Kyoto, Japan, the Joint Ministerial Statement announced:

*“ [...] we unanimously agreed in principle that a self-managed reserve pooling arrangement governed by a single contractual agreement is an appropriate form of multilateralization [...] We instructed the Deputies to carry out further in-depth studies on the key elements of the multilateralisation of the CMI including surveillance, reserve eligibility, size of commitment, borrowing quota and activation mechanism. ”*⁵²

⁵¹ C. Sussangkarn, *The Chiang Mai Initiative Multilateralization: Origin, Development and Outlook*, ADBI Working Paper No. 230, (Asian Development Bank Institute: Tokyo, 2010).; H. C. Randall, *The Future of the Chiang Mai Initiative: An Asian Monetary Fund?*, Peterson Institute for International Economics (2009), Policy Brief PB09-5.

⁵² Media Statement of The 12th ASEAN+3 Finance Ministers' Meeting, 3 May 2009, Bali, Indonesia.

Accordingly, instead of a series of bilateral swaps, the CMIM operates on the basis of pooled funds totaling \$120 billion. Notably, the ‘mini-institution’ is uniting China and Japan (contributing \$38, 4 Billion each) under the premise of contesting regional influence, while also South Korea contributes a fair amount, signing for the provision of \$19, 2 Billion.⁵³ Besides striving for reinforced financial accountability, the CMIM seeks to set up a contra-model that disposes capacities to avoid the harsh conditionalities being imposed by the IMF. However, member countries availing of more than 20% of their allocation must attain an IMF agreement initially. This current *modus operandi* is employed due to the member states’ unwillingness to perform surveillance measures in greater scopes. Indeed, the CMIM surveillance unit, the ASEAN+3 Macroeconomic Research Office (AMRO), suffers from resistance to pool sovereignty to a larger extent.⁵⁴ All in all, the CMIM thus follows – alike its predecessor – the approach of a less institutionalized framework but of characteristic informality.

2.3. Challenges to regional institutionalization in East Asia

Elaborating on contemporary East Asia, a quantity of historically rooted, intraregional confrontations have promoted economic nationalism and menaced to erode the regional harmony. Instances can be found in territorial and cultural disputes, as well as international interventions impeding the geopolitical balance. Especially after the end of the Cold War and in the sequel of the 1997-Asian financial crisis, sharply juxtaposed scenarios of the regional future have erupted: fostered intraregional economic and financial relations on the one hand, and, on the other, reconditioned geopolitical provocations that imply the risk of emerging war (e.g. clashes including China and various nations in the South China Sea). The prevailing image of this part in the world is hence dominated by the intervening of geopolitical and economic conflict, remarkably issues of resources such as fishing and oil. Pertaining to this troubled environment, intraregional conflict does often not only take place bilaterally. In fact, the rise of China, and the implicit conflictual geopolitics, has appended layers of complexity to the region, involving US engagement or, as the Obama administration announced, re-engagement with East Asia.⁵⁵ Consequently, since the two major powers of the 21st century are prominently involved in the regional interplay of nations, the scope of conflicts has been extended to a more global level. The evolvement of this part in the world resembles less a series of isolated national phenomena, but rather a regional – and simultaneously global – process whose distinctive attribute is

⁵⁴ R. Y. Siregar and K. Miyaki, *The Chiang Mai Initiative and the Chiang Mai Initiative Multilateralization – Brief History and Recent Commitments*, in K. Y. Edward and W. D. Chen, eds., *Financial Development and Cooperation in Asia and the Pacific*, (Routledge: Abingdon, 2014), p. 128-154.; Q. Liu, P. Lejot, and D. W. Amer, *Finance in Asia: Institutions, Regulation and Policy*, (Routledge: Abingdon, 2014), p. 518ff.

⁵⁵ R. G. Sutter et al., *Balancing Acts: The U.S. Rebalance and Asia-Pacific Stability*, (The George Washington University: Washington, D. C., 2013), pp. 1-53.

the need for economic integration in order to come along with the region's growing economic role in the world economy.⁵⁶

As Katzenstein and Shiraishi suggest, however, two institutional characteristics of East Asian countries have significantly contributed to a lack of formal regional institutions: (1) hierarchical state-society relationships and (2) distinctive state structures that are “unfamiliar with the Western concept of community”.⁵⁷ Importantly, elaborating the region in more inter-structural terms, Calder and Ye add another compulsive component to models that seek to explain the troubled process of regionalization. They argue that East Asia looks retrospectively at different power constellations compared to the European experience where the distribution of power has traditionally been quite even among major powers. Indeed, all efforts of a single European country to exercise control over all other countries in the region have failed due to missing strength capacities. Effectively, the continent's stability has been persisted by artful manipulations of the balance of power (e.g. Great Britain-France or France-Germany), which provides evidence for the realist assumption that a great balance of power generally indicates the precondition for regional institution-building. Examining East Asia, on the contrary, China appears considerably larger and more centrally located than the other countries, creating a “hegemony-prone” setting. Therefore, a balance of power system similar to the European one has struggled unavailingly to emerge in East Asia. Calder and Ye, by consequence, conclude that the rise of China and the US's countervailing power have culminated in a hegemony bias which persistently negates the spring up of meaningful regional cooperation.⁵⁸

Another aspect not to be underestimated is that – most prominently stressed – the EU approach toward integration is but one depiction of regionalization and, regarding its highly formalized structure, still a multi-level construct *sui generis*. Hence, while dynamics of East Asian regionalism have shown some shared features with the EU's process of integration – such as the emphasis on functional cooperation or the vision of a cognitive region –, the specific circumstances, due to the region's unique history and culture, will exercise their own impact on the eventual outcome.⁵⁹ Interestingly, scholars of this research-realm tend to split East Asia into two sections: Southeast and Northeast Asia. Although academic debates still controversy discuss – as previously shown – what a region actually depicts, a solid regionalism is attached to Southeast Asia under the name of ASEAN. By contrast, Northeast

⁵⁶ M. Selden, *Economic Nationalism and Regionalism in Contemporary East Asia*, The Asia-Pacific Journal (2012), Vol. 10, No. 2, pp. 1-23.; N.-K. Kim, *A framework for Peace in the Era of Globalization*, in N.-K. Kim, eds, *Globalization and Regional Integration in Europe and Asia*, (Ashgate Publishing: Burlington, 2009), pp. 1-6.

⁵⁷ P. J. Katzenstein and T. Shiraishi, eds., *Network Power: Japan and Asia*, (Cornell University Press: Ithaca, 1997), pp. 1-45.

⁵⁸ K. Calder and M. Ye, *The Making of Northeast Asia*, (The East-West Centre: Stanford, 2010), pp. 27-57.

⁵⁹ M. Curley and N. Thomas, *Advancing East Asian Regionalism – Politics in Asia*, (Routledge: UK, 2012).

Asia is accused of lacking an ultimate regional organization, despite of multilateral alliances, such as APEC.⁶⁰

Bearing in mind these preconditions of the two regions, Oh substantiates the realist set of assumption that has been mentioned before in order to find evidence for the apparent binary development. Summarizing realists' views, the international system is essentially described as a self-help system. Therefore he argues that the main reason for the presence of a multilateral cooperation organization in Southeast Asia would be the absence of a strong asymmetry of power. Consequently, Southeast Asian nations would be less likely to perceive threat from one another. Opposed to this evolvement, Northeast Asia would possess elements of asymmetrical power. In context, China's rise as the other influential global power next to the US would have naturally exercise – as a matter of geography – a stronger impact on the Northeast Asian regional setting. Moreover, also Japan would seek to secure its status as a great power in Northeast Asia, making the region far more competitive and conflicted, due to the dense net of power politics installed. Embracing a clearly-formulated realist perspective on the functioning of inter-state politics, he continues his argument, stating that in case of Southeast Asia a regional multilateral regime was able to form successfully because of the existence of an external threat from outside. Hence the countries would have been able to establish a regional coalition to counter-balance against the external threat of China, Japan and the US. Opposed to this development, a multilateral regime would not have been able to flourish in Northeast Asia because the potential threat to the balance of power lied within the region itself, in the shape of China which would be geographically, politically and economically omnipresent. Thus, the remaining countries of Northeast Asia would have been forced to balance against the rising power capacities of China resulting in their bilateral alliance with the US. Summarizing the author's main argument, the crucial mechanism determining the founding, or respectively the lack thereof, of a regional multilateral organization in Southeast Asia and Northeast Asia is the aspect of threat perception. This would eventually account for the competitive power dynamic within the region.⁶¹

Having been outlined this rather pessimistic set of compromising factors, inhibiting regional institutionalization in East Asia, the importance of mutual economic benefits comes into play. Rozman contributed to this aspect of the discourse, which draws attention toward potential prospects of a deepened integration process, by stating that intraregional multilateralism could especially gain

⁶⁰ See: D. Park, *The Dichotomy Between Northeast Asian Capitalism and Southeast Asian Capitalism*, Journal of the Asia Pacific Economy (2000), Vol. 5, No. 3, pp. 234-54.; J. H. Park, *The East Asian Model of Economic Development and Developing Countries*, Journal of Developing Societies (2002), Vol. 18, No. 4, pp. 330-353.;

⁶¹ S. Oh, *Prospect of Northeast Asian Regionalism: Comparative Case Study of Southeast Asia and Northeast Asia*, Cornell International Affairs Review (2013), Vol. 6, No. 2), pp. 1-28.

importance in terms of common solutions to market crises.⁶² This is somewhat opposing the above stressed argument that a necessary precondition for the establishment of formal institutions would be a great power balance and shifts the focus to events that transcend formally existing ‘red lines’ of power. In context, Curley and Thomas stress that in the aftermath of the 1997-Financial crisis – an event of such character –, efforts of regionalization have been forced across East Asia, becoming most illustrative within the ASEAN+3 regime that involves both Northeast and Southeast Asian countries. Realizing the mutual benefits of fostered cooperation, the countries of the region have been confronted with a serious challenge, namely how to overcome contrarious needs and capacity-levels, power imbalances and norms for the higher sake of regional integration. As a result of the Asian financial crisis, though, the sense for a collective manner has seemingly emerged – a corrective against the repetition of fallout. Correspondingly intensified linkages have been boosted establishing blue prints for broader intraregional coherence.⁶³

Indeed, as Harris elucidates, could major achievements of regional multilateralism – normative frameworks for economic and security relations – not only come through largely unaffected by the crisis, they could even be strengthened. In accordance, the overarching intention of multilateral policies, namely to promote internal security, has ensured a maintained emphasis on economic growth and the neoliberal development of regional economies.⁶⁴ Lee et al. elucidated that East Asian countries trade more financial assets with one another than with other regions of the world, especially regarding equity assets as opposed to bonds. Moreover, with respect to the scale of economic regionalism, they shed light on the fact that the propensity of East Asian countries to trade with one another is much more present with goods than financial assets, emphasizing that the region’s trade integration has been advanced further than its financial integration.⁶⁵ In sum, Harris visualizes that regionalist impulses have been boosted by the crisis and a sharpened sense “for increased regional representation in the unrepresentative nature of global institutions has emerged”.⁶⁶

⁶² G. Rozman, *Flawed Regionalism: Reconceptualizing Northeast Asia in the 1990s*, Pacific Review (1998), Vol. 11, No.1, pp. 1-27.

⁶³ M. Curley and N. Thomas, *Advancing East Asian Regionalism – Politics in Asia*, (Routledge: UK, 2012).; N. Aminian, *Economic Integration and prospects for regional monetary cooperation in East Asia*, Structural Change and Economic Dynamics (2005), Vol. 16, pp. 91-110.

⁶⁴ S. Harris, *The Asian Regional Response To Its Economic Crisis And The Global Implications*, Working Paper No. 4, (Australian National University: Canberra, 1999), pp. 1-23.

⁶⁵ H. H. Lee et al., *Financial Integration in East Asia. An Empirical Investigation*, The World Economy (2013), Vol. 36, No. 4, pp. 396-418.; P. B. Rana, *Economic Integration and Synchronization of Business Cycles in East Asia*, Journal of Asian Economics (2007), Vo. 18, No. 5, pp. 711-25.; S. H. Law et al., *Globalisation, Institutional Reforms and Financial Development in East Asia Economies*, The World Economy (2015), pp. 379-398.

⁶⁶ S. Harris, *The Asian Regional Response To Its Economic Crisis And The Global Implications*, Working Paper No. 1999/4, (Australian National University: Canberra, 1999), pp. 1-23.

