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East Asia Summit (EAS): Issues for Congress

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Summary

The first East Asia Summit (EAS) met on December 14, 2005, in Kuala Lumpur, Malaysia. It brought together the ten Association of Southeast Asian Nations (ASEAN), [Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, and Vietnam] as well as the "plus three" states [China, South Korea, and Japan] and Australia, New Zealand, and India, to discuss issues of common concern. Japanese officials have described the EAS as an "historic summit meeting to be held with a view to establishing a future East Asia Community."[1] Such a group could potentially replace Asia Pacific Economic Cooperation (APEC) as the main multilateral forum in Asia on trade and investment liberalization and economic integration. Russia was invited to attend the EAS as a special guest.[2] Some in the United States are concerned that the East Asia Summit marks a rise in Asian regionalism in which the United States is not playing a leading role. There is also concern that China may use the East Asia Summit to consolidate a leading role in Asia. A key outcome of the first East Asia Summit is that ASEAN appears to have retained a central role in the process. This report will be updated as circumstances warrant.

[1] Embassy of Japan, "General Information on the East Asia Summit," December 7, 2005.

[2] "ASEAN to Invite Russia as "Special Guest" to EAS," *Jiji Press*, November 29, 2005.

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Fundamental shifts underway in Asia could constrain the U.S. role in the multilateral affairs of Asia. The centrality of the United States is now being challenged by renewed regionalism in Asia and by China's rising influence. While the United States traditionally has played a central role in setting the agenda and shaping the goals for multilateral cooperation in the region, including the Asia Pacific Economic Cooperation (APEC) group, there is the potential that the East Asia Summit (EAS), to which the United States was not invited, could lead to a new regional forum led by China that would exclude the United States and increasingly displace APEC, and other more inclusive fora, as the leading multilateral grouping of Asia. Although there are a number of obstacles to the realization of an East Asian bloc that would limit American influence in the region, some observers are of the opinion that the United States should take further steps to reinforce its own regional role and revitalize ties with allies, friendly countries, and others to deter that possibility. While China sought a leading role in the EAS, ASEAN appears to have retained a central role in the EAS process. China's tensions with Japan also appear to be a key limiting factor to Asian unity under the EAS.

The East Asia Summit: Background and Context

Kishore Mahbubani, formerly a senior official in Singapore's Ministry of Foreign Affairs and Trade, stated that history will view the EAS as the real beginning of the Pacific century.[3] The EAS is viewed as important not only because of its implications for regional trade but more importantly for its potential importance as an indicator of China's rising geopolitical importance. It is also of importance because the positions of regional states relative to China and the United States were brought into perspective as the diplomacy surrounding the summit unfolded. The EAS is viewed as potentially of strategic importance because many believe that it could form the basis of a future East Asian Community, which might make collective agreements on trade or even security affairs without U.S. input. As such, regional states have sought to be included in the summit so that they will not be excluded from any future East Asian Community.

The United States has not played a role in the EAS process nor was it invited to attend. What is of concern to some analysts is that this appears to be a potential challenge to American involvement in the region. Some fear that by shifting emphasis from APEC, an organization in which the United States has played a leading role and which encompasses the broader Pacific Rim, to an annual East Asia Summit, in which the United States is not a participant, America's overall position could become relatively less influential and the United States could potentially be excluded from preferential trade agreements. Though President Bush attended the APEC gathering in Busan, South Korea in November 2005, that gathering is being viewed by some as "trumped" by the December 2005 EAS meeting.[4] APEC, however, is primarily a trade and economic organization. A major strategic consideration is that APEC includes Taiwan whereas the EAS does not.[5]

[3] "Rising Unity in East Test for Global Trade," *New Zealand Herald,* Nov. 19, 2005.

[4] Jeffery Garten, "Battle of the Summits; Asian States Want to Hedge Against Protectionism in the U.S. and EU with Stronger Regional Trade Strategies," *Newsweek*, Nov. 21, 2005.

[5] See CRS Report RL31038, *Asia Pacific Economic Cooperation, Free Trade, and the 2005 Summit in Busan, Korea*, by Emma Chanlett-Avery.

