

Japan's Emerging Role in Promoting Regional Integration in East Asia: Towards an East Asian Integration Regime (EAIR)

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This paper is a theoretically grounded empirical contribution aimed at shedding light on Japan's leadership role in promoting regional integration in East Asia. It questions the viability of institutionalised regional collaboration and offers a framework of regional-integrationist approaches to the formation of an East Asian Integration Regime (EAIR). A key finding of this paper is that Japan's regional projects are directly linked to the promotion of an effective regional integration regime in East Asia. Since the advent of the East Asian crisis in 1997-8, Japan's regional policies have promoted a particular form of institutionalised regional collaboration, which has acted as an impetus for promoting a regional integration regime in East Asia. This is illustrated by the lifecycle of regime development, which involves a three-stage process of EAIR formation: 1) emergence; 2) evolution; and 3) institutionalisation. In trying to identify the importance of functional-institutional efficiency in the formation of an EAIR, this paper provides a relatively detailed chronological account of the three analytical frameworks: 1) the emergence of the East Asian Economic Caucus (EAEC); 2) the establishment of the Association of Southeast Asian Nations (ASEAN) + 3 (China, Japan and South Korea) Summit; and 3) the institutionalisation of ASEAN + 3.

Keywords: *Japan, Leadership, East Asia, Regional Integration, Institutionalised Collaboration, East Asian Integration Regime*

1. INTRODUCTION

The purpose of this paper is to examine Japan's role in the possible emergence of an East Asian Integration Regime (EAIR). It questions the viability of institutionalised regional collaboration on the basis of a regional-integrationist approach to the formation of a regional integration regime in East Asia.¹ More specifically, the paper examines the empirical evidence of regional integration in post-Cold War East Asian international relations by focussing on: first, the Malaysian-led East Asian Economic Caucus (EAEC) project of 1990; second, the establishment of the Association of Southeast Asian Nations (ASEAN) + 3 Summit in the wake of the East Asian crisis of 1997-8; and finally, the institutionalisation of the ASEAN + 3 (China, Japan and South Korea) from 1999 to 2005. These three cases are essential to explain the main framework for the 'formation of an EAIR' (hereafter EAIR formation), which draws attention to Japan's emerging role in policy formulation, implementation and coordination to advance our theoretical and empirical understanding of institutionalised regional collaboration in East Asia.

This paper analyses the 'why' and 'how' of Japan's change from being a 'reactive state'

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¹ 'East Asia' here refers to the ASEAN 10 (Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam) + 3 (China, Japan and South Korea).

to becoming a 'pro-active state' in East Asia, as will be illustrated in more detail later. This shift in the role of Japan has served to institutionalise regional integration through 'leadership' — that is, "hypothesised to facilitate the international co-operation necessary to establish and maintain rule-based regimes" as a catalyst for the promotion of regional regimes in East Asia (Rapkin 2001: 376). We aim to account for the 'why' and 'how' of Japan's collaborative behaviour measured through the dependent variable of regional integration in East Asia. According to Laursen (1995: 7-9), the dependent variable of regional integration lies in the measurement of an integrative process with reference to three dimensions: 1) geo-political scope; 2) institutional capacity; and 3) normative awareness. Such an approach to the study of regional integration can broadly be said to focus on an understanding of the relationship between international regimes and the patterns of Japan's role and position in East Asia. This role and position is illustrated by Japanese leadership, which is emerging gradually in tandem with a new pro-active decision-making approach to East Asian regional integration.

This paper proceeds as follows. The first part focuses on the identification of regional integration in conjunction with the principal deficiencies in the study of integration theory. The second part looks at a three-stage process of regional integration as an attempt to bring together leading theories of EAIR formation. The third part investigates how leadership is playing a role in shifting Japan's regional economic diplomacy from being a 'reactive' to becoming a 'pro-active' state in the process of forming an EAIR. Finally, the conclusion highlights the significance of Japan's pro-active role in the process of promoting an EAIR.

2. REGIONAL-INTEGRATIONIST APPROACHES

Although there are a number of approaches to the study of regional integration,² the main aim of utilising the term 'integration' here is to highlight a process of forming opportunity "consisting of identifiable roles, coupled with collections of rules or conventions governing relations" as a step in the direction of institutionalised collaboration (Young 1986: 107). As pointed out by Haas (1980: 361), "institutionalised collaboration can be explored in terms of the interaction between changing knowledge and changing social goals." This implies "formal regulatory institutions, or less formal sets of rules" as a means of regime-building in the formation of regional integration (Jones 1995: 35). One of the first definitions of integration in the literature on International Relations (IR) or International Political Economy (IPE) can be found in the conceptual framework proposed in *The Uniting of Europe: Political, Social, and Economic Forces, 1950-1957*, by Haas (1958: 16):

Integration [is defined as] the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities towards a new centre, whose institutions process or demand jurisdiction over the pre-existing nation states.

This definition provides a broad overview for the study of regional integration. Essentially, Haas's approach to regional integration has tended to emphasise the level of

² Laffan (1992: 2-15) presents a series of analytical frameworks for the study of regional integration as a diverse set of co-operative approaches: 1) federalism, 2) functionalism/neo-functionalism, 3) intergovernmentalism, and 4) interdependence.

integration in a set of dimensions as a description and classification for the construction of integration theory. In addition, *The Obsolescence of Regional Integration Theory* explored pushing forward regional institutionalised collaboration with the aim of the functional development of regionalism (Haas 1975). This literature provides a useful starting point for analysis, since it begins with a general conception of a process theory as an approach to regional integration. In developing a definition of integration, Nye (1968: 858) also argues:

[T]he concept of integration, verbally defined as forming parts into a whole or creating interdependence, can be broken down into economic integration (formation of a transnational economy), social integration (formation of a transnational society), and political integration (formation of transnational political interdependence).

Nye's framework had a significant effect on Kegley and Howell's (1975) approach to the construction of an explanatory theory focusing on the conceptualisation and measurement of the dimensionality of regional integration, in particular, the case of Southeast Asia as an integrating region. Relying on such formulations of principles, Smith (1992: 5) addresses an approach to institutionalised collaboration for regional integration on the basis of four dimensions: 1) scope — the range of issues; 2) depth — the extent of policy harmonisation; 3) centralisation — the degree of effective authority; and 4) institutionalisation — regime-based institution building. These distinctions are clear in the contemporary pattern of regionalism in East Asia. As Breslin and Higgott (2000: 344) put it in their contribution to the study of regional integration, "institutional regionalism as proceeding through intergovernmental dialogue and treaty" serves directly as an impetus for facilitating policy coordination in the formation of regional integration in East Asia.

