Political Economy of Asian Regional Architecture: Possibilities for Korea-India Cooperation?

14th India-Korea-India Dialogue on India-Korea Partnership: Realizing the Potential

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Professor Sung-Hoon Park
Graduate School of International Studies, Korea University
shpark@korea.ac.kr
Issues at Stake

- (East) Asia a Latecomer in Worldwide Tendency towards Regionalism
  - East Asia Serious with Its Regionalism Only Since AFC
    - Increasing Awareness in East Asia for a Sustainable Regional Architecture
  - East Asia Now Most Dynamic in Regionalism
    - Many Bilaterals, Minilaters and Region-wide Initiatives
  - A Long Process: Many Hindrances Still to Overcome
    - Divergent National Strategies (Vision/Target/Membership)
    - Lack of Reconciliation Process: Political Risks
    - 'External' Stakeholders' Interest (US and others)

- Korea and India busy with Own Regionalism Strategies
Issues at Stake

• Aim of the Presentation
  – Conjecturing the Future Shape of Asian Regional Architecture
  – Identifying the Challenges and Opportunities
  – Elaborating on the Potential of India-Korea Partnership
Increasing Complexities in East Asian Regional Architecture

- Increasing Bilateral FTAs within East Asia
  - Sometimes Overlapping Membership
- Minilaterals also on the Rise
  - ASEAN+1’s; ASEAN+CER; TPP-4; TPP-8; Now TPP-12
- A Number of New Region-wide Initiatives
  - Asia-Pacific Community (APC)
  - East Asia Community (EAC)
  - FTA of the Asia-Pacific (FTAAP)
  - Trans-Pacific Partnership (TPP)
  - Regional Comprehensive Economic Partnership (RCEP)
  - EAS-Expanded; NEAFTA; EAFTA; CEPEA, etc.
Critical Evaluation: Unresolved Issues

• “Membership” Issue
  – Often Overlapping
  – No Clear-cut Boundaries for Region-wide Initiatives

• Issue of Unclear “Sequencing” and “End Goal”
  – “End Goal” Not Enough Elaborated and Conflicting
    • TPP-4 → TPP-8 → TPP-12 → ?
    • ASEAN+1 → ASEAN+3 → ASEAN+6 → CEPEA → ?
    • EAS (ASEAN+6) → EAS-Expanded → ?
    • Negotiating RCEP/FTAAP for What?

• “Division-of-Labor” Issue
  – ASEAN+3 vs. East Asia Summit (EAS)
  – EAS-Expanded vs. APEC
Key Issues Related to the Future Shape of Regional Architecture

• Diversity versus Unity? Or What?
• Areas of Cooperation
  • Trade and Investment Exclusively?
  • What to Do with “Security”?
  • How to Do: Financial/Monetary Cooperation/Integration?
• Modality of Cooperation
  • FTA→Customs Union Only? or Single Market/Money?
  • OECD Modality?
  • EU-Style Community with Security Emphasis?
• “ASEAN-Centrality” an Effective Vehicle?
Structure of Initiatives for East Asian Regionalism

- East Asian Processes
  - ASEAN+X and the ASEAN-Centrality
  - East Asian FTA?
  - East Asia Summit (EAS) → EAS-Expanded → RCEP

- Northeast Asian Processes
  - China+Japan+Korea (CJK)?
  - Korea+China! → Korea+Japan? Japan+China?

- Asia-Pacific Processes
  - TPP already Negotiated
  - Future of RCEP?
  - FTAAP a Solution? How Feasible?
Newly Emerging Initiatives-1
Asia-Pacific Community (APC)

- Initiative of **Australia** (Now Nearly Dead)
- What Differentiation to Existing and Old Initiatives?
  - Community for What?
- ASEAN as an Entity or on the Basis of Individual Countries?
  - ASEAN-Centrality Abandoned?
- Loose End for Membership a Main Feature?
  - United States
  - Russia
Newly Emerging Initiatives-2
East Asia Community (EAC)

- Initiative of Japan (Now Nearly Dead)
- What Differentiation to Existing and New Initiatives?
- Membership Issue
  - United States?
  - India?
  - Russia?
- Vehicle of Cooperation and Integration?
  - Trade and Investment?
  - Diplomacy and Security?
Newly Emerging Initiatives-3
FTA of the Asia-Pacific (FTAAP)