Source: Map Resources. Adapted by CRS. (K.Yancey 12/15/05)

Membership Issues

Some view the inclusion of India, Australia, and New Zealand as a partial balancer to the geopolitical weight of China within the grouping.[6] This is thought to be the perspective of countries such as Singapore, Japan, Vietnam, and Indonesia, though other states are thought to be relatively comfortable with China's role and an ASEAN Plus Three format.[7] Some observers believe that despite its acceptance of the current membership of the EAS, China actually favors a future East Asian Community based on the more restricted membership of the ASEAN Plus Three states. This would exclude Australia and New Zealand, which are more closely aligned with the United States, as well as India. India is China's traditional rival in Asia and is in the process of developing closer ties with the United States. This issue came to light as China reportedly favored a draft joint declaration for the summit which portrayed ASEAN Plus Three states as having a dialogue with India, Australia and New Zealand at the summit. Japan reportedly opposed such a

[6] Clarissa Oon, "West is Welcome in ASEAN plus 3," *Straits Times*, Nov. 1, 2005.

[7] "China's Power Play," *Asian Wall Street Journal*, Aug. 1, 2005, and "US Tries to Unravel East Asia Summit Puzzle," *Agence France Presse*, Oct. 23, 2005.

definition of the grouping. India reportedly opposed any joint declaration that did not imply that the EAS would form the basis of a future East Asian Community.[8]

To some, the EAS is an extension of the East Asian Economic Caucus (EAEC) concept put forward by former Prime Minister Mahathir Mohammed of Malaysia. The EAEC was a revised version of Mahathir's 1990 East Asian Economic Group (EAEG) concept.[9] The EAEC was to exclude non-Asian states, such as the United States, Australia, New Zealand, and Canada. The United States was opposed to such an exclusive East Asian grouping, and Japan reportedly worked to thwart it while Australia promoted the APEC grouping which includes all states concerned.[10] The evolution of the East Asian Community concept, of which the EAS is the latest manifestation, evolved further when ASEAN joined with China, Japan, and Korea in 1997/1998 to form the ASEAN Plus Three grouping.[11]

The United States' Position

Singaporean Foreign Minister George Yeo stated after a meeting with Secretary of State Rice in February 2005 that the United States "has some concerns that the East Asia Summit will be inward looking and exclusive."[12] The United States has been criticized by regional states for not paying enough attention to Southeast Asia. This was highlighted by Secretary of State Condoleezza Rice's decision to break with tradition and not to attend the July 24-29, 2005 ASEAN Ministerial meeting in Vientiane, Laos. Secretary of State Rice also canceled a planned visit to Indonesia in January 2006 reportedly due to developments in the Middle East.[13] Some interpreted this move as "a sign that the United States was ceding the region to China."[14] The Administration has indicated that the EAS agenda is not clear and that it continues to support APEC as "by far the most robust, multilateral grouping in Asia."[15] Despite the perceived lack of attention by the U.S., the United States and ASEAN announced a Joint Vision Statement on the ASEAN-U.S. Enhanced Partnership just prior to President Bush's meeting with ASEAN leaders on the sidelines of the November 2005 APEC meeting in South Korea.[16] A Singaporean Foreign Affairs spokesman greeted the Joint Vision Statement by stating that "The enhanced partnership ... will substantially broaden the United States' engagement with ASEAN ... and will better position both sides to meet the challenges ahead."[17]

China's Posture

China's approach to multilateral institutions which involve ASEAN has undergone a transformation as have Southeast Asian states' perceptions of China. China has evolved from

[8] "Japan, China Clash Over East Asian Summit," *The Yomiuri Shimbun*, Nov. 25, 2005.

[9] M. Leifer, *Dictionary of the Modern Politics of Southeast Asia*, (New York: Routledge, 1995).

[10] F. Fukayama, "All Quiet on the Eastern Front?" *Wall Street Journal*, Mar. 1, 2005, F. Fukayama, "America's Challenge in Asia," *Asian Wall Street Journal*, Mar. 2, 2005, and "US Concerned Over 'Exclusive' Nature of Upcoming EAS," *Agence France Presse*, Feb. 25, 2005.