As a concluding remark, the East Asian region – entirely considered – has been experiencing no integration in the strict sense, i.e. formalized and supranational institutions grounded on the delegation of national sovereignty, but the creation of mostly informal regimes and multilateral cooperative forums. Within this restricted structure of regional governance, initiatives to combine the many existing ‘mini-institutions’ to realize domestic interests are notable, primarily for the sake of restraining the expansive politics of hegemonic regional players and to circumvent regional security developments, culminating in confrontation and conflict. Yet, simultaneously, the region shows signs of division along the lines of national particularities and historical traumata, disclosing intra-regional tensions that exclaim for institutionalized mediation between domestic strategies and regionalist ambitions. One essential lack of capacity is, for instance, displayed in the uneven commitment to regionalization in Northeast Asia. Specifically, cleavages (mostly security-wise) are shaping and constraining the policy-making process in this part of the world, impeding a higher level of regional institutionalization. On the contrary, the multilateral institution ASEAN, and – with commission – its expanded version plus the three Northeast Asian countries, has progressed to the (sub-)regional community stage to foster economic cooperation and interdependence. Most adequately, in the words of Yamamoto, “the region as a whole can be considered in-between a competitive regional complex and a regional society.”⁶⁷

2.4. The European Method of integration and East Asia

Most obviously, regionalism has advanced much further in Europe than in East Asia. Historically, the devastating atrocities of two world wars persuaded Europeans of the importance to tie their economies and societies together, inhibiting future conflict. Furthermore, the insight that by pooling their sovereignty with neighboring countries in certain policy fields they could achieve more, than by acting alone triggered the drafting of common rules and fostered closer coordination among national authorities. Consequently substantial regional institutions were required that could advance economic integration. In accordance, the EU’s institutional structure – albeit the current crisis and the need to tackle increasing inequality – has generated immense economic gains and notably narrowed the income gap among member countries. Beyond just economic terms, European governments also collaborate closely in foreign and security policy, as well as in justice and home affairs. Yet, at the heart of the European Method of Integration, economic cooperation has ever depicted the driving force behind the continents regionalization process. In context, important milestones have been the establishment of a customs union, followed by a single market, and the implementation of a common currency. Most generally, after agreeing on a common trade policy, European countries reached a consensus regarding the free movement of goods, labor and services, and then increasingly liberalized

⁶⁷ Y. Yamamoto, *Asia and regional integration theory: Between a regional complex and a regional society*, in S. Amako, S. Matsuoka and Kenji Horiuchi, eds., *Regional Integration in East Asia – Theoretical and Historical Perspectives*, (United Nations University Press: Tokyo, 2013), pp. 3-30.

their capital accounts, and harmonized their monetary and exchange-rate policies before eventually introducing the Euro in 1999. Hence the harmonization of production and trade antedated – and was a significant precondition for – financial and monetary integration. Finally, in terms of bureaucratic capacity, the EU now disposes an extensive institutional net of coordination and decision-making entities, culminating in its administrative capital, Brussels, where the European Commission, Council of Ministers, Court of Justice, Parliament and other EU institutions are centered.⁶⁸

By contrast, the regionalism in East Asia has taken shape rather differently. If East Asian regional integration has progressed impressively since the 1970s establishment of ASEAN, it deviates fundamentally both from what historical legacies indicate and how the European Union variant developed that has determined nowadays academic understanding of regionalism. Acknowledging that Europe has been free of major military conflicts since World War II., whilst East Asia has enjoyed a relatively peaceful environment only since 1975, and given that South and North Korea remain separated two decades after the German reunification transformed Europe, a missing framework for regional institutionalization should come as no surprise. This is further complicated by the ongoing territorial and historical disputes in this part of the world. Simultaneously, East Asia's distinct interpretation of regionalism is conditioned not only by the nations' economic dynamism and their growing interdependences with neighboring states, but also by the geopolitical influence of the US and China, which continue to dominate the regional policy agenda. Moving further, as distinguished from the European experience, East Asian regionalization has been forced more by markets than by governments, indicating a bottom-up development pushed forward by private organizations. Indeed, intra-regional cooperation among East Asian countries seems more recent and less intimate: it expresses a focus on economic collaboration, but shows a low level of formalized institutions.⁶⁹

As briefly mentioned above, the rather pragmatic and flexible approach to regionalism in this part of the world is partly dictated by compromising historical circumstances. East Asian countries have exhibited little willingness to confine their domestic independence by transferring sovereignty to supranational institutions, not least since several East Asian nation states have only recently emerged from colonialism and perceived first the necessity to construct their national identities. Moreover developmental disparities with regard to economic standing, social structures and political systems are much sharper in Asia than Europe. In fact, the East Asian economic integration process has been largely boosted by the evolvement of “increasingly sophisticated production networks that span the region and enable companies to benefit from each country's comparative advantages, through an

⁶⁸ G. Capanneli, *Asian regionalism: How does it compare to Europe's?*, East Asia Forum (2009).

⁶⁹ M. Selden, *Economic Nationalism and Regionalism in Contemporary East Asia*, The Asia-Pacific Journal (2012), Vol. 10, No. 2, pp. 1-23.

articulated regional division of labor.”⁷⁰ Since manufacturing industries have been largely outsourced from global north economies to global south ones, the production of related goods has seen a high level of fragmentation across the region. This, by consequence, has activated great expansion of intraregional trade concerning parts and components. Effectively, because the region’s final goods are mostly exported to the US and Europe, interdependences have not only flourished regionally, but also globally. One major cause for such recent progressions of regional economic cooperation in East Asia certainly was the financial crisis of 1997, creating awareness for mutual interests and vulnerabilities. Particularly it unified the affected countries under the flag of financial cooperation in order to prevent future fallout, i.e. the establishment of the ASEAN+3 Finance Ministers’ Process and several related structures such as most prominently the CMIM. Nevertheless, the depicted aspects of East Asian regionalization reside at earlier stages of integration compared to Europe. Concluding this argument, the merely informal and flexible regionalism that has emerged in East Asia seems to mirror the region’s dissatisfaction with the International Monetary Fund’s processing of the 1997-Crisis.⁷¹

One fundamental difference compared to European advancement in regionalism is, however, the lack of an East Asia single market regarding goods and services – albeit a fair quantity of bilateral and sub-regional trade agreements that have been ratified in recent years. Such developments can be mainly explained by the stalling of the World Trade Organization’s Doha Round, formally the Doha Development Agenda, and additionally by the proliferation of privileged trade agreements.⁷² Despite, the East Asian conception of regionalism stresses rather the importance of supporting market relationships and sustaining the openness of the region to global markets, than substituting them. Certainly, this particular emphasis derives from the export-driven characteristics of the regional economies. Furthermore, institutionally-wise, this part of the world lacks strong regional governance structures and a bureaucratic body to satisfy the needs of the region with respect to formalized cooperation. Other than the EU’s legal framework, regional treaties lean toward short and focused codes on merely informal interactions among member states rather than implementing a complex set of binding rules and related sanction instruments. East Asia’s few overarching institutions, as ASEAN, are explicitly narrow in design, with a limited proxy from national authorities to effectively deal with externalities, internalize regional spillovers, and supply regional public goods. Whilst European

⁷⁰ G. Capanneli, *Asian regionalism: How does it compare to Europe’s?*, East Asia Forum (2009).

⁷¹ S. H. Law et al., *Globalisation, Institutional Reforms and Financial Development in East Asia Economies*, The World Economy (2015), pp. 379-398.

⁷² See: S. Arun, *India opposes attempts of rich nations to stall WTO’s Doha Round talks - Over 100 nations want conclusion of Round only after fulfilment of ‘development’ agenda*, The Hindu (2015).; S. Donnan, *Trade talks lead to ‘death of Doha and birth of new WTO’*, Financial Times (2015). S. Lester, *Is the Doha Round Over? The WTO’s Negotiating Agenda for 2016 and Beyond*, The CATO Institute (2016), Free Trade Bulletin No. 64, pp. 1-4.; The World Trade Organization, *The Doha Round*, WTO (2015).

regionalism is bestridden by the complex EU institutional setting, the East Asian analogy is dependent on a multitude of overlapping sub-regional regimes and organizations that collaborate to varying degrees in different policy-areas. Correspondingly, membership criteria for joining the EU are formulated clearly – as most decisive the adherence to democracy, a market economy, and the conversion of EU laws and regulations into national law (the *acquis communautaire*). Compliance with such rules of commitment can be monitored fairly objectively by supervision bodies according to common standards. Countries willing to enter the EU must also be accepted by a consensus of the existing member states.⁷³

On the contrary, East Asian attempts vis-à-vis consistent regional institution-building face the difficulty of identifying unambiguous mechanisms that govern membership issues, as they are generally predicated on *ad hoc* decisions by political leaders. Indeed, the most influential players of the region, like China or Japan, have yet to establish a more substantial dialogue on enunciating mutual visions, shared goals and blueprints for intraregional cooperation in East Asia. But at least, they are involved in the ASEAN +3 forum. Acknowledging the unique political and economic conditions of the region, functional cooperation could not develop the driving force as a means toward integration that has been observed in the context of the EU. Instead, the East Asian mode of collaboration focuses on fostering informal economic cooperation to circumvent a greater pooling of sovereignty. However, in the wake of the launched ASEAN+3 dialogues, one shall not abandon hope that the region as a whole will act mutually and speak with a single voice in the future. But yet, especially with view to the European counterpart, many challenges remain.⁷⁴

3. Theoretical Framework

Since the objective of this study is to explore ways (re)constructing the regional institutionalization process in East Asia, an eclectic perspective is necessary that takes both ‘Neo-functionalism’ and ‘Inter-governmentalism’ as its epistemological basis. Juxtaposing these two most significant, however contested, theoretical frameworks the European Integration process has brought to surface, the potential impetus of the European mode of cooperation and its institutional dimension on the setting of

⁷³ H. Grabbe, *European Union Conditionality and the Acquis Communautaire*, International Political Science Review (2002), Vol. 23, No. 3, pp. 249-268.

⁷⁴ G. Capanneli, *Asian regionalism: How does it compare to Europe's?*, East Asia Forum (2009).; S. H. Law et al., *Globalisation, Institutional Reforms and Financial Development in East Asia Economies*, The World Economy (2015), pp. 379-398.; Y. H. Kim and C. J. Lee, eds., *Strengthening Economic Cooperation in Northeast Asia*, (Korea Institute for International Economic Policy: South Korea, 2001)

East Asia will be detected. Even though these strings of theory have been heavily criticized, they do offer consistent arguments in the realm of integration prospects.⁷⁵

3.1. Neo-functionalism

First, the neo-functionalist perspective, based on the findings of, for instance, Haas and Lindberg, can be characterized as a theory of regional integration in which countries initially remove barriers to free trade.⁷⁶ Following the narrative, its core is defined by the concept of ‘spill-over’ aiming to consecutively integrate individual sectors. In effect, the phenomena of political spill-over points to the scenario when the initial decision by governments to place a certain actor under the authority of supranational institutions, leads to pressures extending the influence of the institutions (e.g. the European Commission) into related policy-fields.⁷⁷ Corresponding, the integration process is perceived to be self-sustaining, emphasizing that spill-over trigger (soft) economic drivers, such as currency exchange rates, taxation or wages, which eventually merge into (hard) political core areas, taking fiscal issues as an instance. Furthered integration in one sector will hence tend to evolve its own dynamics and spread to neighboring sectors. Mainly, though, it is assumed that the neo-functional logic rather applies in a depoliticized environment, than in strongly decisive policy fields and realms of high politicization, such as security.⁷⁸

Moving to the subnational level, the emergence of a complex net of actors is important to Neo-functionalism, as these are eager to pursue and articulate their interests within a pluralistic

⁷⁵ See: M. Cini, *European Union Politics*, (Oxford University Press: Oxford, 2004).; M. A. Pollack, *Theorizing the European Union: International Organizations, Domestic Polity, or Experiment in New Governance?*. Annual Review of Political Science (2004), No. 8, pp. 357-398.; B. Rosamond, *The uniting of Europe and the foundation of EU studies: Revisiting the neofunctionalism of Ernst B. Haas*, Journal of European Public Policy (2005), Vol. 12, No. 2, pp. 237-254.; A. Verdun, *Merging Neofunctionalism and Intergovernmentalism: Lessons from EMU*, in Amy Verdun, eds., *The Euro: European Integration Theory and Economic and Monetary Union*, (Rowman and Littlefield: Boulder, 2002), pp. 243-249.

⁷⁶ E. B. Haas, *The uniting of Europe: political, social, and economic forces*, (Stanford University Press: Stanford, 1958).; L. Lindberg and S. Scheingold, eds., *Regional Integration: Theory and Research*, (Cambridge: Harvard University Press, 1971), pp. 232-265.

⁷⁷ M. A. Pollack, *International Relations Theory and European Integration*, Journal of Common Market Studies (2001), Vol. 39, No. 2, pp. 221-44.; A. Wiener and T. Diez, eds., *European Integration Theory*, (Oxford University Press: Oxford, 2009).

