

## **3-Länder-Tagung 2016 „Regionalismus in einer entgrenzten Welt“**

gemeinsame Tagung von DVPW, ÖGPW und SVPW

**29.9.-1.10.2016, Universität Heidelberg**

### **Sektion 3: Regionalismus jenseits der Europäischen Union**

Panel 14: Politisch-ökonomische Perspektiven auf den (süd)ostasiatischen Regionalismus (Teil 1), Freitag, 30.09.2016, 09:00-10:30 Uhr

Panel 15: Politisch-ökonomische Perspektiven auf den (süd)ostasiatischen Regionalismus (Teil 2), Freitag, 30.09.2016, 11:00-12:30 Uhr

#### Panel Chairs:

Tobias ten Brink (Goethe Universität Frankfurt am Main)

Melanie Pichler (Universität Klagenfurt)

Colette Vogeler (Technische Universität Braunschweig)

### **ABSTRACTS**

#### **Panel 14: Politisch-ökonomische Perspektiven auf den (süd)ostasiatischen Regionalismus (Teil 1), Freitag, 30.09.2016, 09:00-10:30 Uhr**

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Sebastian KRAPOHL (Universiteit van Amsterdam)

#### **From ASEAN+3 and back: The interaction between extra-regional cooperation and regional integration**

ASEAN+3 und zurück. Das Zusammenspiel von extra-regionaler Kooperation und regionaler Integration

The Association of Southeast Asian Nations (ASEAN) is currently the most dynamic regional organization in the Global South. It adopted the ASEAN Charter in 2007 and established an ASEAN Community – including an ASEAN Economic Community – in 2015. This integration dynamic is surprising, as the regional organization failed to support its member states in any meaningful way during the Asian Financial Crisis of the late 1990s, so that observers at this time expected a marginalisation of ASEAN. This paper argues that ASEAN's current integration dynamic is not due to intraregional developments, but that it is an answer to successful extra-regional cooperation with China, Japan and Korea within the ASEAN+3 framework. Whereas the intraregional economic effects of ASEAN itself are of minor importance for its member states, ASEAN+3 is highly valuable for all actors involved. ASEAN is not becoming superfluous in this development, but it is an important building-stone for extra-regional cooperation. The paper conceptualizes the relationship of ASEAN and ASEAN+3 as a two-level game in which successful cooperation on one level stabilizes successful cooperation on the respective other. Without ASEAN, ASEAN+3 were unlikely to exist, and without ASEAN+3, ASEAN were likely to be less successful. This argument is illustrated along the developments of market and monetary integration within ASEAN and ASEAN+3 since the Asian crisis.

Johannes PETRY und Tobias TEN BRINK (Goethe Universität Frankfurt am Main)

## **The transformation of East Asian finance and its governance: Empirical changes, financial (in)stability and scholarly analysis**

Transformation und Governance des ostasiatischen Finanzsektors. Empirische Veränderungen, finanzielle (In)Stabilität und wissenschaftlichen Analyse

Asian financial systems have been subject to huge changes in the last two decades. Especially since the Asian financial crisis 1997-98, a new financial development paradigm has facilitated a transformation of East Asian Financial Governance. Overall, Asian financial markets gradually adopt practices and strategies akin to Western markets such as securitisation or derivative trading and develop new actors such as hedge or private equity funds. And although sheltered from the global financial crisis 2007-2009, recent turbulences like 'Black Monday' (24 August 2015) suggest that crisis potential stems from these financial markets. Until recently, the transformation of financial systems and its potentially destabilising effects outside Europe and the US received little scholarly attention. However, some scholars from International Political Economy, Comparative Political Economy, Financialisation Studies and Area Studies have started to put together pieces of the puzzle by analysing how Asian financial markets have changed since the Asian financial crisis, mostly by looking at individual countries. The aim of this paper is to map uncharted territory and provide some kind of synthesis. On the one side, it takes stock of the current scholarly debate on Asian Finance and its transformation. On the other side, it maps some recent empirical developments in Asian financial markets and their governance. It concludes by pointing out empirical and theoretical gaps in the existing literature. The paper thereby aims at contributing to the debates on financial system transformation in developing countries, the dynamics of East Asia financial integration as well as the analysis of financialisation and its regional manifestations. Further, the paper also contributes to the wider theoretical debates on convergence and (in)stability, bridging the divide between comparative and international perspectives on how to analyse the global economy. While the centre of gravity in the global economy is shifting towards the East, understanding the transformation of East Asian Finance and its potentially destabilising path is thus of great importance.

