

Event Report

**Academic Conference on East Asian Political and
Economic Security**

EIAS Briefing Seminar

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As dynamic developments throughout East Asia simultaneously provide the international community with sources of both optimism and alarm, the management of the region's complex security challenges are a truly global concern. Whilst booming connectivity and economic integration act to align national interests throughout the region, several high profile and complex security issues threaten to derail the progress made so far. Reflecting this regional dualism between conflict and cooperation, this academic conference under Chatham House rules consisted of two sessions. The first session discussed the possibilities to develop an international consensus on how to deescalate the several crises in East Asia and to establish confidence- and security-building measures in order to increase predictability and transparency. The second session debated the potentials of how developing the economic interdependence in the East Asia region could counterbalance the security threats.

Opening Remarks

The relevance and international significance of East Asia were highlighted within the context of a changing world order. Given the isolationist tendencies of the Trump Administration and the region's dynamic growth, East Asia's capacity to effect global norms is set to continue along its current, positive trajectory. Against this backdrop, however, numerous points of contention and conflict put at risk regional and potentially global stability. By bringing together a wealth of scholastic and academic expertise, this event's aim was to foster an environment from which innovative ideas and new constructive approaches can emerge.

The threat posed by a nuclear North Korea and the overlapping sovereignty claims in the South China Sea were highlighted as key points for analysis. The panel was encouraged to debate the ways in which a multilateral and robust approach to engaging the Kim Regime may be constructed, and how maritime disputes may be contained. Following on from this, our introductory speaker then tasked our second panel with outlining the means through which economic interdependence may work to counterbalance aforementioned security threats. The experiences of Europe were cited in reference to how regionalism can ensure security, leading to the question how regional integration in East Asia may work to underline the regions cooperative rather than conflictual elements.

Session One: Security Hotspots in the East Asian Region – North Korea and the South China Sea

The session's mediator provided some additional context to the event, highlighting the major actors and issues in East Asian regional security. Of particular mention were the declining role of the USA, the rising power and influence of China, and the unpredictability and sensitivity of the situation with North Korea. The subject of changing regional allegiances and the hegemonic shift away from US dominance towards the primacy of China was a particular focus. In relation to this, the role being played by China in challenging the existing world order through the creation of regional and international institutions including the Asian Infrastructure Investment Bank and the Shanghai Cooperation Organisation were highlighted.

Following on from this, the subject of military security was raised. Whilst China's growing influence upon global and regional economics is widely acknowledged, until recently, China's booming economic clout hasn't been accompanied by proportionately increasing military capacity. In the past few years, however, this trend has changed, as China's military, and particularly naval capacities, have undergone dramatic changes. China's willingness and readiness to accept the responsibilities associated with its role as a global power must be questioned.

The first panellist discussed two of the main security hotspots in East Asia; the volatile environment surrounding North Korea, and the numerous territory disputes in the South China Sea. This panellist sought to answer the question; what connects these two contentious security issues?

The first thing discussed as connecting North Korea and the South China Sea is the role played by both situations in driving the re-organisation of the regional order. Regarding North Korea, it was argued that the rogue state should now be considered a nuclear power, the denuclearisation of which is an increasingly remote prospect. Dealing with a nuclear DPRK presents new challenges to the region, which are likely to impact significantly upon

regional order. Concerning the South China Sea, it was argued that the construction of manmade islands by China is dramatically altering the regional landscape through, amongst other things, the potential fracturing of ASEAN. The second argument on how the situations in North Korea and the South China Sea are similar lies in their impact upon international norms and regimes. This argument stems from the Kim regime's lack of respect towards international norms and rules, and the questioning of the rule of law at sea in maritime disputes. Movements by China and ASEAN to start agreeing upon a framework agreement on the code of conduct between parties in the South China Sea however is seen as encouraging. Finally, on a more positive note, East Asia will increasingly see a new configuration of de facto deterrents as well as new opportunities to potentially resolve the region's numerous issues. Of particular note was the opening of diplomatic channels in 2018, especially regarding North Korea.