The above theoretical reflections suggest that regionalism is directly linked to the formation of a regional integration regime, which is accelerating the development of an effective institutional arrangement in East Asia. More specifically, Kaisa (2001: 5) suggests a regionalist approach to the formation of a 'regional regime', described as follows:

[R]egional regimes can provide a framework within which institutional learning is accumulated and factors possibly hampering learning and straining the building of a positive institutional environment are minimised. In many cases regions approach such problems through the creation of a regional strategy instrument of some type, though it is expected that only in cases where a *political space* exists can such strategic instruments be transformed into regimes [original emphasis].

In this respect, EAIR formation has a significant effect upon the role of a set of understandings and the institution-building process associated with diverse ideas and initiatives found in a regional integration regime within East Asia. A salient example is the dynamic development of institutionalised collaboration within East Asia, resulting from various initiatives for regional integration: from EAEC to ASEAN + 3. Thus, EAIR formation can be defined here as a process of regional integration in setting out a particular form of institutionalised collaboration based upon different regional arrangements in East Asia.

3. A THREE-STAGE PROCESS OF EAIR FORMATION

According to a commonly accepted, and oft-quoted, definition, regime processes can be understood as interactions of “social institutions governing the actions of those interested in specifiable activities” in conjunction with specific institutionalised arrangements (Young 1982: 277). This definition points to regime processes affected by choice based on cognition and change in perception in a given area of IPE and IR. Regime processes provide a spectrum of functional-institutional efficiency for solving problems that require collaborative action for a solution. Seen in this light, EAIR formation helps to explain existing institutional regional arrangements in the context of regionalisation and globalisation processes. This is evident in Gamble and Payne’s (1996) call for a new political economic approach to the study of new regionalism and world order. As mentioned earlier, institutionalised regional arrangements are directly linked to the promotion of an effective regional integration regime in East Asia. In this way, at the level of practice, EAIR formation can be explained in terms of the shift of the region-building process associated with both the emergence and increasing acceptance of regional frameworks of collaboration such as EAEC, ASEAN + 3 Summit, and ASEAN + 3. In trying to identify the importance of functional-institutional factors in regional institutional developments, this section proposes a three-stage process of EAIR formation: 1) *emergence*, 2) *evolution*, and 3) *institutionalisation*.

3.1. EAIR Emergence

The root of the idea for an EAIR can be traced to the birth of the EAEC idea, which was put forward by Prime Minister Mahathir Mohamad in the early 1990s. Although the EAEC proposal could not develop into an actual community-building process, it was a concrete manifestation of regional togetherness in East Asia. As Terada (2003) points out, EAEC played a crucial role in setting up regional awareness and identity for constructing an East Asian concept. In this way, the EAEC reflects the emergence of a greater sense of regional identity supportive of ideational and practical commitments to enhanced regional integration in East Asia. The Malaysian-led EAEC project was seen to offer a more “independent Asian voice”, representing a normative force at the heart of building a regional identity (Camroux 1993: 33).

As far as constructing a regional identity is concerned, EAEC itself can be regarded as a progenitor for EAIR formation. This initial idea represents the principles and norms of the actors involved in conjunction with the normative forces of regionness. As Hook (1999) has demonstrated, although the EAEC could be seen as a “case of reactive sub-regionalism”, at the same time it represents the initiation of a regionalist project for building an East Asian region. ASEAN played a crucial role in this regard, as illustrated by ASEAN Secretary General Ajit Singh’s visit to China, Japan, and South Korea in November 1993 to discuss EAEC formation, and the ASEAN Foreign Ministers’ working lunch with the Foreign Ministers of the three countries on the sidelines of the ASEAN Ministerial Meeting (AMM) and the Post-Ministerial Conference (PMC) in July 1994.

3.2. EAIR Evolution

According to Jönsson (1993), regime processes depend on facilitating communicative

processes by means of regime evolution. Regime evolution may be understood in cognitive terms, which offer a certain explanation of institutional developments for engaging in communicative processes. This is the essence of Peter Haas's (1989) cognitive approach to epistemic communities associated with the role of knowledge-based communities in the maintenance of regimes. More specifically, Peter Haas (1990: 55) defines an epistemic community as "a professional group that believes in the same cause-and-effect relationships, truth tests to assess them, and shares common values", and he underlines that its members share a communicative mechanism. Reflecting on such an epistemological concern, EAIR evolution can be said to be closely associated with the institutional-bargaining process to set up the ASEAN + 3 Summit. This Summit is, in this sense, an intermediate process which seeks to reach a high degree of institutionalisation in the process of forming an EAIR. A symbolic example of EAIR evolution can be seen in the institutional-bargaining process of the first formal meeting of the ASEAN + 3 Summit in Manila in November 1999. This meeting provided an embryonic communicative network of regional integration towards the institutionalisation of ASEAN + 3.

EAIR evolution was a complex process of regime transformation occurring as a result of the East Asian crisis of 1997-8. The crisis acted as a catalyst for setting up the institutional-bargaining process of the regional collaborative framework to enhance the sense of a common interest and destiny among East Asian nations. The crisis was significant in stimulating the establishment of the ASEAN + 3 Summit. It is most evident in ASEAN's pro-active role in the context of EAIR evolution, including, for example, the 1997 ASEAN Vision 2020 and, more significantly, the 1998 Hanoi Plan of Action (HPA), which contributed to simultaneous consolidation of regional collaboration and integration in East Asia. Such milestones in regional integration contributed to enhancing East Asian governments' interest in a "post-crisis regionalism" (Bowles 2002). Most importantly, the East Asian crisis provided the catalyst for a shift in Japan's regional role and position in the process of forming an EAIR. The Japanese government maintained, and partially intensified, the 'developmental state'³ model in shaping the regional integration of the East Asian political economy through its own policy initiatives: the 'AMF proposal' and the 'New Miyazawa Initiative'. These initiatives, in particular, pushed forward the development of regional collaboration and integration embedded in the idea of EAIR evolution.

