Further development of Asian regionalism: institutional hedging in an uncertain era

Mie Oba
Faculty of Engineering, Tokyo University of Science, Tokyo, Japan

ABSTRACT
Currently, the confrontation between two global giants, the United States and China, in trade and technology advancement and hegemony in international politics is escalating. The possibility of a Sino-U.S. economic “war,” or the so-called “new Cold War,” not only indicates the escalation of this confrontation but also symptomizes the international order’s transformation as a result of the change in power balance and rise of a challenger against the existing United States–led international liberal order. Most IR specialists focus on the prospects of this confrontation and its uncertain worldwide circumstances and are concerned about its impact on East Asian/Asia Pacific regional circumstances. Among them, prospects regarding regionalism and regional institutions in Asia seem pessimistic. However, Asian regionalism was activated following the decline in United States’ power and rise of China as a global power, and the international liberal order’s retreat became visible toward the end of the 2000s. Furthermore, even under the uncertain situations created by the Sino-U.S. confrontation, regional powers, including China, Japan, and the Association of South East Asian Nations (ASEAN), are promoting their multilateral approach by proposing and advancing various regional frameworks. This indicates that each regional power is adopting the “institutional hedging” strategy to ensure that their individual interests are satisfied and the regional order is comfortable for themselves. This paper verifies that regionalism and regional institutions have become important as measures of regional power for countries’ institutional hedging strategies to overcome the challenges posed by the beginning of regional uncertainties and that Asian regionalism is more active today than ever before.

KEYWORDS
Asian regionalism; institutional hedging strategy; new cold war

1. Introduction
Today, in the international scenario, the confrontation between two global giants, the United States and China, is escalating in terms of the advancement of trade and technology and hegemony in international politics. The possibility of occurrence of a Sino-U.S. economic “war,” or the “new Cold War”, indicates not only the escalation of this confrontation but also a symptom of transformation of the international order as a result of the change in power balance and rise of a challenger to the existing United States-led international liberal order. The possibility of occurrence of a Sino-U.S. economic “war,” or the “new Cold War”, indicates not only the escalation of this confrontation but also a symptom of transformation of the international order as a result of the change in power balance and rise of a challenger to the existing United States-led international liberal order. The possibility of occurrence of a Sino-U.S. economic “war,” or the “new Cold War”, indicates not only the escalation of this confrontation but also a symptom of transformation of the international order as a result of the change in power balance and rise of a challenger to the existing United States-led international liberal order.
States–led international liberal order. These confrontational and uncertain circumstances in the world and in the East Asian/Asia Pacific region are attracting the attention of IR specialists focusing on this region.

Diverse evaluations have been performed on the significant impact of Asian regionalism on international politics. Realists originally tend to provide a limited evaluation of the role of international institutions as autonomous actors and believe them to be simply acting out the power relationship. Further, the predictions of some scholars on Asian regionalism in the current unclear situation, which exhibits escalating power rivalry, are pessimistic.

However, regionalism, or regional multilateralism in Asia is becoming a significant aspect of the international relations maintained by this region. Regionalism in Asia developed toward the end of the Cold War, with the creation of various regional institutions for nearly two decades after the 1980s. Against the backdrop of the changing regional circumstances caused by the escalation of the Sino-U.S. rivalry, the promotion of regionalism in Asia has become more active since the end of the 2000s. Currently, several world powers, including the United States and China; middle powers, like Japan; and some small powers, such as the Association of South East Asian Nations (ASEAN) member countries, are promoting their regional multilateral approaches by proposing and advancing various regional frameworks. The development of regional frameworks, for example, the TPP/CPTPP, Regional Comprehensive Economic Partnership (RCEP), AIIB, Belt and Road Initiative (BRI), and existing ASEAN-led regional architecture, indicate that each regional power is adopting the “institutional hedging” strategy to ensure that its interests are met and the regional order is sufficiently conductive to realizing its political and economic aims.