• Initiative of APEC (Still Pursued)
• From the Scratch or Using Stepping Stones?
  • An APEC-wide Negotiation for FTAAP Possible/Needed?
  • TPP and RCEP as Stepping Stones (Pathways)?
  • ASEAN+X as a Stepping Stone?
  • Linking (Docking and Merging) Sub-regionals?
• Other Issues to be Resolved
  • Roadmap
    • TPP-4→TPP-8→TPP-12→FTAAP?: Commitment Strong Enough?
    • ASEAN+3→ASEAN+6 (EAS)→ASEAN+X?
    • RCEP→US, Canada, Mexico, Peru, Chile→FTAAP?
    • What about India?
Newly Emerging Initiatives-4
Trans-Pacific Partnership (TPP)

- Initial Launch and Membership Expansion Planned
  - TPP-4 → TPP-8 → TPP-9 (US) → TPP-11 (Canada/Mexico) → TPP-12 (Japan) *Successfully Negotiated* → TPP-21 (????)
  - Europe’s “Staged Regionalism” as a Model?

- A Number of Obstacles Expected
  - Asia-Pacific Diversity and the Final Goal?
    - A Divide in Asia-Pacific a Big Risk (cf. RCEP)
  - The “Leadership” Problem
    - What Role for China?
    - When Korea’s Accession?
  - What about “ASEAN” as an Entity: ASEAN-Centrality?
Newly Emerging Initiatives-5
Regional Comprehensive Economic Partnership (RCEP)

- ASEAN-centered, but China-dominated FTA Initiative
- To be seen as an Asian (China’s) Strategic Response to US/Japan’s TPP Involvement
- Japan’s Stance to RCEP?
  - If TPP were Successfully Launched
  - If the Launch of TPP Fails
- Leadership Rivalry between China and Japan a Major Issue to be Considered
- Also other Influential Stakeholders Important
  - AUS/NZ; India; Korea and Russia and United States
Future of East Asian Regionalism: How to Manage the Political Risks?

• Addressing the Political Risks Most Important
• Solutions to be Sought Consistently and in a Cooperative Manner, and Not in Isolation
• Solutions Often Require Multi-disciplinary Approach
  – Economic; Political; Socio-cultural; Politico-Economic, etc.
  – Political Economy of East Asian Regional Architecture
• Taking Reference of Successful Cases
  – European Integration as an Instrument of Détente and Trust-building Process → Essential for Reconciliation
  – Asianize the European Success Stories? →
  → Strong Caution Needed!
Future of East Asian Regionalism: How and What to Learn from Europe

- Lessons from European Integration
  - Plenty of Lessons with Positive and Negative Implications

- What to Take? versus What Not to Take?
  - Should be Contemplated in Conjunction with the Local Conditions and Environment

- What to Take?
  - Sense of Pooling (Rather than ‘Abandoning’) Sovereignty
  - Lessons from “Diplomacy of Reconciliation”
  - “Stepwise Approach Needed”
    - Process of and Rationale for Membership Expansion
  - “Spilling Over Effects” on Essential Factor of Success
Potential for India-Korea Partnership

- India and Korea Common Membership to
  - East Asia Summit (EAS)
  - RCEP Negotiation
  - Asia-Europe Meeting (ASEM)

- Three Leadership Competitions in Asian Regional Architecture
  - Japan vs. China for Regional Leadership
  - China vs. United States for Global Leadership
  - ASEAN Centrality vs. Korea’s New Leadership Aspiration
Potential for India-Korea Partnership

• How to Establish India-Korea Partnership
  – Regularized Official and Semi-official Dialogues
  – Involvement of Civil Society to be Expanded
  – Ensuring Successful Operation of Korea-India FTA for Mutual Benefit
  – Ensuring and Basing on “Small and Incremental” Successes
  – Starting from Tangible Outcomes
  – Adopting Commonly Accepted “Long-term Goals and Vision
    • Set up a Temporary “Vision Group” for this Purpose
Overlapping Membership of East Asian Regionalism
Increasing Complexities through Competitive Regionalism Initiatives

AFTA-AECN: Free Trade Area; APEC-Asia-Pacific Economic Cooperation; ASEM-Asia-Europe Meeting; ASEAN-Association of Southeast Asian Nations; CEPT-Common External Preferential Tariff; EAFTA-East Asian Free Trade Area; EAS-East Asia Summit; EU-European Union; FTA-Free Trade Agreement; FTAAP-Free Trade Area of Asia and the Pacific; Laos LPRP-Lao People’s Democratic Republic; RCEP-Regional Economic Comprehensive Partnership; TPP-Trans-Pacific Partnership. Note: (*) Under Negotiation; (**) Proposed. Source: Asian Development Bank Institute.
Thank you very Much!!