3.3. EAIR Institutionalisation

How exactly do regional regimes play a role in the development of regional integration in East Asia? To what extent do regional regimes work to solve problems at the regional level in comparison with other forces at work in East Asia? Although East Asia is coming together, convincing answers to these central questions are difficult to frame. A clue as to why this is the case lies in the question of 'regime institutionalisation'. One of the defining qualities of regime institutionalisation is represented by "cognitive, normative, and regulative structures and activities" that provide meaning to evaluate the significance of social institutions (Scott 1995: 33). As pointed out by Young (1986: 107), "[s]ocial institutions are recognized

³ As Johnson (1999: 37-9) has demonstrated, a developmental state: 1) prioritises economic growth and development; 2) has a national bureaucracy with considerable autonomy in establishing and implementing national plans; 3) engages in market conforming state intervention; and 4) maintains a pilot agency responsible for industrial policies.

practices consisting of easily identifiable roles, coupled with collections of rules or conventions governing relations among the occupants of these roles.” Most pronounced in this regard is ASEAN + 3 as a social institution, as it acts as an institutional setting for increased regional integration in East Asia. It is only in the context of such a socio-institutionalist perspective that it makes sense to think seriously about the prospects for EAIR institutionalisation. Such institutionalisation is the final stage in the process of forming an EAIR which could determine the functional-institutional efficiency of regional collaboration in East Asia.

As far as the establishment of rules and decision-making procedures for the construction of community-building in East Asia is concerned, ASEAN + 3 can be said to be an institutionalising (rather than institutionalised) regional regime. The ASEAN + 3 process can be explained through a regional-integrationist variant of international regime theory in which institutionalisation is understood to be a result of negotiated agreements on a range of subjects: 1) economy and finance; 2) environment and energy; and 3) socio-culture and education.⁴ This process is directly linked to the development of a coordinating mechanism for preventing instability and promoting prosperity in East Asia. The political commitment to rules and decision-making procedures of the ASEAN + 3 process have become the dominant engine for EAIR formation. For example, the leaders of ASEAN + 3 agreed on the development of institutionalised networks of dialogue, such as official meetings by their respective foreign, finance, trade, and agriculture ministers, after the establishment of the ‘Joint Statement on East Asian Co-operation’ in 1999. In this way, the ASEAN + 3 process is progressing towards an advanced regional integration regime in East Asia. With regard to a new phase in regional integration, the ASEAN + 3 process has become the most important regional institutionalisation as a step in the direction of forming an EAIR.

4. JAPAN AND EAIR FORMATION

Japan’s regional leadership role in post-Cold War East Asia has grown in salience as Japan has changed from being a ‘reactive state’ to becoming a ‘pro-active state’ in the process of forming an EAIR. Although much of the existing literature still argues that the Japanese policy-making process is ‘reactive’ regarding major political issues, influenced by the role of *gaiatsu* (international pressures) and *naiatsu* (domestic pressures) (Hellman 1988; Blaker 1993),⁵ this paper analyses the strengths and weaknesses of recent attempts by Japan to play a more pro-active role in the region as a way of providing a conceptual framework for its emerging role in shaping the regional integration of the East Asian political economy (Rix 1993; Pempel 1997; Hook 2002). The Japanese state is “no longer reactive” in terms of existing, or emerging, regional regimes in East Asia (Potter and Sueno 2003). This paper challenges the common wisdom derived from studies of Japan’s reactive regional diplomacy,

⁴ EAVG, “Towards an East Asian community: region of peace, prosperity and progress,” <<http://mofa.go.jp/region/asia-paci/report2001.pdf>>, [accessed 21 July 2002].

⁵ The term ‘reactive state’ was used originally by Calder (1988). Thereafter, Yasutomo (1995: Ch. 2) suggests four main frameworks for analysing Japanese foreign policy as reactive: 1) the external origin of reactivity; 2) the US as the primary locus of reactivity; 3) the immobile domestic policy-making process as the fundamental case of reactivity; and 4) the scope of reactivity as both foreign economic policy and political-strategic diplomacy.

while highlighting its pro-active role in promoting the formation of an EAIR. Drawing on the above, this section concentrates on Japan's emerging role by examining its policy stance on the following empirical cases: 1) the emergence of the EAEC; 2) the establishment of the ASEAN + 3 Summit; and 3) the institutionalisation of ASEAN + 3.

4.1. Japan's Reactive Response to the Emergence of the EAEC

Mahathir's proposal, originally dubbed the East Asian Economic Grouping (EAEG),⁶ was re-named the EAEC at the ASEAN Economic Ministers Meeting of October 1991. Mahathir's proposal for Japan's greater role in the formation of the EAEC marked a turnaround in his stance on Japan's role in the region. Although the EAEC proposal resulted from the negative outlook of Malaysia's own economy in the wake of the Uruguay Round negotiations, the development of other regional groupings (European Single Market and NAFTA), and the formulation of trade-led regionalism in the Asia-Pacific region based on Western-driven models (Eguchi 1991; Low 1991), revealed Japan's own strategic considerations in reaction to the formation of the EAEC: "1) Japan's own position; 2) the standpoint of the proposal's originator (Malaysia and ASEAN as a whole); and 3) the opinion of the international community" (Nagatomi 1995: 208). Japan was, in any case, ambivalent. What, then, galvanised Japan into responding reactively to the formation of the EAEC? Japan's reactive response to the formation of the EAEC was closely associated with the legacy of its post-war international policy⁷ and the increased influence of the global political economy on policy-making in relation to the following trans-national issues: 1) the implications of the shifting trade regime; 2) the redesign of US-Japan economic relations; and 3) the dynamic development of the APEC process.

Firstly, there was an important institutional shift in the global trade regime: from the GATT to the establishment of the WTO in 1995. After joining the GATT in 1955, Japan has participated in the global political economy which provided global trade rules to promote market liberalisation, although Japan was slow in taking on its global responsibility for strengthening the GATT/WTO regime. Japan's economic globalism has been influenced by multilateral pressures which forced it to adopt a reactive response to the formation of the EAEC. For example, Japan's policy on the Uruguay Round negotiations was reflected in American-style market liberalisation without full support for the US demands of open regionalism. As a result, Japan faced strong pressure to accept the principle of comprehensive open markets in post-Cold War period.