[11] "Ushering in a New Era of Regional Cooperation," *New Straits Times*, Nov. 20, 2005.

[12] "US Concerned Over Exclusive Nature of EAS," *Agence France Presse*, Feb. 25, 2005.

[13] "RI Embassy Receives Info on Cancellation of Rice's Visit," *Antara Morning News Digest*, January 9, 2006.

[14] G. Kessler, "Rice is Criticized for Plan to Skip Summit," *The Washington Post*, July 12, 2005.

[15] Senior Administration Official, Foreign Press Center, Department of State, Nov. 10, 2005.

[16] "US, ASEAN Agree on Enhanced Partnership," *Dow Jones News*, Nov. 17, 2005.

[17] Ministry of Foreign Affairs, Singapore, "Press Statement, Joint Vision Statement on the ASEAN-US Enhanced Partnership," November 17, 2005.

viewing multilateral institutions in Southeast Asia as potentially constraining to viewing them as useful for promoting China's foreign policy objectives.[18] Southeast Asian states' views of China have evolved as China has abandoned its support of communist insurgencies in the region, been less assertive in the South China Sea, and has embarked on diplomatic and trade initiatives. Since taking office in March of 2003, President Hu Jintao has traveled extensively in the region.[19] Some view the current drive for the creation of an East Asian Community as having roots in the perceived failure of the United States to effectively respond to the 1997/98 Asian financial crisis.[20] At that time, China gained much favor by not devaluing its currency and by providing a reported $US 4 billion in aid to affected countries at a time when the United States' response was not viewed positively by regional states. China is also developing defense cooperation with Indonesia, Malaysia, and the Philippines. China views the region as key for its energy security both as a region through which its energy flows (some 80% of China's oil imports flow through the straits of Malacca) as well as a region from which China can derive energy resources.[21]

China-ASEAN trade exceeded $100 billion in 2004, a 30% increase over 2003 levels.[22] The rapid growth in trade between China and regional states provides the economic ballast for a broader relationship that may increasingly encompass political and security linkages as well. China and ASEAN have signed a Free Trade Agreement and are negotiating to reduce tariffs to between zero and 5% on certain goods by 2010 and by 2015 for poorer members of ASEAN.[23] The combined gross domestic product (GDP) of Asian countries is approximately 22% of the world total while the United States and Europe account for approximately 28% and 30% respectively.[24] Asia has experienced much higher rates of growth than the United States and Europe in recent years, and this trend is widely expected to continue.

Southeast Asian Perspectives

There are a range of perspectives within ASEAN on the EAS and China's evolving role in a potential East Asian Community. While all invitees to the EAS see value in developing diplomatic and trade relations with China, some are more concerned than others that China's potentially preponderant influence should be balanced. Singapore has taken a leading role in articulating the benefits of an open regional framework for Southeast Asia. Prime Minister Lee Hsien Loong has stated "ASEAN does not want to be exclusively dependent on China and does not want to be forced to choose sides between China and the United States or China and Japan." He also reportedly stated "if the world is split up into closed blocs or exclusive spheres of influence, rivalry, antagonism and conflict are inevitable."[25] Singapore has supported India's inclusion in both the East Asia Summit and India's bid for a permanent seat on the United

[18] Kuik Cheng-Chwee, "Multilateralism in China's ASEAN Policy: Its Evolution, Characteristics, and Aspirations," *Contemporary Southeast Asia,* April 2005.

[19] "Here's Hu," *The Economist,* Nov. 5, 2005.

[20] Daniel Sneider, "Asian Powers Outgrowing American Leadership," *San Jose Mercury,* Nov. 11, 2005.

[21] "China Makes its Presence Felt," *Oxford Analytica,* Sept. 16, 2005. For further information see CRS Report RL32882, *The Rise of China and Its Effect on Taiwan, Japan, and South Korea: U.S. Policy Choices,* by Dick Nanto and Emma Chanlett-Avery, and CRS Report RL32688, *China—Southeast Asia Relations: Trends, Issues, and Implications for the United States,* by Bruce Vaughn.

[22] Lindsay Beck, "China Looks to Extend Reach South," *Reuters,* July 25, 2005.