The second panellist initially highlighted the four most significant security flashpoints in East Asia: The South China Sea; the Korean Peninsula; the Taiwan Strait; and the East China Sea. Following on from this, the subject of the dual hierarchy that has emerged in East Asia was raised. This refers to the current situation in the region in which the security hierarchy is dominated by the USA, and the economic hierarchy is dominated by China. Strategic options for nations in the region are either to balance against China, or to bandwagon with it. Also discussed was the perception within China of the USA as a declining power which China will eventually pass.

Moving on to deliberate the situation on the Korean Peninsula, it was argued that President Trump overestimates China's level of interest vis-à-vis North Korea. Adding to this, it was argued that Washington has few options vis-à-vis the DPRK, and that their response is likely to continue being a mixture of economic sanctions and a diplomatic approach. Referring to the situation in the South China Sea, the militarisation of the South China Sea and the construction of man-made islands are a component of Xi Jinping's 'Maritime Silk Road', a key pillar of the Belt and Road Initiative.

This session's third panellist offered a very realist analysis of the security situation in East Asia, starting by arguing that China and the USA have recently consolidated themselves as fundamental strategic opponents. The reason given for this is that these two superpowers have differing opinions on the shape and contours of world order from both economic and security perspectives. Unless China and the US can find a way to resolve these differences, we will continue to see instability where these powers meet. The conflicts in the East China Sea, the South China Sea, the Taiwan Strait, and the Korean Peninsula were cited, once again, as the region's four main security hotspots. In addition to this, it was suggested that as one of these headline issues quietens down, another will rise up due to the fundamental differences between the two hegemonic challengers.

Concerning the situation in North Korea, it was suggested that the nuclear threat posed by the Kim regime has accelerated an inevitable regional arms race. Furthermore, it was argued that no main actors in the region view regional stability as a main priority, preferring to pursue either de-nuclearization or the preservation of the current regime. Regarding the South China Sea, China's interpretation/understanding of the rule of law at sea is at odds with current international norms. The belief within China that its ships and planes can operate in all economic and maritime zones in the South China Sea has provoked a response from the USA, France, and the UK, who are all trying to push a 'freedom of navigation' interpretation of the rule of law. In conclusion, it was stated that

hotspots will be a recurrent feature of the region until the USA and China develop proper mechanisms with which to resolve their fundamental differences.

Speaking initially about the situation on the Korean Peninsula, the session's last panellist mentioned how numerous people argue China should do more to help resolve the situation by implementing tougher economic sanctions. There is an apparent assumption that China can force the DPRK to change tact, and while China has the capacity to bring about change, it does not necessarily possess the political willingness. One reason behind this is the Friendship Treaty of Mutual Aid and Cooperation in place between these historical allies, which runs until 2021. Considering that China and the DPRK are alliance partners, China is applying unusually tough economic sanctions on North Korea, and unable to extend these sanctions until the friendship treaty concludes or is ended.

On the subject of the South China Sea, any issues should be solved by the relevant parties; China, Indonesia, and Vietnam. It was suggested that the international community is not interested in historical claims, and more in the issue of ensuring freedom of navigation. Adding to this, China is also interested in the issue of free navigation in the South China Sea, as it stands to lose out significantly if freedom of navigation is not maintained. With 97 percent of China's trade with Europe and 100 percent of trade with Africa going through the South China Sea, making trouble in this region damages China's national interests. As a result of this, maintaining peace and stability in the South China Sea is a high priority of China.

In conclusion, the trade relationship between China and its adversaries in the South China Sea disputes should be seen as a source for optimism. The two countries which over the past ten years have witnessed the biggest increase in trade with China globally are the Philippines and Vietnam. Our panellist saw this economic connection as reason for cooperation over territorial disputes.