Under such circumstances, Japan's reactive response to the formation of the EAEC appears to have been influenced by the transformation of trade negotiations within the framework of the GATT/WTO. The main reason was that multilateral pressures themselves exerted a crucial influence on Japan's relations with the global political economy. For

⁶ Mahathir's original idea of EAEG formation was to include all of the East Asian economies, namely Japan, China, Korea (both North and South), Hong Kong, Taiwan, Vietnam, Laos, Burma and the ASEAN grouping.

⁷ Akaha and Langdon (1993: 6) have noted the characteristics of Japan's post-war international policy: "1) a close and expanding alliance relationship with the United States; 2) a minimalist security policy based on a security treaty with the United States and maintenance of strictly defensive military capabilities; 3) an unflinching (and quite successful) pursuit of economic growth through an export-oriented development strategy; and 4) a geographical focus on the Pacific Rim region."

example, the multilateral pressures from the GATT served to stimulate the Uruguay Round negotiations on agriculture, services, investment measures and intellectual property rights (Iwata 1994: 126). The Uruguay Round negotiations had not only transformed the trade regime (from the GATT to the WTO) (Conklin 1996), but also encouraged Japan's proactive participation in the GATT/WTO regime of trade liberalisation — placing emphasis on a global rather than regional level. The negotiations also prompted Japan to reduce tariffs, specifically in the fields of fishery products, certain wood products and petroleum, in consideration of changing comparative advantages in the post-Cold War global political economy.

Secondly, Japan's efforts to redesign the US-Japan economic relationship were one of the structural pressures which encouraged a reactive response to the formation of the EAEC. US-Japan economic bilateralism had been not so much the intervening variable of Japan's regional policy as the independent variable in the formation of the EAEC. The main reason was that the pressure from the US (*beiatsu*) had shaped significantly Japan's relations with the global political economy. Examples of this *beiatsu* were the Reagan administration's demand for the reform of the Japanese financial system at the beginning of the 1980s, and the agreement to set up the US-Japan Yen-Dollar Committee that resulted in the Plaza Accord in September 1985 (Sakamoto and Conquest 1992: 131-2). Following the Plaza Accord, the yen was used to promote a role in a range of global financial regimes. Furthermore, *beiatsu* encouraged Japan to embark on US-Japan bilateral trade negotiations on Market-Oriented Sector-Selective (MOSS) issues — telecommunications, electronics, pharmaceuticals, and forest products — which had a significant effect on the political implementation of the Super 301 clause and the Structural Impediments Initiative (SII) in 1989 (Schoppa 1993).⁸ As a consequence of US-Japan trade friction, the Japanese government tried to reconstruct a new economic bilateralism with the US as the East Asian region's core economy in order to maintain its economic balance and the growth of intra-regional trade.

Japan's approach to the revision of bilateral economic relations with the US was implemented with a view to advancing East Asian economic collaboration in priority areas of shared interest and concern in East Asia. Japan's desire to redesign bilateral relations particularly arose from the incident of the CIA tapping the phone of Ministry of International Trade and Industry (MITI) Minister Hashimoto Ryūtarō in the lead-up to the September 1995 automobile negotiations with the US (Hook *et al.* 2001: 82). This incident prompted Japan to take a more decisive leadership role in regional affairs and reconsider its relations with East Asia in regard to the EAEC project. In contrast, the US tried to enhance the continuing strength of US-Japan bilateralism as a strategic framework for the Asia-Pacific region, APEC. The Clinton administration wanted to strengthen APEC as a symbol of its commitment to the Asia-Pacific region and as a vehicle through which it could pursue its trade strategy, in particular its objective of opening up East Asian markets to American exports.

Although Japan's East Asian interests reflected the shared understanding of regional

⁸ Schoppa (1993) suggests how international negotiations create opportunities for actors to use the concept of Putnam's 'synergistic strategies'. In particular, in the case of the results of the Structural Impediments Initiative (SII) in US-Japan trade negotiations, the following were important: 1) macroeconomics and the saving-investment balance; 2) the distribution system; 3) land policy reform; 4) exclusionary business practices; and 5) *keiretsu* relationships.

awareness and identity, the Japanese government officially opposed the EAEC proposal in line with the specific goals of achieving gains in trade negotiations with the US (Drifte 1996: 142). This can be seen in the negotiation on the 'Framework for a New Economic Partnership', which was focused on the increase of bilateral economic collaboration in response to macroeconomic measures, such as sectoral and structural reforms of relevant government laws, regulations, and guidance.⁹ Its aim was to increase the expansion of market liberalisation to contribute to the long-term economic health and prosperity of the two countries. Thus, the redesigning of the economic framework for US-Japan bilateralism was an important influence on Japan's reactive response to the formation of the EAEC.

Finally, the dynamic development of APEC was translated into Japan's strategic interest in institution-building for economic integration in the Asia-Pacific region rather than the East Asian region. Japan's participation in APEC was, initially, reactive in the sense that Japan attempted to use "APEC as a means of avoiding or resolving the external pressures arising from its huge external surplus while simultaneously trying to maintain the stability of economic order in the Asia-Pacific region as well as in the entire global economy" (Yamamoto and Kikuchi 1998: 208). More specifically, Japan's approach to APEC could be regarded as an alternative mega-regional trade strategy to broaden institutionalised arrangements in the Asia-Pacific region (Krauss 2003: 311-16). For Japan, APEC constituted a convenient and relatively safe mechanism with which Japan could move to assume a leadership role in buttressing and extending the GATT/WTO-based trade regime. The Japanese approach to APEC was revealed in the policy speech of Foreign Minister Hata Tsutomu, at the second informal APEC summit meeting held in Bogor, Indonesia, in November 1994, which put forward three principles relating to the development of APEC: "1) it should become an arena of relaxed discussions rather than negotiations; 2) it should be a group which is open to other nations; and 3) it should seek to implement a gradual reduction of traffic duties through discussions" (Deng 1997: 358).

