

Leading Asia's Rise: a Post-American Asia?



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Though Asian leadership has developed in the past decade, the instinct of many observers is still to echo the influential former US secretary of state, Dr. Henry Kissinger. When told that the Europeans could offer leadership, Dr. Kissinger is reported as having said, “If I want to talk to Europe, who do I call?”

Over the past fifty years, it has been the United States which has asserted and even come to assume the dominant role in Asia. After the end of WWII, it emerged as the greatest power in the world and no less in Asia. Despite being divided from Asia by an ocean and the International Date Line, it has been the vital center, the central hub in a system of hub and spokes among its Asian allies and friends.

In the wake of the global financial crisis, there are signs of a widening division between Asia and the US, which could threaten security and growth.

There is a significant economic imperative for the US to remain engaged in Asia. Although not unaffected, Asia is leading the recovery, especially the emerging and larger Asian markets – China, India, and (to a lesser degree) Indonesia – which have continued to grow. Although they cannot fully substitute for the American demand, these emerging markets can help raise rates of growth.

It is not just Americans who may not be ready for a world of multipolar, more equal powers and a lesser American presence. Asians too have grown up in a world of American dominance, and dependency is a coin with two sides. The US has been the ultimate guarantor of stability in Asia, with bases in South Korea and Japan that are physical markers of a deeper psychological commitment to the stability and prosperity of the region.

Asians themselves may not be ready for such a divide. Distrust continues among the Asian giants – between China and Japan and, although less obviously, between China and India. Sometimes American dominance has rankled with them, but Asians have no history of unity, and no agreed vision or leadership to step into a future with Asia on its own.

Leading Asia's Rise: Who's in, and Who Leads?

In Asia's regional groups, leadership is not fixed permanently or on all issues. Instead, leadership shifts and moves, both formally and informally, in the ebb and flow of politics.

Amid the flux, recurring patterns can be discerned, and two actors may be identified as key: China and ASEAN. Other countries in Asia do play a role, and their enthusiasm or caution does matter. But consistently, for more than a decade, it has been ASEAN and China – separately and also together – that have been helping to bring Asia together.

China: from Alarm to Charm

The place of China as a leading actor in Asian regionalism is increasingly understood today and seems almost inevitable for the future. Orville Schell, the American who heads the China Center at the Asia Society, once quipped to me, “Forget Asia, there is only China.” The only controversy about China's role in regional leadership is not whether it can lead but whether it will dominate others and displace America's hegemony.

In summer 2010, tensions flared in the South China Sea when China detained nine Vietnamese fishermen in disputed territory. After China refused to send the sailors home until the captain paid an additional fine, Vietnam raised the diplomatic stakes and demanded they be released immediately and without any conditions. China released the fishermen a week later, but not before the incident had highlighted sensitivities in the South China Sea and the concern that China's regional “charm offensive” was becoming “frown diplomacy.”

But through both the 1997-98 and 2007-09 crises, China has made a long-term and multipronged effort to win friends and influence Southeast Asia. This goes beyond economics, tourism, and language lessons and into questions of foreign affairs and security. For ASEAN, there have been fewer concerns about Chinese aggression. The ebb of Communist ideology in China has been marked by the end of the insurgency movements in Southeast Asia.

China is not a democracy, but few in Asia (unlike in the US) see that as an obstacle to closer relations. This is especially since China signed the ASEAN Treaty of Amity and Cooperation (TAC). The TAC promises, among other things, that countries should use peaceful means to settle disputes. For ASEAN, the TAC has been a touchstone for closer friendly ties not only among its member countries but also in the wider region.

This comes back to the South China Sea. In 2002, China agreed to a code of conduct with ASEAN states. While the Code is nonbinding, by agreeing to it China has shown its acceptance of a framework in dealing with its neighbours.

While I was in Beijing, the Chinese ambassador to ASEAN, Xue Hanqin, told me that China will continue to discuss issues on the substantive questions of sovereignty on a bilateral basis with the claimants – Brunei, the Philippines, Malaysia, and Vietnam. This, from the Chinese perspective, is preferred, so that the discussions – which will be sensitive – will not involve the whole of ASEAN, although some of the Southeast Asian claimants would prefer a multilateral approach. The tensions over the rocks still simmer with nationalism and potential energy resources and sea routes at stake. But the handling to date has shown China's wish to avoid poisoning the overall relationship of cooperation.