⁷⁸ S. B. Hobolt and C. Wratil, *Public opinion and the crisis: the dynamics of support for the euro*, Journal of European Public Policy (2015), Vol. 22, No.2, pp. 238-256.; S. Hoffmann, *Obstinate or obsolete: the fate of the nation state and the core of Western Europe*, Daedulus (1966), Vol. 95, No. 3, pp. 862-915.; N. Nieman and D. Ioannou, *European economic integration in time of crisis. A case of neofunctionalism?*, Journal of European Public Policy (2015), Vol. 22, No. 2, pp. 1-33.

environment. In effect, domestic actors discover that policies in their field can be conducted more effectively at the supranational level. As a result, they start cooperating and putting pressure on national governments to integrate. Such cooperation is cultivated by supranational officials who promote a deliberate process of social integration, or paraphrasing Haas, supranational institutions represent the agents of integration. Indeed, a transfer of domestic alliances takes place, meaning that national lobby groups, associations and the elite circles will shift their demands, expectations, and – ultimately – their loyalty away from national institutions toward the overarching, supranational framework. National interest groups recognize the supranational entity, because of the better outcomes compared to their national counterparts. Thereby, pan-European values are sustained which is referred to as social spill-over.⁷⁹

Providing a résumé of Neo-functionalism, the two basic mechanisms are functional spill-overs on one hand, and socio-political spill-overs on the other. The former assumes that if there is centralization (supranationalization) in one policy area, that changes the conditions for policy centralization in other areas. The latter suggests that the loyalty of domestic actors shift from the national to the supranational level, since they become advocates of deepened integration. Regional integration is hence described as an intrinsically irregular and conflictual process, but one in which, under conditions of democracy and pluralism, national governments will progressively face regional pressures. In turn, to mitigate such conflicts, more domestic sovereignty will be conceded to the encompassing regional organizations they have created. Subsequently, the national citizens' expectations start shifting to the supranational entity and the satisfaction of thereof will increase the probability that socio-economic integration will eventually spill-over into political integration. In sum, Neo-functionalism shows strong aversion towards territorially defined authority, that is the Westphalian nation state.⁸⁰

3.2. Intergovernmentalism

Second, the inter-governmentalist school of thought emerged, critically assessing neo-functional key assumptions through the reflection of state-centric tendencies in the decelerated European Integration process of the late 1960s and 1970s. The rise of new non-tariff barriers to trade among EC member states and the strengthening of intergovernmental facets of the Community by the 1974 creation of the European Council served as catalyzing moments for the fledging of this new approach, aiming to

⁷⁹ M. A. Pollack, *Theorizing the European Union: International Organizations, Domestic Polity, or Experiment in New Governance?*, Annual Review of Political Science (2005), No. 8, pp. 357-398.; I. Saliba, *Neofunctionalism vs Liberal Intergovernmentalism – Are the Theories still valid today?*, (GRIN Publishing: München, 2010), pp. 3-36.

⁸⁰ A. Wiener and T. Diez, eds., *European Integration Theory*, (Oxford University Press: Oxford, 2009).

explain the standstills in the process of integration. Stanley Hoffmann stated that the nation-state, far from being obsolete, had proven obstinate and “survived the West-European experiment”.⁸¹ Accordingly, the logic of diversity becomes relevant – as opposed to the neo-functional logic of integration – in which nation-states are still sovereign. As a matter of fact they possess differing interests and preferences and will thus cooperate (integrate) only if higher-level institutions allow these interests to converge.⁸²

In effect, the neo-functional focus is criticized, paying too much attention on the integration process *as such*, since it would ignore the wider scope (domestically and globally) in which it takes place. Different states are perceived as subjects to varying internal and external pressures, forcing them to react differently. Following the inter-governmental line of argument, Neo-functionalism would fail to distinguish between high and low politics, respectively between convergent and vital interests. This assumption is grounded on the observation that once integration diffuses into the realm of high politics, it will come to a halt (e.g. ‘Empty Chair’ crisis of 1965).⁸³ Correspondingly, inter-governmental theorists reject the notion of automatic functional and societal spill-over driven integration. Rather, they infer that the EC embraces no supranational political entity, but an international regime, composed of sets of norms, rules, and decision-making procedures. The existence of such framework would be only justified by its capacity to reduce transaction costs and deliver economic benefits.⁸⁴ During the 1990s, Inter-governmentalism was substantially reformulated by Andrew Moravcsik who put forward a modified liberal inter-governmentalist theory of European integration.⁸⁵ His main critique stressed the fact, that the functionalist body of European Integration theory had under-estimated the pervasiveness of nationalist sentiment and the inter-governmental direction European community policy-making had taken.⁸⁶

⁸¹ S. Hoffmann, *Obstinate or obsolete: the fate of the nation state and the core of Western Europe*, Daedulus (1966), Vol. 95, No. 3, pp. 862-915.

⁸² M. A. Pollack, *International Relations Theory and European Integration*, Journal of Common Market Studies (2001), Vol. 39, No. 2, pp. 221-44.; M. A. Pollack, *Theorizing the European Union: International Organizations, Domestic Polity, or Experiment in New Governance?*, Annual Review of Political Science (2004), No. 8, pp. 357-398.

⁸³ N. P. Ludlow, *De-commissioning the Empty Chair Crisis: the Community institutions and the crisis of 1965-6*, (LSE Research: London, 2006).; T. L. Moga, *The Contributions of the Neofunctionalist and Intergovernmentalist Theories to the Evolution of the European Integration Process*, Journal of Alternative Perspectives in the Social Sciences (2009), Vol. 1, No. 3, pp. 796-807.

⁸⁴ J. Tranholm-Mikkelsen, *Neo-functionalism: Obstinate or Obsolete? A Reappraisal in the Light of the New Dynamism of the EC*, Millenium – Journal of International Studies (1991), Vol. 20, No. 1, pp. 122.; T. Gehring, *Integrating Integration Theory: Neo-functionalism and International Regimes*, Global Society (1996), Vol. 10, No. 3, pp. 225-253.

⁸⁵ A. Moravcsik, *Preferences and Power in the European Community: A Liberal Intergovernmentalist Approach*, Journal of Common Market Studies (1993), Vol. 31, No. 4, pp. 473-524.

In context, societal groups and interest associations, such as business corporations, trade unions, and regions play an important role in both neo-functional and liberal inter-governmental approaches, but exhibit different behavioral patterns. Whereas societal groups have weak national and stronger transnational loyalties in Neo-functionalism, they possess stronger national ones in the liberal inter-governmentalist course of argumentation. Moravcsik thus identified the national state government as the significant actor. Corresponding, the domestic situation determines the national state's preferences limiting the influence of supranational actors. The underlying mechanism of liberal Inter-governmentalism is therefore the safeguarding of national interests which accounts for the crucial factor in determining the outcome of the integration process. In contrast to Neo-functionalism, no automaticity is acknowledged, but rather a process of integration that proceeds in fits and starts. Ultimately, integration happens due to bargaining among key actors, in particular national governments. Liberal intergovernmentalism maintains that state governments act as the main gate-keeper for domestic interests to enter the regional arena. It follows that absolute gains are practical alternatives to relative gains at the expense of other states. Neofunctionalism, by contrast, considers the alliances national interest groups build with supranational actors as the main driver of regional institution-building, circumventing their governments.⁸⁷

The liberal Intergovernmentalist framework of analysis suggests a two-level-game to determine the policy outcome. Before inducing the institutional choice in the regional integration process, two stages are necessary to be considered: as a demand side, national preferences on the one hand; and as a supply side, interstate bargaining on the other hand. At first, the national preference formation takes places, formulating foreign policy goals. This is to respond to both constraints and opportunities arising from economic interdependence as well as to (shifting) pressure from domestic constituents. Indeed with only some discretion left for ideological preferences of state politicians, but depending on the strength and homogeneity of domestic pressure. Secondly, rationalist bargaining is undertaken in which state actors are seen as rational, willing to maximize utility and unitary. This means that only state actors represent the aggregated preferences of a nation. At this stage of process, no other forms of influence are exercised from the domestic level. Eventually, outcomes reflect the relative bargaining power of states which depends (a.o.) on the relative value governments place on reaching an agreement. Respectively, if the value is perceived to be low, a threat to walk away from the bargaining table is credible, culminating in high bargaining power. If the value is high though, concessions have to be made, which results in low bargaining power. Institutions are thus employed as a means of

⁸⁶ H. Wallace, *The Institutions of the EU: Experience and Experiments*, in H. Wallace and W. Wallace, eds., *Policy-Making in the European Union*, (Oxford University Press: Oxford, 1996).; A. Moravcsik, *The Choice for Europe: Social Purpose and State Power: From Messina to Maastricht*, (Cornell University Press, Ithaca, 1998).

⁸⁷ A. Moravcsik and F. Schimmelfennig, *Liberal Intergovernmentalism*, in A. Wiener and D. Thomas, eds., *European Integrations Theory*. (Campus: New York, 2009), pp. 67-87.

creating credible commitments for member governments accordingly, that is, as a rationale ensuring that other governments with whom they make deals with will stick to their side of the bargain. Finally, the eventual outcomes are international institutions and policies.⁸⁸

3.3. The connection to East Asia

Stepping further, a connection between the two literatures on Regionalism/ Regionalization on one side and Neo-functionalism/ Inter-governmentalism on the other side is to be drawn. Effectively, as Krahpohl and Fink suggest, “the developmental path of regional integration essentially depends on the centrality of external economic actors and economic asymmetries in regional trade networks” stating that “The EU corresponds with intra-regional dependencies whereas East Asia reinforces dependence on extra-regional actors.”⁸⁹ This assumption is settled within the argument that economically developing regions like East Asia use regional integration not only as a tool to liberalize internal trade, but also to improve their relevance in global competition. Yet, intraregional competition for extra-regional investment and export flows becomes a significant obstacle to deepened cooperation. Such circumstances turn even more problematic since economic asymmetries obviously impact the region’s environment. Hence, extra-regional economic forces and intraregional economic asymmetries steer regional integration accounting for either success or failure of regional institutionalization processes.

Contextually, the EU focuses on the exploitation of benefits from increasing intraregional trade, emphasizing market liberalization as the main goal of integration. However, this approach barely applies for a less developed region like East Asia: developing regional entities profit only from enhanced regionalism if it enhances their attraction potential as trading partners and recipients of foreign direct investment (FDI). This, in turn, provokes externally driven institution building and advanced extra-regional trade.⁹⁰ Consequently, summarizing the theoretic distinction of economic rationales that shape regionalization, theories of European Integration rely heavily on intraregional economic interdependencies as a precondition for integration. While the principle of Neo-functionalist spill-over is hardly conceivable in a region with little economic interdependence, also Moravcsik’s liberal Inter-governmentalism regards economic interdependencies as the motive for member states to

⁸⁸ A. Moravcsik, *Preferences and Power in the European Community: A Liberal Intergovernmentalist Approach*, Journal of Common Market Studies (1993), Vol. 31, No. 4, pp. 473–524.

⁸⁹ S. Krahpohl and S. Fink, *Different Paths of Regional Integration: Trade Networks and Regional Institution-Building in Europe, Southeast Asia and South Africa*, Journal of Common Market Studies, Vol. 51, No.3 (2015), pp. 472-488.

⁹⁰ *ibid.*

cooperate.⁹¹ Having been theorized the different scopes of promoting regional integration/ diversity in the context of the EU, the trajectories that could possibly help East Asia in establishing its own blueprint suggest a binary approach. It is hence to be elaborated in the subsequent chapter which of the guiding theoretical principles, either of neo-functional or inter-governmental/ liberal intergovernmental nature, serves as a reasonable model – if at all – for a promising regionalism in the East Asian region.

4. Causal-process observations

Having been outlined the circumstances and proceedings of East Asian economic cooperation after the 1997-Financial Crisis as well as the theoretical fundamentals of regional integration processes; the chapter at hand is dedicated to the presentation of empirical information. These allow specifying the immanent economic and political mechanisms which link causes of the contemporary state-of-the-art mode of cooperation in East Asia with its implicit effects. This is to supplement the underlying ‘comprehensive storyline’⁹² which has been so far narrated and to conclude the troubled pathway of East Asian attempts toward establishing a formidable regionalism. On the basis of the temporal and spatiotemporal order that has been outlined before, the quality of causal inference will be furthered by the following analysis. Since the objective is to simulate how the socio-political region of East Asia can be successful in reaching interregional economic cooperation, three different levels have to be considered: ideational settings, national interests, and international circumstances. Judging from the European experience, integration history has illustrated that ideas come first, then national interest contests, and eventually the environmental circumstance conditions the context.⁹³ Accordingly, for the purpose of the causal configuration of macro-structural factors that steer East Asian economic cooperation, the focus lies on (1) perceptions and motivations of public actors, (2) economic-historical interdependences, and (3) hegemonic tendencies that determine the structure in which collaboration is carried out.

⁹¹ A. Moravcsik, *The Choice for Europe: Social Purpose and State Power from Messina to Maastricht*, (Cornell University Press: Ithaca, 1998), p. 474.; A. Moravcsik, *The European Constitutional Compromise and the neofunctionalist legacy*, *Journal of European Public Policy* (2005), Vol. 12, No. 2, pp. 349-86.

⁹² J. Blatter and M. Haverland, *Designing Case Studies: Explanatory approaches in Small-N Research*, (St. Martin’s Press: New York, 2014), p. 81.

⁹³ N.-K. Kim, *European Experience for East Asian Integration: ideas, national interest and the international circumstance*, *Asia Europe Journal* (2009), Vol. 7, No. 2, pp. 295-312.

4.1. East Asian public perceptions concerning beneficiaries of economic collaboration

Acknowledging that the countries of East Asia are still in the process of self-identifying, one has to accept multitudes of perceptions – and their altering scope – which impose a significant impact on the region’s way of institutionalizing mutual economic cooperation. In this sense, regional institutionalization can be seen as one intermediate step on a broader ladder toward a fostered level of supranationalization. Since distinct domestic rationales support the rise of regional regimes more than the founding of formalized institutions in East Asia, socialization processes and social norms seem to matter. In this respect, the Multinational Survey of Public Opinion (MSPO) in East Asia conducted by the Chicago Council on Global Affairs and the East Asia Institute surveyed people in six countries in the first half of 2008: China, Japan, South Korea, Vietnam, Indonesia, and the United States. In essence, it sheds light on the socio-political perceptions of regional public elites in order to reveal existing norms that eventually impact the policy-making process. Therefore, asking which setting may promote a higher level of regionalization, the perception of in-groups and out-groups becomes a key determinant of a state’s behavior. Accepting the diversity of social affiliations, the aim of the survey is to address to what extent citizens of East Asia belief in the community-sense of the region.⁹⁴

To start with, on separate 0 to 10 scales, asking how much a respondent thinks of himself or herself as the country’s nationality, East Asian, or Asian, Japanese, Chinese, and South Koreans identify most closely with their own countries (averaging 7.5, 9.2, and 8.8, respectively, on the scale). In fact, however, momentum for building an “East Asia Community” is present. As the MSPO revealed 77% of the leading personell in China, 54% in Japan, and 62% in South Korea considered themselves “East Asian”, marking the secondary identity to their primary national identities. Such evidence suggests that some identification with the greater region exists, beyond national borders. Hence, as in Europe, East Asians simultaneously think of themselves in both national and regional terms. Another indicator for growing regional integration in economic respects can be found in the widespread backing for bilateral FTAs, being validated by surprisingly strong support for an intraregional East Asian free trade area including China, Japan, and South Korea (84%, 70%, and 86% respectively).⁹⁵ This is indeed disclosing strong regional economic interdependences which form the fundament for both neo-functionalism and liberal inter-governmentalist mechanisms to flourish.