Q & A

The first question asked was in regard to the recent thaw in relations on the Korean Peninsula, questioning the importance of this, and asking whether now is the time for dialogue.

In response to this question, panellists described the current thaw as the first good sign in the latest crisis, as it offers an interlude for the various actors to consider the situation and move towards meaningful dialogue. The role played by Moon Jae-in in managing the expectations of the Trump Administration, organising dialogue, and avoiding returning to the sunshine policy, was praised. The subject of North Korea's nuclear ambitions was also raised, and it was suggested that by recognising the DPRK as a nuclear power may help ensure stability on the peninsula, however it is unlikely that the US will allow this to happen. A final comment on this subject highlighted the role played by the North Korea situation in facilitating a regional arms race.

Another question focused on the South China Sea, on whether a binding code of conduct may help bring stability to the situation. Adding to this, the means by which a situation could develop from which a code of conduct could be established was queried.

The panel agreed that constructing a code of conduct would be in everyone's interests. Some panellists argued however that any code of conduct should be formulated only by those parties with a vested interest in the dispute (China and ASEAN). An interesting point

was raised concerning movements to develop a code for unplanned encounters at sea and in the air between the USA and China. This would provide each party with the instruments to resolve incidents that might have otherwise lead to conflicts. A final comment on this point discussed the previous agreement that had been signed regarding conduct in the South China Sea. One panellist mentioned how in spite of this agreement, China and the Philippines still came in to conflict, with the Philippines arguing that China had breached the agreement. A code of conduct may not be the ultimate solution, but that it may be enough to facilitate the current management of the situation.

Session Two: Enhancing Economic Interdependence as the Basis for Peace and Stability

The second session shifted the focus from regional security hotspots to debate how economic interdependence can function to help resolve and overcome these issues. The moderator pointed to the interesting dualism between competitive and cooperative dynamics at play in East Asia. Countries in the region have numerous historical grievances and as mentioned in the previous session, are competing for territory and power, however simultaneously, they also hope to maximise gains through trade and economic relations with neighbours. The 'spaghetti bowl' of FTAs that links the region has led to a significant degree of regional interdependence, however the establishment of any institutional regionalism remains illusive. Before handing over to the panellists, our mediator posed the question for discussion: how can (economic) cooperation counterbalance political tensions?

The first panellist agreed that economic integration is an important tool for countering East Asia's numerous security issues. However, from here, the extent to which economic integration is actually prevalent throughout the region was questioned. An index measuring regional integration against 6 factors: 1) free trade of goods and services; 2) Free flow of capital; 3) free flow of labour; 4) establishment of regional organisations to regulate issues etc.; 5) harmonised monetary policies; 6) harmonised fiscal policies, scored East Asia 0.3 out of 5. When compared to the Europe's score of 3.3, it is clear that East Asia has a long way to go to attain similar levels of regional integration.

The next subject raised was the issue of economic dependence within ASEAN + 3. China, South Korea and Japan are all amongst one-another's top five markets and export destinations; however, within ASEAN, this mutual dependency is not the case. Throughout South East Asia, the markets of China, South Korea and Japan are all very important markets, however trade between ASEAN members is not as significant. Following on from this, the issue of confusion surrounding the region's innumerable FTA's was raised. It was argued that the deepening of regional integration is needed to make sense of the currently unclear 'spaghetti bowl', perhaps through the development of regional institutions. Increased institutionalisation in East Asia would establish a clear common interest between states, which it was argued will help significantly in bringing about genuine economic integration and increased regional stability.

The second panellist cited three reasons for the thus-far successful integration and regionalism in the Asia-Pacific, these being: 1) globalisation and the rise of the Asia-Pacific supply network; 2) strong political leadership of the USA; 3) the significant economic benefits for all nations in the region. Even though an institutionalised FTA does not exist in the region, intra-APEC trade is the highest in any region in the world after the EU. Adding

to this, the limited impact of politics upon the process of economic integration was mentioned. An example offered for this was that of Taiwan, which has seen booming trade relations with China despite the varying degrees of friendliness/hostility towards the mainland displayed by its changing governments.