ASEAN Leadership: Defying Gravity

The idea of ASEAN leading Asian regionalism seems, on the other hand, something that defies gravity. ASEAN comprises member states that remain relatively small, poor, or weak, or all three. Many Americans do not see the group, let alone prioritize it. To Americans, only China and perhaps India register in their consciousness. Yet it is ASEAN that has been central to free trade and economic agreements among Asians, and ASEAN that has been the acceptable host of the key meetings and agreements that mark Asian diplomacy.

ASEAN is still accused of being only a talk shop. But even if that is so, it has done some things that others cannot. ASEAN has, for example, brought China and Japan together. Although these two giants were not then talking to each other directly, they still attended the meetings hosted by ASEAN for the wider group. In 1999, when ASEAN first brought China and Japan together with South Korea, the leaders of these three countries also agreed to share breakfast. Ties among the Asian giants were so limited at that time that even this informal event attracted media attention as a first “summit.”

Xinhua quoted Jin Xide, a researcher with the Chinese Academy of Social Sciences, as saying, “The leaders of the three neighbouring states, for the very first time in the last millennia, sit down around one table.” It reported that the three leaders took up the issue of China’s membership in the WTO during the hour-long meeting, with the Japanese and South Koreans expressing support for Beijing’s early entry to the world trade governing body. The Japanese *Daily Yomiuri* also reported the meeting between the leaders as significant. Yet it summarized the discussions as being about regional security and concern about North Korea’s possible intentions to develop nuclear weapons. This contrast of reports and emphasis in the newspapers demonstrates the continuing issues between the Northeast Asian giants. Even when they just meet for breakfast, no one can agree on a common agenda.

This shows why, although it is without military strength or great economic weight, ASEAN has emerged as a key regional actor amid the rivalries of other more powerful Asians. ASEAN has played a central role, hosting key Asian meetings and generating an agenda that is agreed upon by all. In some ways, this has been a default position, built on the lack of acceptability of other potential leaders. ASEAN’s lack of ambition to contend for power has allowed the group to gain acceptance and trust from others in Asia.

Tensions among Asian powers continue, especially between China and Japan. Yet ASEAN has helped even there. With regard to China, assessments of ASEAN’s role differ. Some see the Chinese charm as beginning to dominate ASEAN. But the view from ASEAN’s supporters is that, equally, ASEAN has socialized the

rising China to observe regional norms of cooperation and peace. As noted, even when the leaders of China and Japan would not hold summits with each other, they did meet in the larger setting with their ASEAN counterparts.

Japan as Zero?

While ASEAN and China are the actors most consistently and persuasively bringing Asia together, the interest or indifference of other states also matters. Japan and South Korea have been part of the ASEAN+3 process. The wider East Asian Summit has also brought in Australia and India. Meanwhile, American policies have in recent years precisely prioritized these countries as allies, old and new.

Following the tragic earthquake and tsunami, Japan now faces the massive challenge of rebuilding infrastructure and reviving economic activity. The country could be at a crossroads. There are hopes that the disaster could be a catalyst for positive change. If the Japanese rally and the Kan administration is seen to be rising to this challenge, Japan has a chance to move forward.

As the situation in Japan continues, moreover, disruptions are showing up in supply chains for different sectors. This reminds us how much Japan is integrated into the Asian and global economies and indeed has been instrumental in that integration. It is not certain when Japan will recover and indeed if it will be politically stronger. But what is clear is that Asia needs Japan, more than most might have previously thought.

Japan should be a key player in Asian regionalism. The country remains Asia’s largest and most sophisticated economy and a major donor to many Asian states. Multinational Japanese companies have spread in Southeast Asia and China and, at the private-sector level, have brought together a production base that spans many borders.

Yet just as China was rising, Japan entered its long decade of no or slow growth, and this has put it on the sidelines in a rising Asia. In the wake of the crisis, the Japanese economy too was hurt, contracting some 6% year-on-year in 2009 before recovering to around 4% in 2010. Even its largest and best companies lost money, in particular Toyota, which began to struggle even before issues emerged regarding the safety of its cars.

Japan’s economic stagnation has broader implications. China’s economy has already passed Japan’s to become the world’s second-largest economy. The political leadership in Japan has not helped either. Junichiro Koizumi was popular at home but incurred wrath by visiting the Yasukuni war shrine, which includes the remains of WWII criminals. His successors were less controversial but came and went so fast – three premiers in two years – they hardly left a mark.