Nevertheless, Kimura, economics professor at Keio University in Tokyo, suggests a fundamental difference between the two regions’ pathways. He juxtaposes the EU-type integration, under which members perform fairly deep forms of collaboration while setting high standards for actual

⁹⁴ C. B. Whitney and D. Shambaugh, *Soft Power in Asia: Results of a 2008 Multinational Survey of Public Opinion*, The Chicago Council on Global Affairs: United States, 2008), pp. 3-48.

⁹⁵ Ibid. [Figure I and II in Appendices]

membership, with East Asian integration attempts, which remain open to those outside the region but involve shallow forms of cooperation like the widely favored FTAs. In context, Kimura outlines that East Asian's "open architecture" has proved to be effective since this part of the world would be dependent on outside markets, involving American and European corporations in its production networks in many instances. However, the coexistence of mutually inconsistent bilateral FTAs would not have caused serious problems, yet, only because major East Asian economies had nearly eliminated their tariffs on specific components, such as machinery parts. As a result, bilateral FTAs should be converted into an intraregional framework, Kimura concludes, stating that if East Asians strive to cooperate on issues other than goods trade, they will ultimately need to pursue deeper forms of regional cohesion.⁹⁶

In context, Mahani of the University of Malaya poses the important question if a general willingness toward fostered economic cooperation also entails the creation of stronger regional institutions. She states that the regional integration process should be institutionalized, asking however: "[...] can East Asia accept a supra-regional body like the EU Commission to which member countries will give up certain powers? [...] Are we willing to put ourselves in an economic straitjacket like the ones imposed on individual EU members?"⁹⁷ The MSPO suggests a relatively strong support for such a (neo-functional) transfer of sovereignty, displaying that a strong majority of Chinese (68%) favor the integration of East Asian countries into a regional community similar to the EU, as well as 71 percent of South Koreans. Japanese remain skeptical, though, with only 40 percent acceptance.⁹⁸ A somewhat similar ambivalence is elucidated by the Yomiuri Shimbun and Xinhua's Oriental Outlook Weekly joint public opinion poll of November 2009, published in the Mansfield Asian Opinion Poll Database (hereafter Mansfield Database). The results indicate that neither Japanese nor Chinese seem to trust each other, with the considerable margins of 69% and 63% respectively. Yet over 50% of each showed acceptance for the pursuing of cooperation in economic terms. Corresponding, Ho from the South Korean newspaper JoongAng Daily emphasizes that economic relations among the three Northeast Asian powers "have advanced to a point of no return".⁹⁹ This is not entirely valid with regard to a

⁹⁶ Statement derived from T. Kitazume, *'Deeper' integration must go beyond Asia's borders*, The Japan Times (2008).

⁹⁷ Statement derived from T. Kitazume, *Political power plays cloud East Asian economic community vision*, The Japan Times (2005).

⁹⁸ C. B. Whitney and D. Shambaugh, *Soft Power in Asia: Results of a 2008 Multinational Survey of Public Opinion*, (The Chicago Council on Global Affairs: United States, 2008), pp. 3-48.

⁹⁹ Statement derived from T. Kitazume, *Deeper cooperation urged for key East Asian powers to sustain growth*, The Japan Times (2012).

wider scope. The evidence from the Mansfield Database shows – highlighting the levels of trust and good feeling citizens of China, Japan and South Korea obtain – that ambivalence prevails in terms of attempts by Northeast Asian leaders to support an East Asian regional entity. Yet, the data stresses that a significant number of Japanese and Koreans value China as an economic partner with whom economic relations should be cultivated. The Mansfield Database depicts that whereas 26% of both Japanese and South Koreans regarded China as the country with whom economic relations should be emphasized most, only 6% of Japanese and 4% South Koreans nominated each other.¹⁰⁰ Acknowledging the troubled historical legacies that continue to persist, the comparably lower level of mutual trustworthiness can be explained. Though, what is striking is the fact that a majority of those polled seemingly encourage the prospect of increased and formalized economic cooperation.

Indeed, emphasizing East Asian's success in the economic and trade area, cooperation has been fruitful. Corresponding with the World Bank's Global Economic Prospects, the share of East Asia in the global economy was only 6% in the early 1990s, while accounting for nearly 18% nowadays. Moreover, trade among East Asian countries only amounted for around 45% of the region's total trade volume in 1992. In 2007, however, a growing of share to roughly 52% could be listed. What is revealing too, as briefly highlighted before, is the continuously expanding number of FTAs in East Asia. In 2008, the ASEAN-FTA was established, followed by five other areas going into effect in 2010, benefiting 3.5 billion people in the region. These are ASEAN-China, ASEAN-Japan, ASEAN-Korea, ASEAN-India, and ASEAN-Australia-Zealand. Consequently, among the world top 45 economies, East Asia presented eight, including five ASEAN countries plus China, Japan, and South Korea in 2010.¹⁰¹ Recently, the member states' leaders of ASEAN have seized on the growing momentum for furthered integration as they signed a declaration establishing the ASEAN Economic Community. This initiative forms part of a larger ASEAN Community that aspires toward political, security, cultural, and social integration in ultimate terms. Correspondingly, Malaysian Prime Minister Najib Razak appreciated the ASEAN Community being a "landmark achievement," and urged members to promote integration, saying that "The region is primed to expand exponentially".¹⁰² In accordance, Kwakwa, World Bank East Asia and Pacific Regional Vice President, backed such praise stating that "Developing East Asia and Pacific continue to contribute strongly to global growth [...]" The region accounted for almost two-fifths of global growth in 2015, more than twice the combined

¹⁰⁰The Mansfield Asian Opinion Poll Database, *Yomiuri Shimbun and Xinhua's Oriental Outlook Weekly joint public opinion poll*, The Maureen and Mike Mansfield Foundation (2009).

¹⁰¹ L. Zhenmin, *East Asia Cooperation - Challenges and Opportunities*, (Ambassador Speech at GCSP: Geneva, 2012).; World Bank, *Global Economic Prospects*, The World Bank Group (2012).

¹⁰² Associated Press, *ASEAN leaders announce formation of Economic Community, but challenges remain*, (New York, 2015).

contribution of all other developing regions, [...]”. He indicates, however, that “sustaining growth amid challenging global conditions will require continued progress on structural reforms.”¹⁰³

In sum, the presented data and statements suggest a rather ambiguous picture of East Asian integration prospects – a result that has been also drawn in the sections before. Despite of strong support for pooling sovereignty for economic purposes, integration as a political (neo-functional) project seems rather confined. At least, momentum could be created through the implementation of the ASEAN Economic Community which partially aims to echo practices of political spill-over. This is to create a value-driven ASEAN Community in ultimate terms. In the following, to disclose factors that may further steer such ambiguity regarding East Asian modes of cooperation, a historical-economic perspective will be employed.

4.2. Comparative Perspective on varying circumstances of European and East Asian Regionalism

Does the presence of a region’s hegemon necessarily prevent regional organizations? Opposing to classical realist assumptions, a hegemonic nation “with the power to decisively shape regional arrangements may choose institutions over direct suasion in managing a region”. This is because a formalized regional order, established through rule-based organizations, arguably offers “its own intrinsic value for both governor and governed”.¹⁰⁴ In context, one can even extend this argument highlighting that successful regional integration would essentially need the presence of a dominant leader, because of his capacity to center the coordination of rules, regulations, and policies, while also easing developmental asymmetries through aid payments.¹⁰⁵ Corresponding, the United States appeared as such a dominant power in both Europe and East Asia after World War II. Its divergent strategies for influencing the two continents, however, point to the paradoxical question why the US’s approaches to local regionalism have been less supportive in East Asia, compared to the manifestation of regional institutions in the European example. At least the latter emphasizes that a dominant hegemon can and did foster regional institutionalization processes.¹⁰⁶ In effect, it is notable that –

¹⁰³ Statement derived from World Bank Press release, *East Asia Pacific Growth Remains Resilient in Face of Challenging Global Environment*, The World Bank (2016).

¹⁰⁴ K. Calder and M. Ye, *The Making of Northeast Asia*, (The East-West Centre: Stanford, 2010), pp. 27-57.

¹⁰⁵ W. Mattli, *The Logic of Regional Integration: Europe and beyond*, (Cambridge University Press: Cambridge, 1999).

¹⁰⁶ A. Friedberg, *Will Europe’s Past Be Asia’s Future?*, *Survival* (2002), Vol. 142, No. 3, pp. 147–59.; D. Crone, *Does Hegemony Matter? The Regionalization of the Pacific Economy*, *World Politics* (1993), Vol. 45, No. 4, p. 503.

unlike the experience of the EU – the US role in the context of East Asia was to stimulate a focal point, but without providing political or financial support for the establishment of a regional entity.¹⁰⁷

From another point of view, one can argue that the precondition for regionally encompassing institutions is great power balance. Such balance, though, has never been continuously present in East Asia. Nowadays, this is emphasized by the geopolitical tensions between, for instance, China, Japan, and the United States in the South China Sea. The lack of a regional balance hence leads to the absence of a formidable regionalism.¹⁰⁸ Indeed, the Cold War exercised – different to the European experience – a centrifugal rather than centripetal impact on East Asia. Even though the region is now freed from its paralyzing influence, the basic rationale of either-or polarizations has seemingly persisted. By contrast, Europe witnessed reconciliation between the two major powers of the continent, namely Germany and France, settling the way for deepened cooperation and integration. Moreover, the requirements of war-time reconstruction and the emerging bi-polar confrontation with the UdSSR contributed a critical spur to the dynamic of regional cooperation. While this process of integration was stimulated by the material support and – at times – the political leverage of the US, the European nations themselves determined significantly the continent's specific course of regionalism. This independent willingness of Europeans to foster intraregional cooperation elucidates that the rather one-sided assumption of Hegemonic stability theory, preassuming that only a very powerful, hegemonic state can compel national governments to pool national sovereignty and commit to common rules, is not entirely providing explanatory reasons for the EU experience. Such will which is uniting the region toward cohesion can only be attested with large exceptions in East Asia. This is due to the region's confinement in a dense net of geopolitical tensions, largely impeding the constitution of a shared vision toward regional cooperation.¹⁰⁹

In context, the divide of liberal Inter-governmentalism and “classic” realist thoughts can be detected in three ways. First liberal intergovernmentalist theory tries to explain (European) integration as a product of increasing economic interdependence rather than as a function of geopolitics. Second, neoliberal institutions are perceived to be essential for international cooperation. Accordingly, it is stressed that the EU would be no threat to the nation state, but a necessary institution that might

¹⁰⁷ P. Murray, *Comparative regional integration in the EU and East Asia: Moving beyond integration snobbery*, *International Politics* (2010), Vol. 47, No. 3, pp. 308–23.

¹⁰⁸ G. Rozman, *Flawed Regionalism: Reconceptualizing Northeast Asia in the 1990s*, *The Pacific Review* (1998), Vol. 11, No. 1, pp. 1–27.; See also: L. J. Goldstein, *Domestic politics and the U.S.-China rivalry*. In S. Ganguly and W. R. Thompson, eds., *Asian Rivalries: Conflict, Escalation, and Limitations of Two-Level Games*, (Stanford University Press: Stanford, 2011), p. 57.

¹⁰⁹ M. Beeson, *Re-thinking Regionalism: Europe and East Asia in Comparative Historical Perspective*, (Oceanic Conference on International Studies: Canberra, 2004), pp. 1–22.

preserve or even strengthen the nation state, enhancing economic stability and performance. This again mirrors the theory's acknowledgement of the importance of domestic politics in formulating state preferences. Corresponding, changes in the structure of the global economy are seen to increase the benefits of economic exchange, thereby putting external pressure on governments to facilitate economic cooperation through institutionalization.¹¹⁰ Outcomes are thus expected to constitute an institutional choice under the premise of efficient configurations of state preferences and interstate bargaining, as a result of the process of demand and supply sides. This is indeed affirmed by domestic political legitimacy and domestic agenda-setting power. In effect, national preferences of the ASEAN+3 Member states exhibit shared interests in some realms of cooperation. For instance, based on asymmetrical interdependence, each of the involved countries showed motivation to join the ASEAN+3 initiative on financial stability, the CMI. Corresponding, the progression of the CMI, based on bilateral swaps, into the CMIM, forming a multilateral reserves pooling mechanism including the rules of lending, borrowing and voting power, elucidates this process. Because the CMIM rests upon enhanced and far reaching agreements, greater potential gains and less political risk are expected. Consequently, the ameliorated financial stability through the CMIM is likely to go along with gains of domestic political legitimacy and domestic agenda-setting power. However, when it comes to the establishment of a surveillance mechanism, political sensitivities tend to be higher. Installing a strong surveillance unit, thus, appears rather improbable since domestic political legitimacy and agenda-setting power are unlikely to be provided easily. Only if the regional surveillance unit AMRO is strengthened, the likelihood of moral hazard will be restricted, making a lower level of linkages with the IMF possible. However, this would require the necessity of pooling sovereignty in a rather supranational than intergovernmental framework, which by now seems not appropriate in the East Asian context – a stark difference to the European Economic and Monetary Union.