This paper examines how and why regionalism and regional institutions became important aspects of international relations in Asia for nearly two decades following the end of the Cold War and how and why they have recently become significantly active in response to the uncertain international circumstances caused by changes in or erosion of the existing international and regional orders. Regarding the former, this paper points out that the United States–led international liberal order fostered the development of regionalism in Asia. Regarding the erosion of the existing international and regional orders, this paper argues that uncertain circumstances caused by the decline of the international liberal order motivated regional countries to promote institutional hedging, which resulted in the further activation of regionalism.

Accordingly, first, this paper traces the development of regionalism and regional institutions for two decades since the end of the Cold War. Further, it reveals that the international liberal order, which had previously been led by U.S. hegemony, realized the circumstances in which regionalism and regional institutions developed in Asia for nearly two decades and led to the establishment of a multilayered “ASEAN-led” regional institutional structure and other regional institutions. Second, this paper discusses the recent trends in Asian regionalism and regional institutions against the background of the changing power balance between the United States and China, escalation of the Sino-

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2Mearsheimer, “The False Promise,” 13.
3Beeson, “Asia’s Competing Multilateral Initiatives,” 245–55.
4About the details of this, see Oba, Jusoteki Chiiki toshiteno Ajia.
U.S. rivalry, and retreat of the United States–led international liberal order. Third, the paper highlights the necessity of providing new concepts and perspectives to understand the complex aspects of the recent development of regionalism and regional institutions in Asia. In addition to examining the “contested multilateralism” perspective, the paper discusses the international hedging concept. Furthermore, it points out that, along with the escalating power rivalry, the behaviors and reactions of middle and small powers will be strong determinants of the trajectory of development of regionalism and regional order. Finally, the paper discusses the prospects for Asian regionalism and the regional and global orders against today’s uncertain global circumstances.

2. Era of new regionalism in Asia

During the Cold War era, a few regional institutions at the governmental level were active in Asia. The Economic Commission for Asia & the Far East, which was the first regional institution established in Asia (in 1947), reflected the development of Pan-Asian regionalism; however, it lost its initial influence following the mid-1960s, which marked the establishment of the Asian Development Bank (ADB). Although the ADB has been functioning as a regional international bank and promoting economic and social development in Asia, its area of responsibility has been limited to the provision of financial support for the economic and social development of Asian countries. Later, the ASEAN was established in 1967. Initially, it contributed to the development of the institutional core of Asian regionalism; however, later, the expectations among political and economic regional power elites regarding this regional institution declined, and the ASEAN’s activities were limited to maintaining its image as the “political symbol” of unity among “like-minded” Southeast Asian countries.

After the 1950s, regionalism flourished in Europe and, in the 1960s, it spread to other developing regions, including Asia. Subsequently, regionalism seemed to be inactive in the world instead the deepening of the worldwide economic interdependence, not region-wide. However, after the mid-1980s, regionalism was revitalized in Europe, and it spread to North America. These events caused the activation of the orientation of regionalism in Asia and strengthened the argument for the necessity and possibility of establishing government-level regional institutions for economic cooperation and coordination in Asia, under the banner of “Pacific” or “Asia-Pacific” cooperation. Consequently, the Asia-Pacific Economic Cooperation (APEC) was established in November 1989, immediately after the collapse of the Berlin Wall. Subsequently, the activation of regionalism in many regions began to be called “new regionalism.”

The institutionalization of Asia was extensively promoted in the 1990s and 2000s following the end of the Cold War. In addition to the ADB, ASEAN, and APEC, many regional institutions were established during this period. The institutions established in this era can be categorized into two types: First, the ASEAN’s position was upgraded in Asian regionalism and ASEAN-led regional institutions was developed. The ASEAN enlarged its membership by affiliating with Indo-China countries, such as Vietnam, Laos, Cambodia, and Myanmar, which used to be considered origins of the threat to peace in

\[5\] For example, Palmer, *New Regionalism in Asia*; Faucett and Hurrell, *Regionalism in World Politics*; and Gamble and Payne, *Regionalism and the World order*. 
Southeast Asia. By helping nations to overcome the serious damages caused by the Asian financial crisis in 1997–1998, the ASEAN advanced its efforts to promote regional integration and cooperation and, finally, signed the ASEAN Charter in 2008. Furthermore, the number of ASEAN-led regional institutions increased, and these institutions helped shape the ASEAN-centered regional architecture, which comprises the ASEAN Regional Forum (ARF), ASEAN+3 (APT), East Asian Summit (EAS), and ASEAN Defense Ministers Meeting plus (ADMM+). The ASEAN member countries have attempted to politically influence the East Asian/Asia-Pacific regional order by making and using such ASEAN-led regional institutions. Hence, they emphasize the importance of maintaining “ASEAN centrality” in their discourses.