Yung-Yung CHANG (FU Berlin)

### **The competition between China and Japan: A benign one for the development of regional integration in East Asia?**

Die Konkurrenz zwischen China und Japan als „freundliche“ Konkurrenz für die Entwicklung der regionalen Integration in Ostasien?

The paper focuses on the role of China in the process of emerging regionalism in East Asia. It argues that China's increasing engagements and involvement since the late 1990s have helped to speed up the development of regionalism in East Asia, particularly in respect of the great power rivalry, namely the competition between China and Japan, which resulted in the positive spiral to catalyze the process of regional integration. First, the article will briefly introduce the relatively late development of regionalism in East Asia and its evolutionary speeding up process since the late 1990s. Second, it argues that it was China's increasing interests in developing multilateralism that caught Japan's attention to develop its foreign policy to be more regionally oriented and active. Such reaction from Japan has pushed China more suspicious and uncertain about Japan's intentions and then further pushed China to be more assertive to promote its own regional initiatives. The competition between China and Japan to initiate and promote their own ideas of East Asian regionalism has brought the new phase for developing regionalism in East Asia. Third, the paper will show some empirical examples that China and Japan competed with each other to realize their regional projects,

such as financial cooperation or trade agreement. The article applies international relations theory, namely (neo)realism, to explain such great power rivalry and competition using the concept of balance of power and the concern of state sovereignty. Fifth, I will try to stress the importance of ASEAN as the representative regional entity to mediate the competition between China and Japan, which made the regional multilateralism move forward more smoothly. While neither China nor Japan would like to see each other unilaterally dominate the process, via fighting for support from ASEAN, the competition turned out to be the positive and constructive force for developing regional integration.

Discussant: Colette Vogeler (Technische Universität Braunschweig)

**Panel 15: Politisch-ökonomische Perspektiven auf den (süd)ostasiatischen Regionalismus (Teil 2), Freitag, 30.09.2016, 11:00-12:30 Uhr**

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Jörn-Carsten GOTTWALD und Robert PAULS (Ruhr-Universität Bochum)

**The political economy of China's One Belt One Road in South-East Asia: Strategy or slogan?**

Die politische Ökonomie der "One Belt, One Road" in Südostasien. Strategie oder Slogan?

The current Chinese government under the leadership of Xi Jinping has been advancing the One Belt One Road (一帶一路) initiative as a center piece of its foreign economic policy. The initiative emphasizes outward infrastructure investment projects, with the aim of building "a new pattern of regional economic integration" (Xi Jinping, 25.10.2013). One Belt One Road is flanked by initiatives in regional institution building, such as the creation of the Asian Infrastructure Investment Bank. It has also been advertised as a corner stone of domestic economic reform, supporting the outward-orientation of Chinese firms. The initiative may thus have the potential to lay the structural economic foundations for the establishment of China as a norm- and rule-making power in (South-) East Asian regionalism. Taking into account the potential significance of this policy-initiative and that the topic is relatively under-researched, the paper will initially take stock of actors and policies involved with the One Road One Belt initiative in South-East Asia in the past three years. In a second step, we plan to evaluate in how far a coherent foreign economic strategy has emerged under the One Belt One Road label, involving a distinct set of foreign and economic policy actors pursuing common interests, or whether it remains a catch-all slogan attached to a range of uncoordinated activities in an attempt by the central leadership to simulate leadership and foreign economic policy coherence. With this, we hope to connect to the wider debate on (South-) East Asian regionalism and Chinese political economy, asking whether the Chinese party-state exhibits the capacity for (in this case, foreign) economic development planning (cf. the Heilmann/Melton – Hu – Naughton debate in *Modern Chin*, 39 (6)) to create a state-led project of regionalization from above in the region.