Despite such findings, applying liberal inter-governmentalist theory only would face shortcomings, because 'what you see is not always what you get'. Limitations stem from the basic theoretical framework of liberal Inter-governmentalism, since external influences such as the IMF, the US, or the China influence cannot be neglected with regard to East Asian regional cooperation. This is evident taking into account the closely interconnected network of the nowadays international economy as well as the high leverage of the US and China in the East Asian region. This can be again emphasized, taking the CMIM as an instance. Acknowledging that borrowing rules have a limitation on the available borrowing funds, and the – compared to the IMF – rather limited capacity of the CMIM, reliance on other factors turn obvious. Accordingly, the Multilateral Swap Agreements provide financial assistance in form of swaps to any ASEAN+3 country which is in need of balance of payments support or short-term liquidity support. However, this mechanism can only complement

¹¹⁰ A. Moravcsik and F. Schimmelfennig, *Liberal Intergovernmentalism*, in A. Wiener and D. Thomas, eds., *European Integrations Theory*, (Campus: New York, 2009), pp. 67-87.

existing international financial facilities, as provided by the IMF.¹¹¹ Only once domestic political-economic interests and institutions have sufficiently converged, culminating in similar national economic policy preferences, meaningful political compromises for effective regional cooperation will become possible.

Another aspect that restricts the scope of liberal inter-governmentalist rationales is the lack of democracy in some parts of East Asia. While countries in the European integration case are all characterized by democratic features, some of ASEAN+3 countries cannot be labeled 'democratic', such as Vietnam, Myanmar, or China. Accordingly, it seems rather difficult taking into account the degree of domestic oppositions to ASEAN+3 cooperation issues, namely national preferences. Also in neo-functional terms, the absence of democratic structures may impede the influence of socio-economic associations on the eventual integration outcome. A shifting of loyalties to a supranational level appears only possible, if deliberation and democratic discourse allow for it – a circumstance that is not present in all parts of the region. Concluding, in view of the cleavages between East Asian domestic political-economic landscapes, the inter-governmentalist perspective does not give more cause for optimism than its functional counterpart. Thereby, in the following sequence, the impetus of hegemonic claims from both the US and China concerning East Asia's institutional future will be examined more in detail.

4.3. Neo-functional patterns of cooperation: integration and the role of the US

Elaborating the development of a new institutional order – one that aims for deepened cohesion – in East Asia, the US-China relations and the therein defined limits of cooperation have to be considered. Despite the post-Cold War dominance of the US – and its manifestation in decisive regional power –, the region has witnessed a profound change of power balances due to China's accelerated rise in the new millennium. Fostered by the financial crisis in 2008, an intensification of the binary rivalry was predicted since the regional power spectrum indicated signs of adjustment with the relative decline of US-American influence.¹¹² Correspondingly, Mearsheimer has suggested that harmful competition on security between a fast-rising China and the US would be inevitable, even in the sense of militarized conflict.¹¹³ Still, Nye claims that American hegemony is *not* yet over, stating that China – with respect

¹¹¹ The Joint Ministerial Statement of the 15th ASEAN+3 Finance Ministers and Central Bank Governors' Meeting in 2012.

¹¹² S.-w. Lee and B. R. Kwon, *The Pursuit of Multilateral Security Cooperation Amidst Growing Political and Economic Divides in Northeast Asia*, The Korean Journal of International Studies (2013), Vol. 13, No.2, pp. 353-381.

¹¹³ John J. Mearsheimer, *The False Promise of International Institutions*, International Security (1995), Vol. 19, No. 3, pp. 5-49.

to military, economic, and soft power – cannot live up to the US capacities quite yet.¹¹⁴ Effectively, the nowadays relationship between the two major powers appear too complex to precisely predict the future of one nation's hegemonic dominance. Nevertheless, what conclusion can be drawn is that, unlike relations during the Cold War, contemporary US-China bilateral relations are determined by a binary opposition: economic cooperation on one hand and security competition on the other. Correspondingly, Mengzi concluded in the Asian News that the strategic disparities between the two countries would mirror the structural clashes between a traditional major power and a rising one. Yet, he added that both countries have succeeded to pursue a comprehensively stable relationship despite structural frictions – and even confrontations – because of geopolitical cleavages.¹¹⁵

In fact, empirical evidence suggests – reverting to the MSPO – that the United States presence in East Asia seems to be inevitable if the region wants to strengthen its mutual (economic) institutional framework. Assessing US economic soft power, it turns out on top among Japanese, Chinese, and South Koreans, and second among Indonesians and Vietnamese. In accordance, Chinese, Japanese, and South Koreans stress that their economic relationship with the US is the most important, that the United States exercises the greatest economic influence in East Asia, and that the US economy is the most internationally competitive. Correspondingly, on a 0 to 10 scale of economic influence, the United States ranks as either the first or second most influential economic power in East Asia with respect to all the surveyed countries of the MSPO. Indeed, the US displays a mean level of 8.4 among South Koreans, ahead of both China and Japan. The United States ties with Japan ranks first among Vietnamese (8.0) and Indonesians (7.9). Yet, the US ranks as the second most important economic power after China among Chinese (7.3 to 8.0) and Japanese (8.0 to 8.2), with Chinese perceiving a larger gap between the two. There is also a prevalent perception that the United States has the most competitive economy. Evaluating the economic competitiveness of the involved countries, the US scores the highest among all assessed national economies and is profoundly ahead of both Japan and China. The United States receives an average score of 8.9 among Vietnamese, compared to 8.6 among South Koreans, 8.4 among Japanese, and 8.1 among both Chinese and Indonesians.¹¹⁶

As a consequence, the economic importance of the United States to East Asia, as being expressed by the surveyed countries, is likely contributing to the positive perceptions of the overall US role in the region. Effectively, strong recognition comes to surface that the US-set of neoliberal ideas on the benefits of free markets and open competition have been influential in the region. Majorities, as 94

¹¹⁴ J. Nye, *Is the American Century Over?*, (Polity Press: Cambridge, 2015).

¹¹⁵ F. Mengzi, *China, US should manage and control disparities*, Asian News (2015).

¹¹⁶ C. B. Whitney and D. Shambaugh, *Soft Power in Asia: Results of a 2008 Multinational Survey of Public Opinion*, The Chicago Council on Global Affairs: United States, 2008), pp. 3-48. [Figure III in Appendices]

percent in Japan, 93 percent in South Korea, 76 percent in Indonesia, 71 percent in China, and 56 percent in Vietnam, indicate that these ideas have been “somewhat” or “very important” in the countries’ economic development.¹¹⁷ Additionally, the Mansfield Database is supplementing the presented evidence on the US importance to the region. According to the polling, it is the relationship with the United States that is valued the most by the three Northeast Asian countries. That may seem less surprising in the case of America’s two allies, Japan and South Korea, but also applies in Chinese terms. In correspondence to the poll, 44% of the Chinese thought that the US was of greater political importance to their country. Perhaps more surprising is that economic relations with the US have been regarded by 52% as the most important for China.¹¹⁸ Presumably, these findings reveal that momentum for an economically driven institutionalization process does exist to the extent that both constituting major powers in the region show strong interdependencies and interest for deepened cooperation.

Including a wider scope of surveyed countries, an earlier study of the Chicago Council of Global Affairs, guided by the objective to receive deeper insight on public perceptions of China’s rise, derived evidence that “while economic interests and geopolitical concerns affect the East Asian peoples’ views of China at both individual and national levels, the question of ‘model for development’ reveals deep-seated ideological underpinnings and value judgment.”¹¹⁹ Taking into account the macro, nation-state level, notably more Cambodian and Vietnamese chose China as a model than other countries surveyed. Furthermore, with an emphasis on Southeast Asians including Singaporean, Malaysians and Thais, they tend to have more trust in the China model than China’s East Asian neighbors, with the grand exception of the Philippines. For such on first sight astonishing results, several explanations can be applied as political ideologies and political cultural factors both impact the socio-political systems. In correspondence, traditional ‘Asian Values’ seem to matter, that are strong inclinations to families, paternalism, social hierarchies, or Confucianism. In addition, geopolitical concerns may play a role, too. Stressing Vietnam and Taiwan as contradicting examples, for instance, a similar set of experiences regarding reform implementation and political ideologies of communism may account for some sense of affinity in the former country, while in the latter its anti-

¹¹⁵ Ibid. [Figure IV in Appendices]

¹¹⁶ The Mansfield Asian Opinion Poll Database, *Yomiuri Shimbun and Xinhua’s Oriental Outlook Weekly joint public opinion poll*, The Maureen and Mike Mansfield Foundation (2009). The Global Views Study, *The United States and the Rise of China and India – Results of a 2006 Multination Survey of Public Opinion*, Chicago Council on Global Affairs (2006), p. 21.

¹¹⁷ The Global Views Study, *The United States and the Rise of China and India – Results of a 2006 Multination Survey of Public Opinion*, Chicago Council on Global Affairs (2006), p. 21.

communist tendency pronounces significant ideological hostility. However, the perhaps most illustrative finding of this survey remains that, when asked about ‘which country should be a model for our own country’s future development’, surprisingly only 27.2% of the Chinese respondents depicted China, while 35.8% selected the United States model for development as the more tempting one.¹²⁰

Summarizing the findings of the surveys cited earlier, the data displays several significant patterns. First, East Asian public perceptions suggest that across the region a great majority of people think of China’s rise as an inevitable development, indicating that the country is about to become the most influential player regionally. Second, people in most East Asian countries express that China’s accelerating power capacities rather exercises positive than negative influence on the region. Moving further, with regard to country-to-country patterns, notably a contrast between Northeast Asia and Southeast Asia can be elucidated. Except of the Chinese themselves, a high proportion of surveyed people in Southeast Asia holds positive views about China’s impact, whereas those in Northeast Asian countries such as Korean, Taiwanese and Japanese indicate ambivalent views on China. This can be explained by the fact that while people in Northeast Asia feel strongly about the inevitability of China’s rising power capacities, their reservations about its regional impact appear in direct line to their recognition of its omnipresence. What is appealing too is the United States’ role in steering the East Asian perception of China’s influence on the region. In general, Southeast Asian people tend to believe the US’ influence in East Asia to be stronger than China’s. Yet, their rating of China’s influence conveys a positive connotation opposed to the rather negative attitude of Northeast Asian people. Effectively, Southeast Asian countries seem to reap the benefits of intraregional trade with China, perceiving less insecurity due to the country’s growing presence, since they count on the US as strategic bedrock in case a security threat would arise. Ultimately, a good percentage of people in China’s immediate neighboring countries, including South Korea, Taiwan, Vietnam, and the Philippines express positive opinion about China’s impact on the region – notwithstanding the political and territorial disputes. Indeed, the deepening of economic interdependence and integration serves as the most obvious reason.¹²¹

In accordance with the previous analysis, Lim, research director at the Singapore Institute of International Affairs, emphasizes that market forces and private-sector production networking continue to foster economic integration in East Asia, however rising the question how far East Asian economic regionalism can advance without the implicit or explicit concurrence of the US. He

¹¹⁸ B. Welsh and A. Chang, Choosing China: public perceptions of China as a model, *Journal of Contemporary China* (2014), Special Issue, Asian and American Views of China Rise.; L. Kang, Interests, Values, and Geopolitics: The Global Public Opinion on China, *European Review* (2015), Vol. 23, No. 2, pp 242 – 260. [Figure VII in Appendices]

¹²¹ B. Welsh and A. Chang, Choosing China: public perceptions of China as a model, *Journal of Contemporary China* (2014), Special Issue, Asian and American Views of China Rise.

suggests, that “we must [consider] how a structure [can be built] without sacrificing the U.S. interest” in the region. His argument is supported by Abidin, economics professor at the University of Malaya, who is relativizing the notion of East Asia’s high degree of market integration by the fact that the region remains very much dependent on the US market and foreign policy: “Nobody doubts the importance of the U.S. to the region. [...] The U.S. must not consider [East Asia’s attempts to build an economic community] as a challenge [to its interests].”¹²² As a consequence, acknowledging the declining, but still influential US presence in East Asia, especially regarding economic interdependences since it forms the largest export market for the key countries in the region, the neo-functional pattern of economic cooperation comes into play. The economic rationalities suggest, that “the United States will have to both involve in and regulate East Asian affairs in order to make sure, for the sake of its own global interest, that China is becoming a responsible regional player in East Asia and a rational stakeholder in the international system.”¹²³

Accordingly, momentum would arise for the formation of an in-group, including China and the US, dedicated to the promotion of encompassing East Asian (economic) cooperation. Due to the prospect of economic wealth, being boosted by functional – and respectively political – spill-over, prospects of cooperation are likely to outweigh ideological concerns in ultimate terms. Despite of fundamental disparities on first sight, such as the binary division between democratic and autocratic political systems, both countries seem to be willing to make concessions in the first place. This facilitates deepened dialogues on political issues in the second place. Following Neo-functionalism, functional spill-over takes place if there is centralization (supranationalization) in one policy area, such as in this scenario economically, which changes the conditions for policy centralization in other areas, such as in line with the narrative of this study in furthered fiscal cooperation (e.g. CMIM). Even beyond, socio-political spill-overs appear not to be out of reach, since loyalty of domestic actors have started shifting from national to supranational levels (see findings of the MPSO), making them advocates of further integration. Such dynamic echoes basic rationales of the European integration process to the extent that opposing ideological sets are overcome by the welfare prospects of deepened cohesion, plus the evolving of a regional identity. Concluding, the possible proceeding of East Asian economic cooperation that spill-overs into more politicized policy-fields would be – corresponding with the scenario depicted in this section – backed by the two mayor powers of the region, namely the US and China, resulting in a peaceful balance of power.