The second type of institutions included some non-ASEAN-led regional institutions that were developed after the end of the Cold War. The institutions belonging to this category are free from ASEAN centrality, although some of them support some ASEAN member countries. The most remarkable institution in this category is the Shanghai Cooperation Organization (SCO), which was established based on a joint initiative by China and Russia. Some other regional institutions encompassing South Asia or parts of it were launched, as well. In addition to the South Asia Association of Regional Cooperation (SAARC), which established in 1985, the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) and Bay of Bengal Initiative for Multi-Sectoral Economic Cooperation (BIMSTEC) were established during the latter half of the 1990s. Today, the IOR-ARC has been transformed into the Indian Ocean Rim Association (IORA). Further, during the early 2000s, under the then Thai Prime Minister Thaksin’s initiative, the Asian Cooperation Dialogue (ACD) was established.6

As discussed by many scholars, the regional institutionalization in Asia was not a high-level one. Katzenstein argued that “Asian regionalism was characterized by dynamic developments in markets rather than by formal political institutions.”7 He also argued that Asian regionalism eschewed “formal institutions” and that the characteristic of Asian regionalism was “soft regionalism” compared to the European “hard regionalism,” which was “based on politically established discriminatory arrangement.”8 Although Katzenstein made his argument approximately 20 years ago, a lack of strict and high-level institutionalization remains one of the main characteristics of Asian regionalism and regional institutions to this day. Although informalism had many advocates in post-Cold War period; however, the periods witnessed significant development of regionalism with institutional frameworks.

The fundamental question is why regionalism became active specifically two decades after the end of the Cold War. The activation of Asian regionalism was a part of the new regionalism wave. This upsurge of regionalism resulted from the predominance of the liberal international order of the post–Cold War era. From the perspective of advocates like John Ikenberry, the liberal international order is “the order that is relatively open, rule-based, and progressive.”9 It refers to the United States–led hegemonic order.10

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6 The Thaksin administration’s policies reflecting the regionalism efforts led by Thailand are very interesting; their results should be examined in greater detail to clarify the development of regionalism in Asia.

7 Katzenstein and Shiraishi, eds., Network Power, 7.

8 Ibid., 22, 40.

9 Ikenberry, Liberal Leviathan, 2.

10 Ibid.
origin of this order can be traced back to the international order that was prevalent in the Western camp at the time of the Cold War confrontation, and this order encompassed the entire world once the Cold War came to an end.\(^\text{11}\)

The international liberal order is founded on three pillars: liberal market-led capitalism, liberal internationalism, and liberal democracy. The predominance of the liberal international order promoted the convergence of norms and values in terms of political regimes, economic structures, ideal domestic societies, and the management of international affairs. Furthermore, the aforementioned three pillars were factors that caused the development of Asian regionalism for approximately two decades after the end of the 1980s.

First, the penetration of economic liberalism bolstered various types of regional economic cooperation, because Asian countries started sharing the same model for their own economic development by introducing the market economy. Even before 1989, some communist countries, such as the People’s Republic of China, the Soviet Union, and Vietnam, started reforming their economic system to partially introduce the market economy. The official cessation of political confrontation between the U.S. and communist camps further promoted this trend of market economy expansion and, subsequently, many countries started cooperating in the economic field to realize their own development.\(^\text{12}\)

Second, the influence of liberal internationalism on international and regional circumstances started increasing in the post–Cold War era and, subsequently, international cooperation and institutionalization started being perceived as acceptable and relevant measures to solve different issues, rather than as measures signifying the pursuit of national interests by each individual stakeholder. Liberal internationalism emphasizes the aspect of a non-zero-sum game of international affairs and strongly legitimizes the peaceful settlement of disputes among countries, rather than the crude logics of power politics. A multilateral approach with international and regional cooperation had more legitimacy than ever before, and many international and regional institutions were developed to address various global and regional issues. In Asia, peace and stability were sustained under the international order based on the credibility of the United States’ power and the widespread belief in the country’s commitment to peacekeeping efforts to use its power to sustain the order.\(^\text{13}\) The feasibility of liberal internationalism in this region was founded on the credibility of the United States’ power and the country’s commitment.