Nicolas KÖHLER (University of Cambridge)

**Economic and political determinants of India's preferential trade agreements**

Ökonomische und politische Faktoren von Indiens „Preferential Trade Agreements“

On a trip to New Delhi in January 2013, Pascal Lamy remarked that "while the world is multipolarising at an unprecedented scale and speed, and production and trade value chains are multilateralising, trade governance seems to be bilateralising." What can explain this

paradox? This paper sheds light on this question by making an empirical contribution to the study of the political economy of preferential trade agreements (PTAs) in a shifting geopolitical environment. Next to China, India is arguably the most influential (yet understudied) rising power with a growing impact on global politics which warrants a critical evaluation of the determinants of its PTAs. The paper will provide a historical institutionalist account of the evolution of the thirteen PTAs India concluded between 1998 and 2014 to examine whether they are tools of economic statecraft or driven by domestic interest groups. It draws on more than 110 elite interviews with representatives of industry bodies and firms, ambassadors, trade negotiators and other ministry officials, high-level decision-makers (including twelve at the highest levels of government), as well as official documents, diplomatic cables, foreign trade statistics, and data on PTA utilization.

The study examines four potential elements of economic statecraft: (1) regional influence, (2) soft-balancing and hedging in relation to other great powers, (3) bureaucratic “fear of missing out” in regard to the stalled multilateral Doha Round and PTA proliferation, and (4) hand-tying strategies for domestic liberalisation. This stands in stark contrast to domestic interest group explanations at the factor-, sector-, and firm-level. The study will thus contrast and compare empirical evidence on the economic statecraft conjecture to the “standard model” of regional economic integration (Bagwell-Staiger, Grossman-Helpman, Baldwin) and to functional explanations of global value chain integration.

The paper argues that PTAs are driven by economic statecraft when domestic industry is inward-looking (import-competing, in particular when serving a large domestic market) rather than export-oriented. Such PTAs are supplied by the government, but lack industry demand; they are driven by top-down considerations of the state instead of bottom up dynamics, i.e. market signals from firms and sectors, and thus function to a different logic. First, they are more sensitive to strategic concerns of different bureaucracies (such as foreign affairs, finance, and commerce). PTAs which would not be possible due to domestic resistance of import-competing industries, become possible due to the overriding concerns of state actors. Second, the choice of PTA partner countries may differ from industry-driven PTAs, which maximize market access. Third, state-driven trade agreements are shallower (as reflected by treaty commitments and utilization rates) than agreements driven by domestic interest groups. Although nominally providing security externalities through the economic preferences granted to partner countries, they mostly remain signalling and commitment devices for increased bilateral cooperation with the PTA partner country. This is particularly the case if the interests of domestic import-competing industries are more highly valued than the goals of state actors. However, PTA determinants can shift over time. When the underlying economic structure changes, for example if domestic firms become outward oriented and increase their intelligence of foreign markets, as well as when industry learns about the process of PTA formation, PTA determinants more closely resemble the expectations of the “standard model”.

Vu Tien DUNG (Justus-Liebig-Universität Giessen)

### **Caught in the loop of mutual political and territorial animosities? A Review on the prospect of North East Asia’s ‘regionness’**

Gefangen in der Spirale gegenseitiger politischer und territorialer Feindschaft? Eine Bewertung der Perspektiven einer nordasiatischen „Regionness“

Historically speaking down to the present day, hostilities have a long tradition and influence in North East Asia. Nevertheless, it has not experienced one physical conflict since the end of the Korean War in 1953. Furthermore, while the region combines three of the worldwide strongest and intertwined economies, i.e. China, Japan, and South Korea, there are relatively few political cooperation and integration institutions in comparison with other regions in the

world. Thus, those three conducted negotiations for a trilateral Free Trade Agreement. Scholars of regionalism differ in their perception of such a CJK FTA as a possible driver of regional integration processes in North East Asia. This paper attempts to analyze the heritage of animosities between China, Japan, and Korea and how to dissolve, or at least, reduce such hostilities. I argue that the establishment of a CJK FTA has a positive contribution for the regionalization process in the region according to Hettne and Söderbaum's theory of 'Regionness'. It is a first step towards regional integration which consequently dissolve or reduce tensions between China, Japan, and Korea (Interdependence Theory). In a second step of the analysis I will also try to embed Mattli's theoretical framework of 'International Political Economy' within the analysis to classify the meaning of the CJK FTA. Mattli purported that regional integration can best be achieved when certain 'demand' (e.g. market pressure) and 'supply' (e.g. indisputable Leader) conditions are fulfilled and an 'outsider-effect' is set. The main focuses of this paper is trying to answer the following questions: Can North East Asia be classified as a region despite the heritage of political and territorial disputes? What lessons can be derived from Mattli's 'International Political Economy' regarding a CJK FTA? And consequently, is there a substantial link between 'Regionness' and FTAs?

Discussant: Melanie Pichler (Universität Klagenfurt)