Having said all this, the economic connectivity that has developed throughout East Asia is now going through a process of disintegration. The stated reason for this is that constituent components of Chinese products are now available from Chinese suppliers, so China no longer relies on production within other Asian countries. As China's economy becomes ever more self-sustaining, ASEAN, South Korea and Taiwan are set to lose out. When one also considers the Trump administration's ambition of making the USA's supply network self-sustaining, nations that have increasingly become production centres for American or Chinese products are in a precarious situation. In conclusion, the increasing use of 'sharp power' by China was raised. With the USA retreating from its leadership role in the region, it was argued that China is increasingly using its economic weight to pursue non-economic outcomes, with recent happenings in Korea and Taiwan used as examples.

This session's final panellist focused initially on the parallels frequently drawn between East Asian integration and the experiences and institutions of the European Union. It was argued that a number of unique experiences and conditions make the European experience distinct and non-replicable. These include: the experiences and processing of WWII working as a catalyst for unity; the shrinking significance of European nations on the international stage since 1945; and a mutual fear of communism. When one assesses these factors in relation to the current environment in East Asia, the situations of the EU and East Asia are arguably inverse. In Asia, the experiences of the war have not been sufficiently processed or addressed, the region's influence is growing not shrinking, and nations within Asia are not united in fear of any particular state or ideology.

Having clarified this, our final panellist went on to explain two ways in which economic integration impacts upon geopolitical tension. Firstly, economic interests push up the cost of conflict, forcing countries to look for alternative ways to resolve problems. And secondly, the ability to impose economic sanctions offers an alternative to military engagement which is less costly and causes less geopolitical problems. Moving on from this, it was argued that economic interdependence is preferable for big/strong countries as they have the upper hand in asymmetrical relationships. To offset any imbalance of power, smaller countries often look to alternative large powers as alliance partners, or develop greater military capabilities, a good example of how economic interdependence can be a negative thing.

In conclusion, three main potential models for regional integration in East Asia were suggested. Firstly, a China-centred model, which may have a negative impact on geopolitical stability due to the previously-mentioned asymmetry that may emerge. Secondly, regional integration excluding China, which is unlikely. And finally, integration based on a consensus between the US and China on how to deal with their geopolitical problems, which is preferable.

Q & A

The first question asked touched upon the ASEAN way, with the questioner asking what it amounted to, and how it might contribute to integration.

In response to this, our panellists described that ASEAN way as progressive and precautionous, but generally agreed that its non-binding nature and its soft institutions are significant limitations. The value of the ASEAN way in creating a platform for dialogue and the possibilities of expanding its institutional frameworks was praised. The general consensus from the panel, however, was that if genuine integration and capabilities to deal with the regions security issues are to be realised, stronger institutions with more binding powers than those offered by ASEAN are needed. In conclusion, one panellist cited the importance of ASEAN in helping various South East Asian nations maintain their sovereignty, and in halting the deterioration of the geopolitical environment.

The next question asked panellists barriers to a peaceful and united Asia. The issue of Asia's debatable geographical boundaries was raised. In addition to this, it was agreed upon that there is no common 'Asian identity' around which institutions and unity can be constructed. The European experience was raised once again, discussing the prior mentioned points around which the EU united. One panellist argued that the only potential issue around which East Asia could unite was the shared experience of colonialism. The idea of an Asia with common institutions and a common sense of community was viewed as important for geopolitical security, however the region's prevailing nationalism and preoccupation with sovereignty were agreed to be major barriers to institutional regionalism.

European Institute for Asian Studies – EIAS a.s.b.l.
26 Rue de la Loi, 10th Floor, 1040 Brussels/Belgium
Tel.: +32 2 230 81 22 E-mail: eias@eias.org Website: www.eias.org

 EiasBrussels

 European Institute for Asian Studies

 @EIASBrussels