[23] "ASEAN Trade Talks with Region Hit Snag," *Agence France Presse,* Dec. 8, 2005.

[24] "As the Year Ends so too Does a Season of East Asian Diplomacy,"*Asahi Shimbun,* Nov. 15, 2005.

[25] Tor Ching Li, "China Can Transform Asian Landscape: PM," *Today* (Singapore), Oct. 26, 2005.

Nations Security Council.[26] Singapore also seeks continued U.S. engagement in the region. Burma and Laos are viewed as already significantly under China's sphere of influence in Southeast Asia.[27]

Other Perspectives

It is not only Southeast Asian states that are feeling the pull of China's diplomatic initiatives; "loyal allies of the United States, such as Japan, South Korea, and Australia, already feel the magnetic force of a new geopolitical pole."[28] Australia reversed its previous policy on the ASEAN Treaty of Amity and Cooperation and signed the treaty which enabled it to attend the East Asia Summit. It is unclear to what extent current tensions between Japan and China will hinder the future development of the EAS. China has reportedly postponed discussions involving Japan which were to take place on the sidelines of the EAS.[29] This conflict, and Japan's perceived declining regional influence, may have contributed to enthusiasm among others to include India, Australia, and New Zealand in the group. Some view recent developments in America's bilateral relationship with India as in part inspired by a desire to build ties with another regional state which may not be comfortable with a rapidly expanded Chinese position.[30] China was recently able to gain observer status to the South Asian Association of Regional Cooperation, the main multilateral grouping in South Asia.[31]

Key Outcomes of the First East Asia Summit

The Kuala Lumpur Declaration on the East Asia Summit, of December 14, 2005, made several key declarations which are listed below.

- "... we have established the East Asia Summit as a forum for dialogue on broad strategic, political and economic issues of common interest and concern with the aim of promoting peace, stability and prosperity in East Asia."
- "... the efforts of the East Asia Summit to promote community building in this region will be consistent with and reinforce the realization of the ASEAN Community, and will form an integral part of the evolving regional architecture."
- "... the East Asia Summit will be an open inclusive, transparent and outward looking forum ... with ASEAN as the driving force ..."
- The EAS will focus on "fostering strategic dialogue and promoting cooperation in political and security issues ... promoting development, financial stability, energy security, economic integration and growth eradicating poverty and narrowing the development gap in East Asia ..."[32]

[26] P.S. Suryanarayana, "Singapore Sees India, China as Pace Setters for Economic Growth of Other Asian Countries," *The Hindu*, Oct. 26, 2005.

[27] Ross Terrill, "What Does China Want?" *Wilson Quarterly*, Autumn, 2005.

[28] "Meeting the Superpower: George Bush Should Treat Meeting China as an Opportunity, Not Just a Threat," *The Economist*, Nov. 19, 2005.

[29] "China Postpones Summit with Japan, South Korea," *Press Trust of India*, Dec. 4, 2005.

[30] "Bush Adopts New Strategy on China," *Oxford Analytica*, Nov. 18, 2005.

[31] "Summit or Trough?" *The Economist*, Nov. 19, 2005.

[32] "Kuala Lumpur Declaration on the East Asia Summit," Kuala Lumpur, December 14, 2005.

- The summit has highlighted a number of evolving geopolitical dynamics in the region. It has been observed that key outcomes of the summit are that ASEAN "successfully projected its political centrality in a wider region fast becoming a function of the economic weight of China and India," and those within ASEAN Plus Three who advocated a more inclusive membership were able to bring India, Australia, and New Zealand into the group.[33] It has been reported that Japan, Singapore, and Indonesia worked to broaden membership to include India, Australia, and New Zealand.[34] Such additions are thought to partially offset the influence of China within the group. It was also observed that while the United States did not participate, "its influence remains directly and via regional allies." While media reports did focus on the EAS as a new Asian bloc they also pointed to conflicts within the region, particularly the Sino-Japanese conflict, that may limit future regional cooperation.[35] Some analysts have observed that rather than bringing Asia together under Chinese leadership the EAS may have more clearly defined Asian rivalry and regional geostrategic divisions.[36] Russia, which had observer status at the EAS, also is reportedly seeking to become a full member at the next EAS meeting.[37] The group plans to hold its second summit in the Philippines in 2006.[38]