From the beginning of APEC, Japan tried to place on the APEC agenda items that seemed more acceptable to the East Asian developing countries, especially to ASEAN members. Paradoxically, ASEAN's decision to join APEC was reluctant and conditional. It was based on the principles of the 'Kuching Consensus' (Ravenhill 2001: 104-5). Based on these principles, ASEAN observers argued that the implementation of Japan's strategic policy towards APEC was an obstacle to the development of regional integration and collaboration in East Asia. Similarly, East Asian regionalists evaluated "APEC as a tool of American foreign economic policy" to maintain its hegemonic leadership (Dieter and Higgott 2003: 433). This was partly due to the competing conceptions of economic collaborative frameworks between 'Asia-Pacific' and 'East Asia' in an era of global change (Higgott and Stubbs 1995). As a result of the emergence of two competing conceptions of 'regionness' based on the 'Asia-Pacific way' and the 'East Asian way', Japan remained reluctant to play an "indirect leadership" role in the Asia-Pacific region (Potter and Sueo: 323-4), until the advent of the economic and financial crises of 1997-8. Such two conflicting concepts of regions within a global context meant Japan's political and economic interests in

⁹ Janow (1994: 79) summarises the 'Joint Statement on US-Japan New Economic Framework' in 1993, which aimed "to pursue the medium-term objectives of promoting strong and sustainable domestic demand-led growth and increasing the market access of competitive foreign goods and services, intended to achieve over the medium-term a highly significant decrease in its current account surplus, and promoting a significant increase in global imports of goods and services."

삭제됨:

APEC had a crucial influence on its reactive response to the formation of the EAEC.

4.2. The Shift in Japan's Role in the Establishment of the ASEAN + 3 Summit

The East Asian crisis was a catalyst for change in Japan's regional position and leadership role in promoting the economic recovery of the region. The crisis had significant implications for Japan's geo-political and economic relationship with East Asia. According to Hook *et al.* (2002: 178), the Japanese government's immediate response to the East Asian crisis represents the "fundamental characteristics of Japan's diplomacy." This response illustrated a distinct form of Japanese leadership for crisis management and resolution at the regional level. Calder (1998) also argued that Japan's responses to the East Asian crisis were crucial. The crisis produced a paradigm shift in Japan's role in promoting the further development of regional collaboration and integration in East Asia. Japanese leadership stimulated an institutional-bargaining process for "building an East Asian community and an East Asian consciousness" as another step towards forming an ASEAN + 3 Summit (Okfen 2003: 4). This also provided a new institutional framework for promoting the further development of regional integration through intergovernmental collaboration in East Asia. For example, when the crisis broke out in July 1997, the Japanese government immediately promised assistance for East Asia totalling approximately US\$44 billion up to the end of November 1998. The measures included four assistance packages: 1) contributions to international assistance harmonising with the IMF (US\$19 billion); 2) assistance for private-sector activities and facilitation of trade financing (US\$22.5 billion); 3) assistance for structural reforms and human resource development (US\$2.3 billion); and 4) assistance to the socially vulnerable (US\$0.15 billion).¹⁰

The framework of ASEAN + 1 (Japan) promoted closer dialogue among Japanese and ASEAN leaders so as to construct an intra-regional regional regime, which was originally proposed by Prime Minister Hashimoto on his visit to the ASEAN nations in January 1997 (*Asahi Shimbun*, 15 January 1997). However, in the beginning, the response of ASEAN leaders to Hashimoto's proposal — the formation of an ASEAN + 1 (Japan) summit meeting — was less than enthusiastic as ASEAN nations worried about their relations with China (Wan 2001: 107). Tanaka (1999: 7) argues that ASEAN reluctantly accepted Hashimoto's proposal due to the organisation's desire to promote the longer-term regionalist goal of forming an ASEAN + 3 Summit. Furthermore, the Japanese government extended to set up various official meetings among foreign, finance and trade ministers. These official meetings played a crucial role in the implementation of ASEAN + 1. For example, MOFA established an organisation called the Japan-ASEAN Development Round Table in Okinawa, in May 1998 (Yoshimatsu 2003: 104). This forum discussed the development of the following ASEAN socio-economic infrastructures: the development of human resources, South-South cooperation, assistance to private sector initiatives in infrastructure development, Mekong River Basin development, and regional environmental issues. The Japanese government also implemented a working-level meeting of the Japan-ASEAN Consultative Group to develop intra-regional communicative networks in East Asia.¹¹ Japan therefore provided the basis for

¹⁰ MOFA, "Asian economic crisis and Japan's contribution," <<http://www.infojapan.org/policy/economy/asia/crisis0010.html>>, [accessed 23 June 2002].

¹¹ MOFA, "Statement by Mr. Masahiko Kōmura, State secretary for Foreign Affairs of Japan at the Post-Ministerial Conference Japan-ASEAN Foreign Ministerial Meeting," <<http://www.mofa>

the implementation of the ASEAN + 1 framework, which can be regarded as a significant step towards the establishment of the ASEAN + 3 Summit.

Another crucial stimulus to Japan's leadership shift was Prime Minister Obuchi Keizo's East Asian initiatives. He contributed to the debate over the future stability of Northeast Asia. For example, Obuchi hosted a visit by South Korean President Kim Dae-Jung to Tokyo in October 1998, and the two governments agreed a draft joint declaration: 'A New Japan-Republic of Korea Partnership towards the Twenty-first Century'.¹² In order to be able to announce the joint declaration, the Japanese government agreed to apologise for the tremendous damage and suffering imposed during its colonial occupation of the Korean Peninsula, and the South Korean government agreed to accept that apology once and for all while expressing its expectation of Japan's further contribution to the international community. Furthermore, both governments agreed a waiver of visa requirements for diplomatic or official passport holders and working holiday visas. Such Japanese-South Korean intergovernmental collaboration illustrates a significant push towards deeper Northeast Asian sub-regional integration through the assertion of cultural and educational exchanges. A related example is the joint educational program that Japan and South Korea agreed to launch in March 2000. The joint statement issued by Japanese Education Minister Nakasone Hirofumi and South Korean Education Minister Moon Yong-Lin after their meeting to boost and strengthen cultural and educational exchanges was in line with their joint declaration issued in October 1998 (*Japan Times*, 21 March 2000).

In addition, despite the growing divergence of Japanese and Chinese views of historical issues, Prime Minister Obuchi invited President Jiang Zemin to Tokyo in November 1998. The Jiang-Obuchi summit meeting resulted in an epoch-making Sino-Japanese joint press announcement on strengthening relations between the two countries in the 21st century, which included regional collaboration on international issues: 1) the Korean Peninsula problem; 2) China's accession to the WTO; and 3) the East Asian economy.¹³ The Jiang-Obuchi summit meeting had further benefits including agreements for closer sub-regional collaboration as a positive sign of the formation of a Northeast Asian Political Dialogue (NEAPD). With regard to an agreement for up to "390 billion yen for twenty-eight projects during the remaining two years of the Fourth Yen Loan Package" (Green 2001: 98), both governments agreed to a proposal of the Japan-China joint declaration on building a partnership of friendship and cooperation for peace and development. This is precisely what Obuchi's initiatives had been advocating: an engagement policy towards China's participation in regional collaboration and integration in Northeast Asia (Takahara 2003).