1 In Yokohama for the 2010 APEC Summit, Prime Minister Naoto
2 Kan spoke mildly but, in substance, gave one of the bravest
3 speeches yet, vowing to again open up Japan. His speech might
4 prove a landmark. Or it could be another passing hope in the
5 political churn that has seen so many Japanese premiers come and
6 go since 2006.

7 In foreign policy, the Japanese have been so closely tied to the
8 US that they have often seemed less interested in ties with others
9 in Asia. Sometimes it seems to its neighbors that Japan does not
10 regard itself as being fully Asian. A key issue for Japan is to
11 stabilize and broaden its relations with Asia and ASEAN. Its
12 relations with China and South Korea have been normalized and the
13 new government quickly reached out to, both in the name of East
14 Asian community. With China, especially, both sides have been
15 careful to make the right diplomatic gestures and noises to recover
16 from the low point of ties during the Koizumi premiership. There
17 has even been fledgling summitry among the Northeast Asian three
18 of China, Japan, and South Korea, with the first meeting held in
19 Kyushu in southern Japan. Talk has begun of a free trade
20 agreement among the three, even without ASEAN's leavening
21 presence.

22 But political ties in Northeast Asia remain fundamentally fragile
23 because of historical reasons, lingering resentment, and a sense of
24 competition between Japan and China. With many countries in
25 Southeast Asia, Japanese companies have a long record of
26 investment and trade. But the government has too often depended
27 on checkbook diplomacy, dispensing money and assistance to
28 many, but with little corresponding influence.

29 This state of relations has led some to belittle the Japanese
30 position in the region as being akin to an ATM, from which money
31 is withdrawn without any actual interchange or dialogue. Even this
32 form of engagement with ASEAN has ebbed as China has also
33 dispensed its largesse, as noted, and Japan – under pressure from
34 its growing deficit – has cut back. Reshaping and focusing
35 Japanese engagement with ASEAN is overdue, and the Japanese
36 know it.

37 Continued domestic turmoil would mean a further international
38 drift for Japan, and a failing to exercise an influence in the region
39 anything close to its economic strength. From Japan as Number
40 One, the danger is Japan as zero. A rich but stagnant Japan, a
41 nationalistic Japan without effective leadership, could become a
42 negative factor in Asian cooperation.

44 The Obama Administration: 45 Progress and Problems

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47 The current administration started off ambitiously with the first
48 ASEAN-US Summit and Obama's personal declaration to be the

1 first Pacific president. But by the end of 2009, when he journeyed 1
2 to APEC in Singapore as well as to Japan, China, and South Korea, 2
3 the president was pilloried at home. Frustration about joblessness 3
4 in the US grew and the president's approval ratings fell. 4

5 In late 2010, President Obama's 10-day tour of Asia's four 5
6 largest democracies showed a renewed commitment to engage 6
7 Asia, even if difficult Tea Party politics at home might derail the 7
8 practicalities of increased regional engagement. For Americans, 8
9 President Obama brought home deliverables on jobs in India and 9
10 helped lay groundwork for trade agreements with Korea. For some 10
11 Asians, there is a feeling of relief that US-Asia relations will 11
12 continue. 12

13 Yet while the trip was positive, there is no room for 13
14 complacency. While the US and Asia remain interdependent, there 14
15 remain significant obstacles to the development of the post-crisis 15
16 relationship, in spite of leaders' best intentions. 16

17 In this post-crisis world, problems associated with global 17
18 cooperation have been exacerbated by domestic changes in the US 18
19 and China, and changes to their relationship. We see a wounded 19
20 America. It is still powerful but has weakened economically, 20
21 politically and in 'soft power' terms. 21

22 And though the Obama administration is engaging Asia on many 22
23 global issues, it is distracted by domestic politics and limited in 23
24 economic engagement. Politics in the US, notably the Tea Party 24
25 movement, is restive and inward-looking. Much of America feels 25
26 that it has been harmed by unfair trade and loss of jobs to Asia. To 26
27 them, globalisation has an ugly face, and one that is Asian. 27