¹²² Statement derived from T. Kitazume, *Political power plays cloud East Asian economic community vision*, The Japan Times (2005).

¹²³ Li Xing and Zhang Shengjun, *One Maintain with Two Tigers: China and the United States in East Asian Regionalism, Perspectives on Federalism* (2010), Vol. 2, No. 3, pp. 1-19.

4.4. Inter-governmental patterns of cooperation: diversity and the China-factor

The significance of the China factor has been outlined before for both the processing and the outcome of East Asian regionalism. This is due to the country's geopolitical claims, economic growth and its importance as a trading/ investment partner. However, the focus of arguing lied primarily on the assumption that the neo-functional rationale of integration will prevail. In this part, though, light will be shed on the implicit dilemma that is caused by China's politico-economic leverage. Indeed, East Asian countries could not help it but realize their relative dependence on China. Especially, since strong links with China accounted for the lessened impact of the Global Financial Crisis in 2008. In terms of South Korea, for instance, China has turned the key economic partner, but the country's bold US-alliance-based security stance may trigger economic setbacks. Also Japan, for a long time the second biggest economy of the world, has realized its reliance on China's natural resources, labor, and market, hence expressing concerns about China's rise and its overreliance on China. Staying in this realm, the ASEAN admits its strong trade/ investment reliance on China and linkages with local Chinese ethnics, but is negatively affected by the South China Sea affairs which cause critical territorial disputes. And last, not least the US is confronted with a dichotomous Chinese strategy that welcomes trade with the US, but simultaneously wants to limit their economic influence in the region.¹²⁴

In accordance, the circumstance that China has become the banker to the US, the world's leading deficit nation, emphasizes the fact that China has succeeded to progress from the periphery to the center of global power, or from the rank of a poor to a fairly developed nation. What has made this possible in geopolitical and economic terms is the extensive interplay of the Chinese and US economies, being strongly imbricated. Since East Asian regional development has been boosted by the profound trade and investment role of overseas Chinese who have connected China with East Asian and other economies, China's accession to the World Trade Organization in 2001, and its rise to the world's leading trade surplus nation, the country's future path is of great interest. This is perhaps most illustrated by the severe consequences, a sharp economic slow-down or crisis in China would have globally. If the industrial dynamics of China continue to change, how will this impact East Asia's economic relations? For instance, the 2015 Stocks plummet has shown that the Chinese stock market is extremely volatile. Effectively, this crucial événement has not had much international impact, yet it is too early to tell.¹²⁵ Corresponding, China's reintegration into East Asia and the world economy

¹²⁴ P. Drysdale, *Asia's economic and political interdependence*, East Asia Forum (2012), M. Ivanovitch, *East Asia – a bright spot in global economy*, (CNBC, 2015).; T. Akaha, *International Cooperation in Establishing a Regional Order in Northeast Asia*, East and West Studies Series (1998), Vol. 44, p.12.

¹²⁵ J. Noble, *Why are China's stock markets so volatile?*, The Financial Times (2015).; The Asian Development Bank, *People's Republic of China: Economy*, (ADB, 2015)., World Bank Data, *Spotlight China*, (The World Bank Group, 2014).

marks a crucial mechanism if one aims to define the character of the region's regionalism. This is both in light of China's primacy in historical patterns of East Asian regionalism and the geopolitics of the post-Cold War order, particularly regarding long-term clashes between the US and China. At a time of increasing regionalization, however, economic nationalism has remained powerful across this part of the world in three important aspects. Not only has each nation sought to maximize its economic position toward others, but also the role of the state in directing the course of economic development remains powerful. Such insight applies for China, but can be extended as well to the cases of Japan, the two Koreas, and Taiwan. Especially in terms of China, the role of both national and local governments has been and continues to be decisive. Or, being more precise, it has been the symbiosis of private and international capital with the national Chinese government that is vital in steering China's trajectory.¹²⁶

Somewhat reverse to China's hegemonic claims in geopolitical terms, one can simultaneously observe that the country has both strengthened and deepened economic and financial ties with neighboring countries throughout East Asia. This has turned pivotal in its strong support for regional initiatives promoting regionalism, such as efforts to create the ASEAN+3 forum which unified North- and Southeast Asia, or its contribution to the CMIM which fostered monetary cooperation substantially. Besides, the agreement on an ASEAN-China FTA created the world's third largest free trade zone at its inception in January 2010. However, assessing this course of cooperation, one rather deals with economic nationalism which is containing regional characteristics, than with collaboration for the sake of supra-nationalization. Despite the fact that Southeast Asian nations, via ASEAN, have emerged as a proactive player in East Asian regionalism, China has become the largest regional power, and as such the driving/ circumventing force behind regional initiatives like ASEAN +3 or its expansive bilateral trade relations throughout the region.¹²⁷

In context, Wade has kept records of the powerful economic and geopolitical heading of a renascent China in its relations with major Southeast Asian neighbors. Surveying China's sweeping relations with the ASEAN nations, he elucidates that the majority of nations in the region – and indeed all those possessing shared borders with China – subsist economic interdependencies with China that have surpassed those with ASEAN. Such development also applies for most of their economic relations with other East Asian nations as well as the US and EU. In some respects, this may stimulate vibrant

¹²⁶ P. C. C. Huang, *The Theoretical and Partial Implications of China's Development Experience; The Role of Informal Economic Practices*, *Modern China* (2011), Vol. 37, No. 1, pp. 3-43.; C. K. Lee and M. Selden, *China's durable Inequality: Legacies of Revolution and Pitfalls of Reform*, *The Asia-Pacific Journal* (2007), Vol. 5, No. 0.

¹²⁷ M. Beeson, *East Asian Regionalism and the End of the Asia-Pacific: After American Hegemony*, *The Asia-Pacific Journal* (2009), Vol. 7, No. 2.; S. Oh, *Prospect of Northeast Asian Regionalism: Comparative Case Study of Southeast Asia and Northeast Asia*, *Cornell International Affairs Review* (2013), Vol. 6, No. 2), pp.1-28.

economic subregions, but what prevails more, are the one-sided bonds that evolve manifesting Chinese regional hegemony.¹²⁸ However, opposing to realist analysts like Mearsheimer who project the rise of a hegemonic China in East Asia, grounded on simplistic projections of the country's economic growth and its impact on the balance of power, a more likely scenario is a regional order in which the pace of China's development slows over time. This implies that neither China nor the United States reigns absolute hegemony, since the US depicts an important if declining geopolitical role.¹²⁹ Nevertheless, an immediate challenge to the trajectory of East Asian regionalism can be traced in economic recession and geopolitical conflict, of which the persisting conflict between South- and North Korea is the most dangerous as well as the disputed Islands in the South-China Sea. Recognizing such troubled circumstances, the maintained US influence on the rationale of East Asian (economic) integration, and historical contentions among East Asian nations, inflamed by economic and geopolitical nationalism, the divide between China and the rest of the region could widen. Certainly, this would impose severe challenges on any attempt creating a formidable regionalism in this part of the world.

Summarizing, economic cooperation could serve as a strong political rationale for regionalization and cohesion in the first place, but also generates new competition among East Asian states in the second place. This is largely due to the fact that central state actors remain dominant players in East Asia, securing their sovereignty and hence preventing any automaticity in the process of integration. Accordingly, one can explain the fits and starts in the current regional institutionalization process: East Asian states are still keen to retain sovereignty as they pursue – in principle – differing interest and preferences what emphasizes the relative diversity in the region. Correspondingly, they will only cooperate (integrate) if they allow these interests to converge, such as in the ASEAN+3 forum, but remain resistant if economic cooperation needs a more formalized institutional framework (see deficits of the CMIM). Even though no consistent threat perception vis-à-vis China could be detected, it seems as if the wider context (e.g. regional conflicts and troubled US-China relations) in which the East Asian integration process takes place must be considered. Because of the heterogeneous setting in which the states of the region operate, they are subject to different internal and external pressures and will react differently. This, in fact, prevents East Asia to become a regional Community by now, being rather a regime, based on sets of norms, rules and decision-making procedures for the purpose of reducing transaction costs and gaining economic benefits. Last but not least, if the theoretical

¹²⁸ W. Haruki, *Resolving the China-Japan Conflict Over the Senkaku/Diaoyu Islands*, *The Asia-Pacific Journal* (2010), Vol. 43, No.10, p.4.

¹²⁹ J. Mearsheimer, *The Tragedy of Great Power Politics*, (Norton: New York, 2001), p. 402.; M. Beeson, *Regionalism and Globalization in East Asia: Politics, Security, and Economic Development*, (Palgrave Macmillan: Basingstoke, 2007), pp. 95-112.

assumptions of neo-functionalism are applied in the East Asia case, then the intergovernmental argument of diversity will exercise a deterministic effect on the process, the form and the outcome of regionalization and regional institutionalization approaches. Since China-US relations still play a decisive role in shaping the regional integration in this part of the world, neo-functionalist postulations cannot provide an all-encompassing explanation.

4.5. Summary of prevailing narratives and policy implications

The East Asian region has performed well economically ever since the Crisis of 1997. This is due to the proactive role of the private sector and because of some significant attempts toward regional institution-building, such as the extension of ASEAN through the +3 Forum. However, taking a politico-security perspective, the region faces fundamental uncertainties. The US presence and engagement in East Asia has been evoking general stability and relative peace since World War II, employing bilateral alliances (e.g. Japan-US) as the major strategical instrument which is still in place. Yet, the political attention and hegemony of the US as the one and only global and regional power has declined in relative terms. Accordingly, the most critical factor can be found in the accelerated rise of China and the region's reaction hereupon trying to cope with such an influential and powerful neighbor. Thus far, China's contesting of the balance of power in both geopolitical and economic respects has proceeded relatively peaceful, but, for instance, the disputed island conflicts in the South China Sea impose a sorrowful impetus on the region's future. Corresponding, a significant issue for East Asia will be the prospective relationship between China and the US: the latter accounts for the contemporary superpower, and the former depicts the future one. In essence, the mode of cooperation in East Asia, driven either by integration or diversity, competition or conflict, will be determined by the two states' relations to a large extent.

Therefore, the creation of regional institutions in East Asia, or respectively their enhancement, should serve as the guiding rationale to overcome "any conflicting shifts by complementing the new balance of power in the region and strengthening the stakes that every country has in preserving peace and stability in the future."¹³⁰ Settled upon the findings of this paper, ASEAN (+3) should further strengthen its role as catalyst and driving force behind East Asian attempts for deepened integration, because the main and somewhat antagonized power constellation between China on one side and Japan and the US on the other could not been normalized, yet. Notably, The East Asian construct of cooperation, with all its assets and drawbacks, should not be measured against the highly institutionalized EU, since the picture of regional integration that emerges from the two continents is one of two very different dynamics. A top-down process in the case of Europe and a bottom-up one in

¹³⁰ J. Wanandi, *East Asian Regionalism and Global Governance*, in J. Wanandi and T. Yamamoto, eds., *East Asia at Crossroads*, (Japan Centre for International Exchange: Tokyo, 2008), pp. 19-37.

the case of East Asia.¹³¹ Rather, the processing of East Asian (economic) cooperation suggests that several features of the European experience – opposed to any one-fits-all model – have been taken note of and echoed, such as becoming visible in the ASEAN Economic Community, but no exact copying.

Depicting the set of EU-experiences that play seemingly a role in the East Asian context – or respectively should play a role –, the first one has been that of market integration establishing the four freedoms of goods, services, labor and capital. Promoted under the single market program that progressed decisively in the post-Maastricht era, it puts further dynamics of regulatory integration even nowadays. In correspondence, a significant lesson that the EU learned is that deepened market integration calls for a formalized institutional and legal structure (i.e. legislature, executive and court of justice). Since such a model of institutionalizing economic cooperation is particularly beneficial for economies that develop deep intra-industry trade and investment integration, it appears promising for the ASEAN countries who are now replicating many components of this proceeding in their ASEAN Economic Community project. Moving to another compulsive experience of the EU, namely adding the monetary union to the single market, the inherent economic logic seems straightforward, because market integration reduces exchange rate uncertainty and instability. However, having been implemented the Euro, an independent, ‘federal’ central bank was installed as a corrective only. By consequence, the monetary supervisory regime as well as the public finance system remained largely pre-federal, “relying on the member states to respect common budget rules while retaining their essential sovereignty over the budgetary instruments.”¹³² Assessing the current euro crisis, having taken this politically attractive risk turned out to be a big mistake: the Eurozone is thus struggling to create adequate features of a banking union, fiscal union and political union in order to tackle such institutional lack. In accordance, East Asia should be especially sensitive to not make easy commitments to a monetary union unless the involved parties truly accept the wide-reaching political implications.