As far as the dynamic development of 'Japan-ASEAN cooperation towards the 21st century' was concerned, Obuchi proposed the following four initiatives at the ASEAN + 1 summit meeting in Hanoi, in December 1998: 1) the promotion of communicative networks; 2) the revitalisation of the East Asian economy; 3) the improvement of human security; and

go.jp/region/asia-paci/asean/conference/pmc98/fmmeeting.html>, [accessed 6 September 2002].

¹² MOFA, "Japan-Republic of Korea joint declaration: a new Japan-Republic of Korea partnership towards the Twenty-first century," <<http://www.mofa.go.jp/region/asia-paci/korea/joint9810.html>>, [accessed 8 December 2002].

¹³ MOFA, "Joint press announcement on strengthening cooperation between Japan and China toward the twenty-first century," <<http://www.mofa.go.jp/region/asia-paci/china/visit98/press.html>>, [accessed 11 January 2003].

4) the enhancement of intellectual dialogues and cultural exchanges.¹⁴ More specifically, Obuchi announced the 'Okuda Mission' for the revitalisation of the East Asian economy beyond the crisis. The mission consisted of eight members, including business leaders from leading Japanese companies and influential academics, with Okuda Hiroshi, Chairman of the Board of the Toyota Motor Corporation and Chairman of the Japan Federation of Employers' Association (*Nikkeiren*), as its head.¹⁵ The Okuda Mission's report to the Japanese government, 'Living in Harmony with Asia in the 21st century', served to push the Chiang Mai Initiative forward. Okuda's report also recommended specific regional interaction and collaboration in the areas of people, goods, money and information. One of the most important contributions of the report was the 'Obuchi Plan', a comprehensive programme for the enhancement of human resource development and exchange in East Asia, proposed by Prime Minister Obuchi at the first official ASEAN + 3 summit meeting in Manila, 1999. Obuchi argued that the plan should focus on people-to-people exchange and the opening-up of labour markets to build a foundation for medium to longer-term stable economic development, so as to recover from the East Asian crisis (*Japan Times*, 4 January 2000). Based on this 'Obuchi Plan', the Agency for Cultural Affairs (*Bunkachō*) provided a longer-term project, the 'Art Plan 21',¹⁶ which aimed to promote cultural exchange and collaboration as a vehicle for the development of East Asian cultural regionalism. The Japanese government made an important psychological contribution to building a sense of collective values for the social construction of institutionalised regional collaboration in East Asia according to the Obuchi Plan. This plan was directly linked to the implementation of cultural exchange and collaboration through Japanese longer-term assistance projects — the ASEAN Human Building Programme and the ASEAN Youth Invitation Programme — as a definite step towards the development of a Japan-ASEAN intra-regional cultural mission in East Asia (Personal interview with the Deputy Director, Maki Kobatashi, Cultural Policy Division, Cultural Affairs Department of MOFA, 12 December 2002).

4.3. Japan's Pro-active Role in the Institutionalisation of ASEAN + 3

Since the establishment of the Joint Statement on East Asian Co-operation in 1999, Japan has played a crucial role in the institutionalisation of ASEAN + 3. The ASEAN + 3 process is an embryonic EAIR. The ASEAN + 3 process can be expected to stimulate politico-economic collaboration as an important channel of regional integration in East Asia.

¹⁴ MOFA, "Prime Minister Obuchi's four initiatives for Japan-ASEAN cooperation towards the 21st century," <<http://www.mofa.go.jp/region/asia-paci/asen/pmv9812/initiative.html>>, [accessed 27 June 2002].

¹⁵ The other members were: Tasuku Takagaki (Chairman of the Board, the Bank of Tokyo-Mitsubishi, Ltd.), Toyoo Gyoten (President, Institution for International Monetary Affairs), Jiro Aiko (Advisor, Sony Corporation), Taizo Watanabe (Professor, University of Aoyama Gakuin), Toshihiko Fukui (Chairman of Economic Research Centre, Fujitsu Research Institute), Yukio Okamoto (President, Okamoto Associates, Inc.) and Motoshige Ito (Professor, Faculty of Economics, University of Tokyo).

¹⁶ This plan focused on: 1) revitalisation of artistic creative activities; 2) passing on and developing the national identity; 3) promotion of regional culture and daily life culture; 4) cultivation and accumulation of human resources in order to support the arts; 5) cultural contributions and the communication of Japanese culture to the global community; and 6) development of infrastructure to communicate Japanese culture (Watanabe 1999: 65).

Specifically, the East Asian Vision Group (EAVG) report of 2001, entitled *Towards an East Asian Community: Region of Peace, Prosperity and Progress*, called for the introduction of community-building in East Asia. This implies that Japan has expanded its pro-active role through 'complex regional multilateralism' in East Asia (Gilson 2004). For example, the 'Tokyo Declaration for Dynamic and Enduring Japan-ASEAN partnership in the New Millennium', issued by Japanese and ASEAN leaders in December 2003, describes the ASEAN + 3 as a crucial process in promoting cooperation and regional economic integration in East Asia (*Japan Times*, 17 December 2003; *Asahi Shimbun*, 24 November 2003). Specifically, Prime Minister Koizumi Junichirō promised to provide US\$ 1.5 billion over the following three years to ASEAN to cultivate human resources through education programmes. Another US\$ 1.5 billion was promised in order to assist in promoting sub-regional collaborative projects for the development of the Mekong River Basin and the East ASEAN Growth Area (*Asahi Shimbun*, 13 December 2003). Japan's decisions to join ASEAN's Treaty of Amity and Cooperation (TAC) and its commitment to the formation of a Japan-ASEAN Comprehensive Economic Partnership (JACEP) are among the key steps taken (*Japan Times*, 21 December 2003). In this way, the ASEAN + 3 process has stimulated Japanese policy-makers to play a pro-active role in promoting institutionalised regional arrangements, which could lead to the development of East Asian regional integration, through the construction of a closer economic zone.