28 The mood of the American voter has turned against trade and 28
29 globalisation, and, potentially, against Asia. If this continues, it is 29
30 likely that Obama or his successor will turn inward, and any 30
31 American engagement with Asia will be framed purely in terms of 31
32 America's narrow self-interests. 32

33 China has been the target of many American complaints about 33
34 globalisation. China was conspicuously absent from Obama's Asian 34
35 tour. Differences continue to brew between Washington and Beijing 35
36 over a range of issues from North Korea, the Nobel Prize and 36
37 democracy to the value of the yuan and the complaints of iconic 37
38 American companies such as Google and General Electric. 38

39 This does not mean America's renewed interest should be 39
40 rebuffed. On the contrary, every effort should be made to engage 40
41 the US economically in a positive, win-win way. Since the end of 41
42 2009 the US has participated in TPP negotiations. This has 42
43 energised the group and APEC. Additionally, the long-awaited 43
44 Korea-US free trade agreement was finally concluded in December 44
45 2010. To enrich and sustain its engagement, however, the Obama 45
46 administration needs to demonstrate not only that it is able to 46
47 engage on economic issues but also that such engagement is good 47
48 for the US economy and American workers. 48

1 There is a fundamental attitude that the US, China, and the
2 emerging Asian powers need to embrace if they and all the rest of
3 the region are to move ahead in cooperation. This is the 'Power of
4 &' – the belief that it is possible and indeed desirable both for
5 China to rise and for the US to remain powerful and influential in
6 Asia. Maintaining the 'Power of &' also means believing and acting
7 on the premise that Asian countries can be more economically and
8 politically integrated among themselves and with the US.

9 10 **Why it Matters and What Can Be Done**

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12 If we are heading for a post-American world, are we ready for it?
13 If we are not ready for a post-American world, for a divide between
14 the US and Asia, there are many things that can be done to avoid
15 this. But whether we can and will to do those things is another
16 question. Much depends on whether we understand how we came
17 to this juncture; whether we can agree that division is not the best
18 outcome for either the US or Asia; and whether Americans and
19 Asians have a shared vision of the future together. These are open
20 questions about the relationship from both sides.

21 Even if Asians and Americans both see the need to re-engage, it
22 will not be easy. Both sides need to re-examine conventional
23 wisdom and assumptions that have prevailed for many decades. A
24 new context for American-Asian relations is emerging from the
25 crisis: the spectrum now runs from potential isolationism and the
26 idea of American decline to the acceptance of a more multipolar
27 world and a continued engagement on different terms.

28 While the danger of division exists in this crisis, there are also
29 positive signs that this danger is being recognized and reduced by
30 new actions and policies. The change of American administration
31 has been key to the change.

32 If a stronger sense of Asian regionalism is desired, how can this
33 be squared with a continued engagement with the US? If Asia in
34 the long run should grow more independent, how can an
35 acrimonious and hurried division across the Pacific be avoided?

36 At this juncture, acrimony and division between Asia and
37 America are not inevitable. Despite the mistakes of the past, and
38 despite emerging trends, the two can work together in the crisis
39 and into the future. There are many opportunities in a shared
40 future, with benefits for both sides. For America, there is the
41 opportunity to be an integral part of Asia's rise and to both
42 contribute to and gain from this epic phenomenon. For Asians,
43 there is the prospect of a rise that can be anchored and stabilized
44 so that rapid growth and questions of regional competition will not
45 lead to contention, conflict, or collision, which would upend their
46 aspirations for peace and progress.

47 This path forward will not be as it was before this crisis.
48 Certainly it cannot be as it was in the years immediately after the

end of WWII or even during the Cold War. But neither are Asians 1
and Americans doomed to be decoupled and to blame each other 2
across a divided Pacific. 3

A new vision of a US-Asia partnership is needed, and one task of 4
those who wish the US and Asia well is to help supply that vision. 5
Part of the vision will be for Asia to become a more complete 6
region, by rebalancing its economy. But another important part will 7
be to imagine how the US can be engaged with Asia, and vice 8
versa, for the two's mutual benefit, by rebalancing the political and 9
security arrangements in the region. 10

Otherwise, after this past decade and more Asian regionalism 11
without the US in the wake of the present and unfolding crisis, and 12
in the face of emerging trends of protectionism and tension, no one 13
should blame either side or both sides if they prefer to see Asia 14
alone and divided from America in the post-crisis world. **JS** 15

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