Depending on the future adjustment of the balance of power, East Asian countries must take into account that a simply-structured monetary union between an uncontested hegemon and small peripheral units may be a formula for advanced integration, but displays no sustainable model for less asymmetric groupings of states. Last but not least, the European effort for political integration also stresses an important chapter for East Asia. Since contemporary Europe displays rather post-

¹³³ M. Emerson, *Europe's Continental Regionalism*, (Centre for European Policy Studies: Brussels, 2009) , No. 375, pp. 1-13.

M. Emerson, *Europe's Continental Regionalism*, (Centre for European Policy Studies: Brussels, 2009), No. 375, p. 10.

Westphalian patterns, being diluted by both sub-state regionalism and supra-nationalism, it offers a complex multi-level structure (regional, national, European) that translates into increasing degrees of diffusing identities perceived by its citizens. These characteristics seem to be deeply rooted, yet also influenced by instability – a synchrony that comes prominently to surface in the wake of the Euro Crisis. On one hand countries such as, for instance, Germany, Italy, or Belgium plea functionally for more euro-federalism, while on the other hand resistance against collectivization emerges in the shape of the euro-sceptic British, but also from committed Europeans, notably France. Accordingly, the European experience could serve as a cautionary tale for East Asia's espousing process of regional integration – a continent that features even greater political heterogeneity.¹³³

What seems important at this point is that institutional similarities are not necessarily following from interdependent decision-making through which actors in one region replicate the institutions of another. Instead, actors in different regions come up with similar policy initiatives responding to similar externalities. This means, for instance, that a conceivable East Asian regional monetary fund would not be simply promoted because the EU did so, but rather because it serves as the best known solution to forgo another global financial crisis. Thus, global interdependences – or respectively, the orientation of regional economies to the global market – depict a common incentive generating demands for regional institutional-building. In this respect, power-based and rationalist functionalist theories which have been employed in this study offer consistent insights on states' motives to foster regionalism. In essence, the pushing factors of “globalization, economic and (non-traditional) security interdependence among neighboring countries and securing regime survival create powerful demands for regionalism that are not peculiar to specific regions”.¹³⁴ Acknowledging the constrained governance capacities of both nation states and multilateral organizations in a globalized environment, the demands for enabling free trade and providing common goods can be most efficiently implemented at the regional level. Considering the EU and East Asia, however, this ambition has translated into very different outcomes. Namely, the respect for sovereignty differs fundamentally, since the East Asian institutional framework does not display supranational patterns like the EU, yet, organizing cooperation mostly in intergovernmental terms (e.g. the CMIM).

Seizing the aspect of East Asian heterogeneity in policy terms, regional characteristics formulate the need to create trust through strengthened relations and cooperation. This is for the sake of generating a

¹³³ M. Emerson, *Europe's Continental Regionalism*, (Centre for European Policy Studies: Brussels, 2009), No. 375, pp. 10.; P. Murray, *Comparative regional integration in the EU and East Asia: Moving beyond integration snobbery*, *International Politics* (2010), Vol. 47, No. 3, pp. 308–23.; S. Fabbri, *European Regionalism in Comparative Perspective: Features and Limits of the new Medievalism Approach to World Order*, Jean Monnet/Robert Schuman Paper Series (2009), Vol. 9, No. 8, pp. 3-26.

¹³⁴ T. A. Börzel, *Theorizing Regionalism: Cooperation, Integration, and Governance*, in T. A. Börzel and T. Risse, eds., *Oxford Handbook of Comparative Regionalism*. (Oxford University Press: Oxford, 2016), pp. 1-29.

sense of community. Facing troubled circumstances, especially with regard to historical legacies, this will be achieved only in a gradual, long-term approach. Effectively, collaboration in the economic field should be further emphasized since market forces have already made the integration of East Asian economies a reality. Such prospect turns significant if one revises the trade among economies in this part of the world representing 55 percent of the region's total trade. This result is almost equalizing intra-EU trade (65 percent) and already rates higher than intra-NAFTA trade (45 percent). Moreover, inflows of investment into the region have progressed – not only into China, but also returning to ASEAN. Respectively, FDI into ASEAN has risen for the third consecutive year from \$117.7 billion in 2013 to \$136.2 billion in 2014, accounting for the largest FDI among developing countries.¹³⁵ Thanks to robust regional economic fundamentals, cost advantages, and blueprints for regional integration, the region should realize that a strengthened institutional framework is required, creating room for a leadership's role. Therein, it is economic regionalization which encourages the neo-liberal opening of national economies in the region and brings prospects for greater regional institutionalization to surface.

By consequence, proactive government involvement is required so that the next phase of integration can be launched. Because politics inevitably affect economic collaboration, a reciprocal exclusivity could impede the entire process. Some progress has been made already regarding concrete cooperative measures, as stressed through the CMIM in order to prevent a recurrence of devastating fallouts that affected the region in 1997. Similarly, economic cooperation has been formalized through FTAs between ASEAN and the Plus Three countries of China, Japan, and Korea. Accordingly, ASEAN+3 should be progressed as the major institution for economic and functional cooperation in East Asia. What has become evident in the course of this study is that the role of ASEAN has advanced from mainly organizing and chairing meetings in Southeast Asian terms to the involvement of the Northeast Asian Plus Three nations. Within this forum initiatives and proposals are discussed, decided on, and implemented. Currently, this arrangement is functioning and should be hence maintained for the near future. Importantly, however, consensus should be achieved on the question whether to discriminate (closed regionalism) or not (open regionalism) non-members in trading relations. This seems inevitable regarding the role of the US in the region. Interpreting the ASEAN+3 work program as it is postulated nowadays, and with respect to the global circumstances, the framework of cooperation should be held pragmatic and open to involving others being relevant on a case-by-case basis (i.e. the US and also the EU).

Concluding, assessing opportunities to foster mutual economic cooperation in East Asia, it is notable that where politics backs the processing, cooperation can be established and implemented quite easily.

¹³⁵ The ASEAN Secretariat and the United Nations Conference on Trade and Development, *ASEAN Investment Report 2015. Infrastructure Investment and Connectivity*, (The ASEAN Secretariat: Jakarta, 2015).

On the contrary, if sovereignty issues or interventions in domestic affairs and power balances are part of the decision-making, then many obstacles do remain. In this respect, progress has been achieved in the economic sphere and also partially at the political level, but leadership to finalize a regional institutional framework is critically important. Corresponding, market forces will play a fundamental role and are already at work, *de facto* establishing an East Asian Community, although further advancement is still slow and timid. So again, only maintained political will help to create a sense of East Asian commonality. Equally, a stronger inclusion of civil society must be considered to prevent a process entirely directed in top-down trajectories. As in every major transition process, cooperation will not come quickly or deeply without the peoples' support. Regarding ASEAN, the organizations People's Assembly is partly fulfilling the role of civil society representation, but further initiatives, especially with a special emphasis on confidence-building measures, are to be installed. Compared to ASEAN, however, which is more advanced in terms of regional integration despite remaining a grouping of sovereign states, East Asian regionalism as a whole will be more firmly based on nation states and the principle of diversity. While the EU is more strongly grounded on mutual norms, beliefs, and political strategies (because of its common history) the East Asian 'Community' will be probably less so, even though considerable progress has been done in that direction. In theoretical terms, (functional) integration and (intergovernmental) cooperation became two distinct outcomes of regionalism accordingly.

5. Conclusion

Regionally-based initiatives steering economic and political integration have become increasingly important and prominent parts of the international system. Nowhere have such processes gone further than within the EU, however, similar patterns of regionalism have been advancing in East Asia as well – a regional complex that is often considered unlikely to replicate the European experience. Re-imagining what Neo-functionalism means in a non-European context, this study engaged in a comparative perspective on East Asian regionalism with Europe's. It further contrasted the specific and heterogeneous setting in which East Asian cooperation takes place nowadays, and henceforth analyzed differing approaches to regional cooperation and integration. This was to come up with policy implications, outlining how a better institutional framework should be made feasible. The underlying rationale of the author is to emphasize that regional institutionalization accounts for a substantial aspect of the modern view of development, since such formalized modes of collaboration enable countries to allocate capital to the most productive uses and – most significantly – secure peace. A politico-economic, intraregional governance mechanism has been hence identified as essential to East Asia's future development.

In a nutshell, the study at hand elucidated that important and valid aspects of comparison between East Asia and Europe exist, such as the origins and objectives of the two regions, but fewer points of comparison regarding their way of achieving goals. It suggests that historical differences and the differing *modus operandi* of regional integration between the EU and East Asia constitute the major reasons why a direct comparison is only productive in limited terms. Thus, it urges caution in acknowledging that no single integration approach (or respectively, entity) possesses a monopoly on integration experiences. Whereas the European experience of inter-state cooperation is based on characteristics of a supranational institutional architecture, the East Asian one is largely economically motivated, with little pursuit of a political project, yet. Moreover the development of the region is far more influenced by external factors, such as the role of the United States and the accelerated rise of China, imposing challenges on this part of the world, affecting the balance of power. Nevertheless, despite of the notion that East Asia is rather echoing than replicating the European experience of functional cooperation, as well as displaying both features of diversity and integration, the value of comparison can be found in the fact that the region should take inspiration from Europe's proactive mind-set toward the creation of common institutions. However, while regions can learn from others' experiences, their needs and circumstances vary. As a consequence, East Asia must find its own path to fostered cooperation and cohesion, indeed requiring visionaries – such as Jean Monnet or Altiero Spinelli in Europe – who exercise influence, inspire national leaders, and ultimately enable the region to speak with a more prominent common voice. The democratic backing of the region's people is hence inevitable. Although attempts to enhance strong regional institutions by pooling members' national sovereignty (to a larger extent) may be premature, much could be done to foster East Asia's institutional capabilities for economic cooperation. In context, the East Asian Economic Community promoted by ASEAN serves as an important blueprint alike the CMIM in financial respects.

Effectively, since the post-Westphalian system is limiting governance capacities of both nation states and multilateral organizations, demands for regional institution-building have increased. Considering the EU and East Asia, however, this ambition has translated into different outcomes. With regard to the latter, it has become clear that the region's focus is primarily on regional *cooperation*, meaning the joint exercise of state-based political authority in informal regimes or inter-governmental institutions. This is for the sake of resolving collective action dilemmas related to economic, political, or security issues. Regional *integration*, by contrast, would imply the pooling of sovereignty within supranational institutions to which decision-making authority is delegated – as happened to a great extend in the EU, but less so in East Asia. Given the contemporary ASEAN way of dealing with prospects of regionalism, one can observe a dichotomous approach: the employment of neo-functional' rationales on one hand, and the persisting belief in statism on the other hand. However, it appears too early to judge whether this processing of regionalism will produce efficient ends. That is to come up with

collectively binding decisions, for instance, on dismantling national barriers to promote market making through economic and social exchange.

In terms of policy implications, this study highlighted the importance of establishing a ‘win-win’-architecture to facilitate politico-economic cooperation. Success – after all – is legitimizing any transfer of sovereignty from the domestic to a supranational level. For such, drivers can be found in shared assets, interests, norms, and values promoting deepened interdependence, but also shared concerns toward risks in order to prevent regional fallout and conflict. Subsequently, enablers are confidence-building measures, the power of consensus concerning agreements and convergent policies, and the collectivization of ideas. These instruments could serve as significant correctives against caveats impeding a formidable regionalism, as for instance the norm of non-interference within ASEAN (+3) and opposing domestic agendas. Correspondingly, regional cooperation does not necessarily require regionalism (see bilateral FTA’s), but *effective* regional cooperation would need a regionalized institutional framework facilitating intraregional processes. Hence, institutionalized cooperation seems only possible with a high-level of regionalism (particularly on sensitive issues like the prospect of a common or centralized funding within the CMIM). In there, the nature of institutionalized cooperation may vary depending on the focus area whereas relative accordance is present in economic terms. Moreover, also the scope and responsibilities of membership may differ (e.g. additional members such as the US or Europe etc.) depending on the nature of the agreement.

Finally, since the prevailing issues have been identified, such as distrust, conflicting interests, lacking effectiveness and opportunities in regional organizations (ASEAN+3, CMIM, FTAs), the enabling forces must be stressed more prominently. These are certainly composed of political will and the region’s grand economic capacity. Acknowledging that interactions in East Asia come in different shapes and sizes, because of dominating asymmetric processes that culminate in opposing intentions, capacities, and capabilities, implications for the future are set to be clear. Namely, to cope effectively with key regional challenges such as the management of power structures (balancing hegemonic claims of the US and China), processes (economic interdependences through integration), and circumstances (heterogeneity of the region). It is hence of critical importance to create future momentum for regional institution-building, especially in the ASEAN+3 forum, which will facilitate the planning of dilemmas and biases as well as the forming of mutual assets and values. Dealing with great transitions, the mayor challenge for East Asian countries is to establish effective and legitimate governance arrangements within a context of high diversity and heterogeneity of preferences.

6. Appendices

Source Figure I-VI:

Whitney, C. B. and Shambaugh, D. *Soft Power in Asia: Results of a 2008 Multinational Survey of Public Opinion*. (The Chicago Council on Global Affairs: United States, 2008), pp. 3-48.