The formation of an economic zone for enhancing East Asian interdependence is an important step in the institutionalisation of ASEAN + 3. Taniguchi (2003) argues that ASEAN + 3 will spur the process of economic and political integration and the formation of an East Asian economic bloc: 'from an East Asian Economic Zone to an East Asian Union'. As far as the creation of an East Asian economic zone is concerned, Japan's pro-active role in the institutionalisation of ASEAN + 3 has been crucial, as seen in the promotion of East Asian policy initiatives for collectivising interests within the ASEAN + 3 process. In order to promote the creation of an East Asian economic zone, for instance, Japan has actively worked to eliminate North-South economic disparities within the ASEAN + 3 grouping (Personal interview Professor Yuji Suzuki, Hosei University, 28 November 2002). At the same time, Foreign Minister Kawaguchi Yoriko pointed out that Japan has taken into account the diversity of regional economic values in a bid to create an East Asian bloc (*Japan Times*, 9 December 2003). This can be illustrated by Japan's engagement in the development of intergovernmental regional collaboration through: 1) the formation of an East Asian Free Trade Area (EAFTA); 2) the development of an integrated East Asian Market (EAM); and 3) the establishment of an East Asian Monetary Fund (EAMF).

Firstly, the idea of building an EAFTA may act as a catalyst in building an East Asian economic bloc (Park 2002; Urata 2004). The ASEAN + 3 leaders agreed to examine the feasibility of establishing an EAFTA in Singapore in November 2000. This agreement is directly linked to the formation of an EAFTA, as proposed by the EAVG. The proposal is the first regional-integrationist approach to economic integration between the ASEAN Free Trade Area (AFTA) and the Northeast Asian Free Trade Area (NEFTA) in the context of the ASEAN + 3 framework (*The Korea Herald*, 19 September 2002; *Japan Times*, 14 October 2002). East Asia as a region appears to be moving towards the formation of a regional economic zone based on 'free trade and cross-border investment, service trade and harmonisation of economic policies' (*Japan Times*, 14 April 2002).

Japan's vision of an EAFTA was influenced by the November 2001 agreement among South Korea, China and ASEAN to set up a FTA within ten years. Japan and South Korea

agreed to conduct joint studies on the economic effects and policy implications of a Japan-South Korea FTA through the Korea Institute for International Economic Policy (KIEP) and the Institute for Developing Economies and Japan External Trade Organisation (IDE-JETRO). The joint study led to the formation of a Business Forum in early 2001 where the two sides exchanged views on a mutually beneficial Japan-South Korea FTA. For instance, in November 2001, the President of *Keidanren*, Imai Takashi, and the President of the Federation of Korean Industry, Kim Kak-Jung, issued a joint communiqué to work together to form a bilateral FTA between the two countries as a step towards the formation of an EAFTA (*Keidanren* and *Zenkeiren* 2001).

Japan agreed to establish a Japan-China economic partnership to promote the collaboration of these countries in the formation of an East Asian economic zone. Although there still exists a certain degree of rivalry between Japan and China,¹⁷ the two countries have actually engaged in economic collaboration in the context of the ASEAN + 3 framework. Supporting the notion of 'collaborative competition' (Ikibe 1999), Japanese Prime Minister Koizumi Junichirō argued in a keynote speech at the first annual conference of the Boao Forum for East Asia that "Japan and China need to strengthen their 'mutually complementary' economic ties" in moving towards the institutionalisation of ASEAN + 3 (*Japan Times*, 13 April 2002). For some, shared leadership between Japan and China is vital for the establishment of an EAFTA, as Singapore's then Prime Minister Goh Chok Tong stated: "If we can find a way for Japan to feel confident and comfortable enough to have an FTA with China, then we can have an EAFTA" (*Nihon Keizai Shimbun*, 3 December 2003). In this way, Japan and China are both committed to the formation of an EAFTA in order to promote the institutionalisation of ASEAN + 3. Chinese Premier Zhu Rongji took the lead in promoting the China-ASEAN FTA at the Singapore summit meeting held in November 2000 (*People's Daily*, 26 November 2000; *Financial Times*, 27 November 2000), which acted as a catalyst for Japan's proposal of a 'Comprehensive Economic Partnership' with ASEAN in January 2002 (Shiraishi and Ōtsuji 2002). This resulted in Sino-Japanese intra-regional collaboration by coordinating their complementary role in promoting the formation of an EAFTA.

At the same time, Japan and ASEAN opened negotiations on the free trade pact in 2005, with the aim of concluding the talks by 2012 with the association's more developed countries — Singapore, Thailand, Malaysia, the Philippines, Indonesia and Brunei. According to the agreement, Japan and the four other association members — Vietnam, Myanmar, Cambodia and Laos — are expected to conclude their discussion by 2015 (*New York Times*, 4 September 2004). Japan has developed a range of measures to strengthen its regional presence in order to establish an EAFTA. Therefore, it is clear that Japan has put forward policies to promote the formation of an EAFTA as a step towards constructing a trading bloc in East Asia.

Secondly, an integrated East Asian Market (EAM) will reinforce the effectiveness of a regional economic zone in the context of the ASEAN + 3 process. The EAM is simply the latest manifestation of the evolutionary development of East Asian regional collaboration and integration. What is more, the EAVG has called for the establishment of an East Asian Investment Area (EAIA) to act as a vehicle for regional investments alongside trade in goods

¹⁷ Contrary to expectations, past problems between China and Japan are increasingly influencing the current relationship. Koizumi's official visits to the controversial 'Yasukuni Shrine' are an obstacle to the improvement of their bilateral relationship in the institutionalisation of ASEAN + 3.

and services. This will also facilitate the formation of an economic zone in East Asia. As illustrated by the recommendations, made by the *Keidanren* 'Towards the Implementation of Strategic Trade Policies: A Grand Design of Japan's Policy as a Nation Built on Trade',¹⁸ the business federation has argued in favour of pursuing ASEAN + 3 market integration. For *Keidanren*, it is essential for Japan to exert leadership in order to construct an integrated EAM. In order to help restore socio-economic vitality to Japan as well as East Asia, moreover, *Keidanren* proposed an approach toward systemic and structural reform based on the concepts of the "dynamism of diversity" and "sympathy and trust".¹⁹ Human resources are a key element in the integration of the regional political economy, ultimately leading to an integrated EAM.