Implications for U.S. Policy

Some have asked why the United States should be concerned with an EAS that has yet to demonstrate that it will be a threat to American influence in Asia. Others argue that it will lead to a reduction in influence that would limit America's ability to promote its values or look after its interests whether they be economic or strategic. To some, America's preoccupation with Iraq has been a distraction that has led it to underestimate the importance of evolving geopolitical dynamics in Asia including the EAS.[39]

The focus on the EAS comes at a time when APEC is generally perceived to have lost momentum. There is an increasing perception that APEC, which has 21 members and was established in 1989, is disintegrating into regional and bilateral blocs and that it does not have the leadership necessary to meet future challenges. Some feel that a return to APEC core issues of trade liberalization and the reduction of trade barriers is the best way for APEC to regain its momentum.[40] Australia, which played a key role in the development of APEC, will be the 2007 Chair of APEC. A question is whether the United States should take additional measures to strengthen APEC. Some suggest this would also keep Taiwan from becoming increasingly isolated.

[33] Michael Vatikiotis, "EAS Offers Bullish View of Asian Regionalism," *New Straits Times,* December 19, 2005.

[34] Edward Cody, "East Asian Summit Marked by Discord," *Washington Post,* December 14, 2006.

[35] Bureau of Intelligence and Research, Department of State, Foreign Media Reaction Issue Focus, "East Asia Summit & ASEAN: Creating a New Regional Architecture," December 16, 2005.

[36] Eric Teo and Chu Cheow, "Geostrategic Imperatives of the East Asia Summit," *PacNet Newsletter,* January 3, 2006.

[37] Frank Ching, "The East Asian Cloud at the Summit," *New Straits Times,* December 22, 2005.

[38] "East Asia Stages Inaugural Summit," *BBC News,* December 14, 2005.

[39] Hugh de Santis, "The Dragon and the Tigers: China and Asian Regionalism," *World Policy Journal,* Summer 2005.

[40] "APEC Must Streamline and Focus to Survive: Lowey Institute," *Australian Associated Press,* October 17, 2005 and Geoffrey Barker, "Altogether Now, Asia Shapes its Future," *Australian Financial Review,* Oct. 1, 2005.

To some, the key question concerning the EAS is whether China's leadership "will be benign or will it be aimed—or be perceived by the U.S. as being aimed—at limiting or replacing Washington's (and Tokyo's) influence in the region."[41] China's actions through the Shanghai Cooperation Organization (SCO), which includes China, Russia, Kazakhstan, Tajikistan, and Uzbekistan, and Kyrgyzstan, are viewed by some as challenging America's regional presence.[42] The SCO asked in July 2005 for a timetable for the withdrawal of U.S. coalition forces in Central Asia.[43] China's potential opposition to America presence in a region that it may increasingly see as within its sphere of influence may portend future negative postures relative to American forces elsewhere in Asia.

Developing a constructive relationship with China is generally viewed as the most significant foreign policy challenge for the United States in Asia, and possibly the world, in the years ahead. How the United States reacts to China's bid to position itself more centrally in Asia, as demonstrated by the EAS, is an important component of this challenge. A policy approach that seeks to continue to foster the peaceful rise of China appeals to many.[44] Some feel that it is important that American policy on the East Asia Summit, or a potential future East Asian Community, not be interpreted by China as an effort to contain China but rather as a policy initiative to demonstrate that America seeks to remain an active and constructive actor in Asian multilateral affairs and that it supports the constructive integration of China into regional and world affairs.

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[41] Ralph Cossa, Simon Tay, and Lee Chung-min, "The Emerging East Asian Community: Should Washington Be Concerned?" *Pacific Forum*, (CSIS) August 2005.

[42] "Aphorisms and Suspicions: Special Report on China's World Order," *The Economist*, Nov. 19, 2005.

[43] Craig Simons and Dan Chapman, "Diplomacy Underlines U.S. Bid to Reel in China," The *Atlanta Journal*, Nov. 20, 2005.

[44] "Climbing the Great Wall," *The Wall Street Journal*, Oct. 20, 2005.