Figure I: East Asian Identity

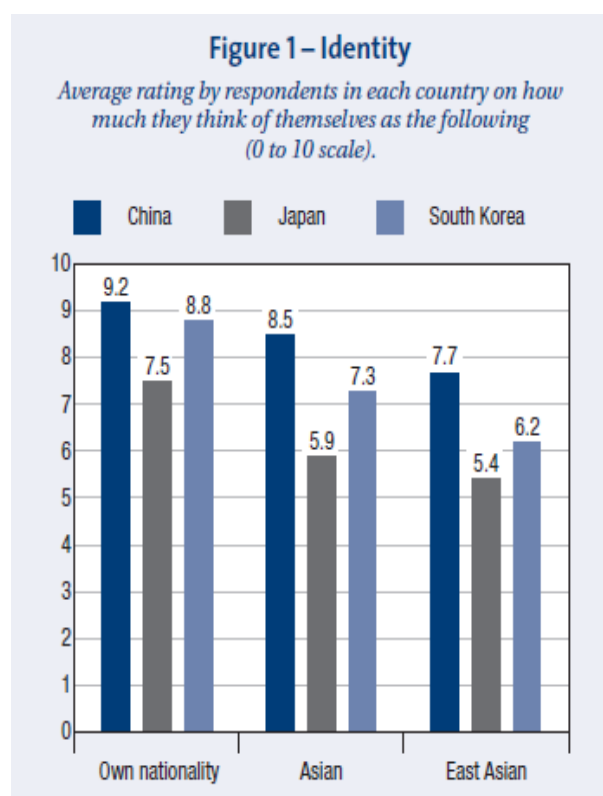


Figure II: Free Trade Areas

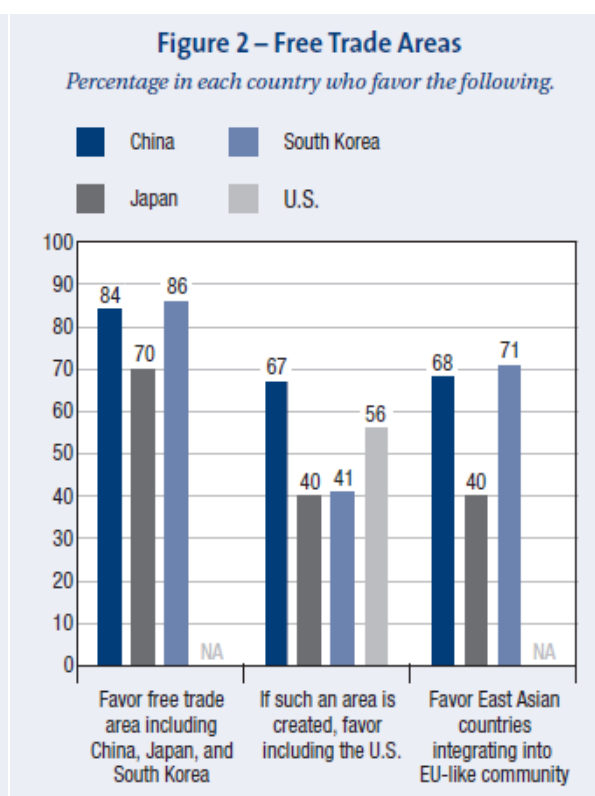


Figure III: Economic Soft Power in East Asia

Economic Soft Power				
Survey Countries	U.S. soft power	China soft power	Japan soft power	South Korea soft power
U.S.	—	.52 (2)	.69 (1)	.50 (3)
China	.73 (1)	—	.68 (2)	.67 (3)
Japan	.70 (1)	.57 (3)	—	.58 (2)
South Korea	.75 (1)	.57 (3)	.71 (2)	—
Indonesia	.73 (2)	.73 (2)	.77 (1)	.66 (4)
Vietnam	.80 (2)	.70 (3)	.81 (1)	.68 (4)

Figure IV: Economic Relations in East Asia

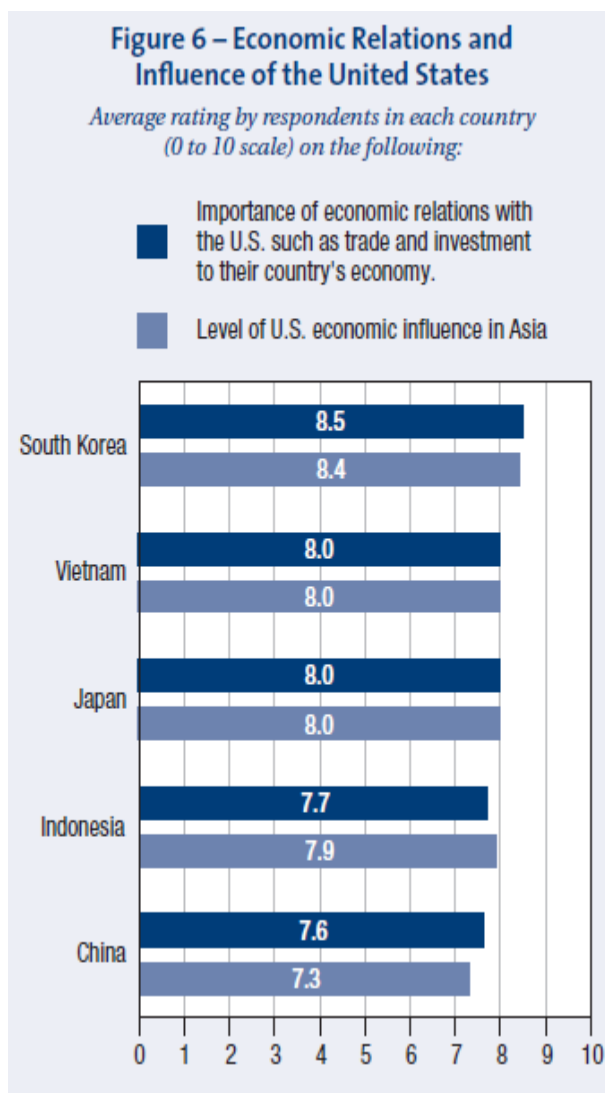


Figure V: Economically Influential EA Countries

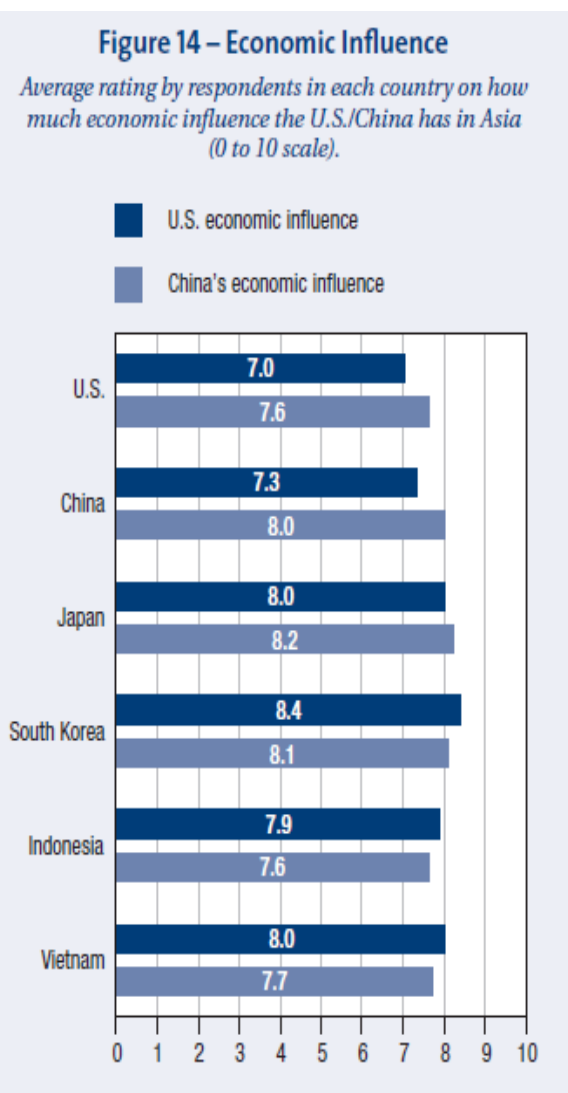


Figure VI: Perceptions of China as a Leader in East Asia



Source Figure VII-IX:

Kang, L. *Interests, Values, and Geopolitics: The Global Public Opinion on China*. European Review (2015), Vol. 23, No. 2, pp 242 – 260. DOI: 10.1017/S1062798714000714

Figure VII: Developmental Models in East Asia

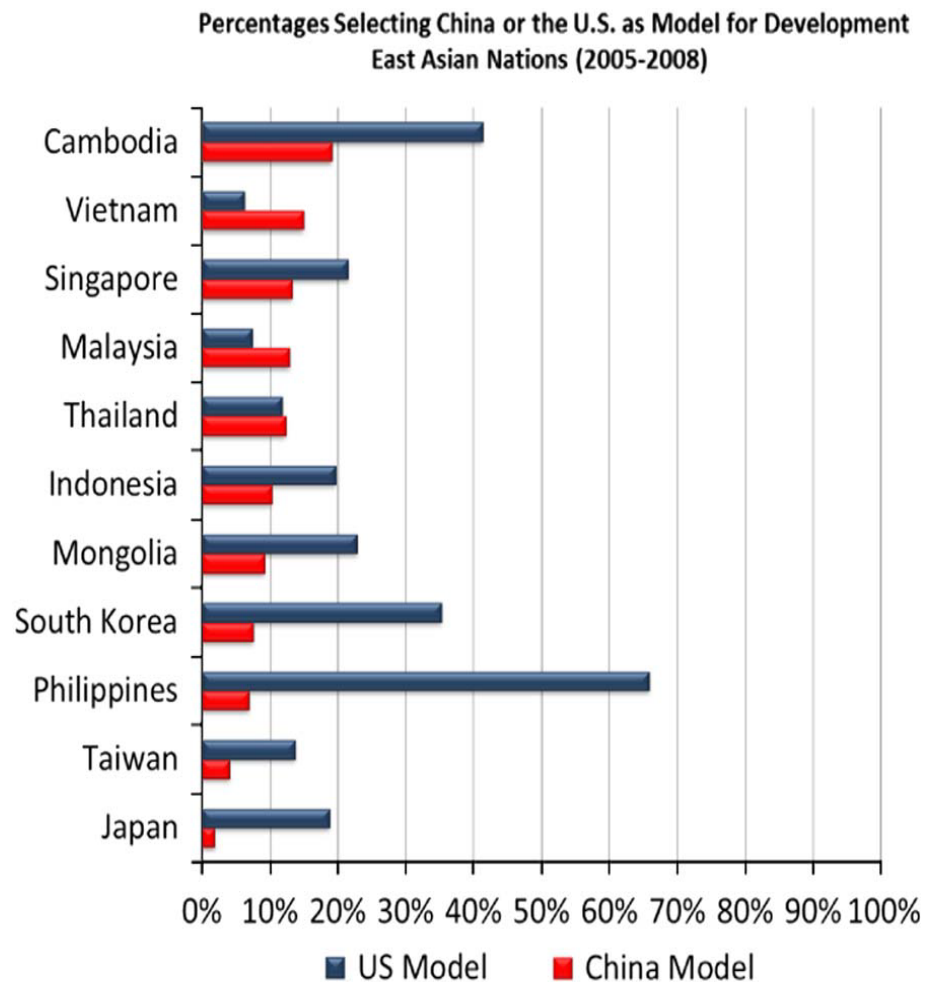


Figure VIII: The Most Influential Country in East Asia

Table 2. Which country has the most influence in Asia?

Country	China	United States
Vietnam	69%	16%
Taiwan	67%	21%
Mongolia	66%	13%
Japan	61%	29%
Singapore	60%	28%
Korea	56%	32%
China	44%	25%
Thailand	42%	44%
Malaysia	36%	44%
Cambodia	26%	58%
Indonesia	23%	41%
Philippines	17%	66%
Southeast Asia's Average	39%	42%
Overall Average	47%	35%

Note: Southeast Asia's average is computed by the figures of seven countries: Singapore, Vietnam, Thailand, Malaysia, Cambodia, Indonesia, and Philippines. The bold indicates a percentage of 44% or larger.

Data source: ABS Wave III (2010–2012)

Figure IX: The Most Influential Country in East Asia in Ten Years

Table 3. Which country will have the most influence in Asia in ten years?

Country	China	United States
Korea	83%	9%
Taiwan	82%	10%
Singapore	73%	13%
Mongolia	71%	9%
Vietnam	70%	16%
Japan	65%	13%
China	59%	11%
Thailand	56%	31%
Malaysia	44%	26%
Cambodia	43%	34%
Indonesia	31%	33%
Philippines	17%	65%
Southeast Asia's Average	48%	31%
East Asia's Average	58%	22%

Note: Southeast Asia's average is computed by the figures of seven countries: Singapore, Vietnam, Thailand, Malaysia, Cambodia, Indonesia, and Philippines.

Data source: ABS Wave III (2010–2012)

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9. Statement of Commitment to Scientific Integrity

I declare that this document and the accompanied code have been composed by myself and describe my own work, unless otherwise acknowledged in the text. All verbatim extracts have been distinguished by quotation marks, and all sources of information have been specifically acknowledged.

Berlin, 15/06/16, Jan M. Kunkel