Furthermore, Japan has pursued ASEAN-oriented institutional approaches to promote further economic integration in East Asia. For example, pursuant to the decision of the 8th Asia-Europe Meeting-Ministry of Economic Trade and Industry (AEM-METI) consultations of 2002, an ASEAN-Japan Closer Economic Partnership Expert Group (ACEPEG) was established to conduct a study on intra-regional economic collaboration and integration in East Asia.²⁰ In order to maximise the complementary relations existing between the ASEAN and Japanese economies, the Expert Group explored areas where economic relations between ASEAN and Japan could be further enhanced, including liberalisation, facilitation and collaboration in the areas of goods, services and investments. These suggestions were reflected in 'The Report on the Joint Study on the ASEAN-Japan Closer Economic Partnership' by ACEPEG. The report had a great influence on the 'Initiative for Development in East Asia (IDEA)' associated with the institutionalisation of ASEAN + 3. In other words, the role of Japan in the regional political economy has been crucial in promoting an integrated East Asian Market (EAM).

Finally, the establishment of an East Asian Monetary Fund (EAMF) could help to prevent crises through effective policy coordination, and this has been viewed as another step towards the formation of regional financial regimes (Manupipatpong 2002). This view testifies to an increasing recognition that an effective institutional arrangement is necessary in order to cope with disruptive capital flows and to maintain exchange rate stability, reflecting lessons learnt from the East Asian crisis. The EAVG report recommends the construction of an EAMF for promoting a self-help financial mechanism in East Asia. The idea of an EAMF is not new; it is closely connected with the idea of the Asian Monetary Fund (AMF) proposed by Japan at the time of the East Asian crisis. Japan's proposals in this sphere faltered due to opposition from the IMF, the US and China. However, China, this time, has supported an EAMF as a longer-term goal for regional financial collaboration (*Japan Times*, 3 January 2002). According to Chinese Foreign Ministry spokesman Sun Yux, 'China is willing to consider the proposal to establish an East Asian Monetary Fund' (*People's Daily*,

¹⁸ *Keidanren*, "Towards the implementation of strategic trade policies: a grand design of Japan's policy as a nation built on trade," <<http://www.keidanren.or.jp/english/policy/2001/029.html>>, [accessed 13 April 2004].

¹⁹ *Keidanren*, "Interim recommendations on accepting non-Japanese workers: bring dynamism of diversity into Japan by opening doors to transnational human resources," <<http://www.keidanren.or.jp/english/policy/2003/108.html>>, [accessed 14 April 2004].

²⁰ ASEAN-Japan Closer Economic Partnership Expert Group (ACEPEG), "The report on the joint study on the ASEAN-Japan closer economic partnership," <http://www.meti.go.jp/english/policy/index_externaleconomicpolicy.html>, [accessed 17 April 2004].

26 November 1999). Chinese Premier Zhu Rongji also stated that: “any financial arrangement that East Asia makes will be a supplement to the functions of IMF and other international financial institutions” (*People’s Daily*, 25 November 2000). The Chinese government has actively participated in the negotiations over the Chiang Mai Initiative and has supported the further development of an East Asian Monetary Union (Castellano 2000). For example, the Chinese Finance Minister, Xiang Huaicheng, stressed the importance of regional financial collaboration in exchange rate regimes at the third ASEM Finance Ministers’ meeting in Kobe in January 2001. His speech indicates that East Asian collaboration has the potential to grow into a mechanism for financial collaboration in the context of the ASEAN + 3 framework (*Japan Times*, 11 May 2001). China’s approach to regional collaboration can be said to have strengthened the potential for a new regional financial architecture and the eventual development of an EAMF.

Although the idea of setting up an AMF was rejected by a range of countries from within and outside the region, the Japanese government has continued to stress the need for regional financial collaboration in East Asia. Indeed, it has been fully engaged in the creation of a new framework for regional monetary stabilisation, as illustrated by the Chiang Mai Initiative (CMI). The CMI has served to intensify the institutionalisation of ASEAN + 3, with the objective of strengthening self-help and mutual support for regional financial collaboration as a step in the formation of an EAMF. An additional indication of support for building an EAMF appeared in statements by Murakami Seichiro, Senior Vice Minister of Finance of Japan, at a news conference at the annual meeting of the ADB in Honolulu in 2001. He stated that Japan strongly supports the development of “Asia’s currency swap scheme into a regional monetary fund” (*Japan Times*, 12 May 2001). The government has sought to establish an EAMF by linking existing bilateral agreements as a step towards the eventual formation of a single multilateral monetary union. For example, at the ADB’s annual meeting in South Korea, 15 May 2004, East Asian finance ministers and central bankers discussed ways to delegate their economic and financial sovereignty to a regional monetary institution as a vehicle for forming an EAMF (Vatikiotis and Holland 2004). In this sense, Japan can be said to have spearheaded an initiative to form an EAMF, which will facilitate the possible emergence of an East Asian economic zone.

5. CONCLUSION

This paper has sought to investigate how Japan is playing a pro-active role in the process of forming an EAIR. It suggests that Japan’s pro-active role aimed at facilitating the establishment, strengthening, or expansion of regional regimes for the future development of East Asian regional integration is significant. This is because Japan has put forward policies to promote institutionalised regional collaboration in East Asia. It is important to note here that Japan’s regional projects treated the process of regional institutionalisation as a development from an ‘idea-led’ to ‘institution-led’ phenomenon, which can be illustrated by the paradigm shift in the region-building process at functional-institutional level in East Asia.

Japan, as a key regional player, has increasingly engaged in the process of community-building in East Asia. Although Japan’s response to the Malaysian-led EAEC project can be said to have been ‘reactive’, its policy approach towards the institutionalisation of ASEAN + 3 can be characterised as representative of a ‘pro-active state’. This shift reflects the interplay of intra-regional structural (East Asian crisis of 1997-8) and normative (the necessity of

regional collaboration) dimensions in the context of EAIR formation. More specifically, ideas and institutions contribute to the understanding of the cognitive process of forming an EAIR as a regional-integrationist framework. It is important to shed light on the roles of principles, norms, rules and decision-making procedures for EAIR formation. This can be seen, for example, in the significance of Japan's pro-active role in the institutionalisation of ASEAN + 3.

Japan, thus, has shown more willingness to assume a pro-active role in promoting regional integration in East Asia. At the same time, without considering a rethinking of its historical awareness of the existing legacy of colonialism in the region, and how to pass on the lessons of history to the next generation, Japan's leadership role in promoting regional projects will be clearly problematic.

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