Even though the pace of institutional development was slow and the principle of “respect of sovereignty” were too strong to prevent Asian countries from drastically and effectively promoting regional cooperation, the advancement of regionalism and multilateral institutions in Asia was encouraged and further development was expected. Finally, the norms and values of liberal democracy became prominent after the collapse of the communist camp. Although the People’s Republic of China, Vietnam, and Laos have maintained their communist-party regime, democratization aiming the establishment of liberal democracy became the critical issue in many Asian countries. Further, the

\(^{11}\)Ikenberry, After Victory.
\(^{12}\)Fausett and Hurrell, Regionalism in World Politics.
\(^{13}\)Bisley, “Contested Asia’s ‘New’ Multilateralism,” 227, 228.
norms and values of liberal democracy strongly influenced the countries to undertake the reformation or limited reformation of their political systems. Such a trend significantly affected the agendas of Asian institutions, such as the ASEAN. ASEAN member countries actually started discussing human rights and democratization issues in the early 2000s, though they hardly did or could do it in the 1990s. The collapse and weakening of authoritarian regimes in some Southeast Asian countries, including Indonesia, triggered an attitudinal change. In addition to such indigenous regime changes, the increasing legitimacy of democratization worldwide encouraged ASEAN member countries to formally solve this issue. The ASEAN Charter, which was signed in 2007 and effectuated in 2008, set the promotion of democracy and protection of human rights as a part of the Association’s objectives. Furthermore, the ASEAN established the ASEAN Intergovernmental Commission on Human Rights in 2009 and adopted the ASEAN Human Rights Declaration in November 2012.

3. New waves of regionalism under a changing regional order

As discussed in the previous section, the development of regionalism in Asia for nearly two decades after the end of the Cold War was a part of the new regionalism wave and was simultaneously encouraged by the global predominance of the liberal international order. Hence, the retreat of the liberal international order, which was based on U.S. hegemony according to many scholars, strongly affected the political and economic situations and trajectory of regionalism in this region. Scholars point out various evidences to or concrete phenomena proving the retreat of the liberal international order. The first component is the relative decline of the hard and soft power of the United States. The triggers for the decline of the United States’ power were as follows: First, the then Bush administration’s unilateralism created doubts among countries regarding the reality of liberal internationalism. In particular, the United States’ interference in the Iraq War despite strong global criticism disappointed many European countries, except the United Kingdom. The second trigger was the World Economic Crisis, which began in 2008. The crisis, which caused severe economic damage to the United States and the rest of the world, created doubts on the durability of the liberal economy and resulted in the rise of emerging economies, such as China and India, whose damages were relatively lighter and economies could be revived sooner than those of advanced countries.

The second phenomenon proving the retreat of the liberal international order is the rapid expansion of China’s economy, which caused an increase in the country’s political leverage in both the global and regional spheres; subsequently, the hegemonic power of the United States has been declining, although China cannot immediately replace the United States’ hegemonic position. This change in the power balance between the two countries is the foundation of the liberal international order. Furthermore, China’s

\[14\] ASEAN, ASEAN Charter, 2007.
\[15\] ASEAN, ASEAN Human Right Declaration, 2012.
\[16\] John Ikenberry expressed his opinions on the decline of the liberal international order. See Ikenberry, Liberal Leviathan, 2. Various Western scholars debated the decline of liberal democracy and limitations of the liberal economy following the decision on Brexit by referendum and President Trump’s victory in the U.S. presidential election in 2016. For example, Luce, Retreat of Western Liberalism; and Zielonka, Counter-Revolution.
assertive attitude on sovereignty-related issues in East China Sea and South China Sea damages the reliability of rules and norms of liberal internationalism. For example, the rapid reclamation of regions by China in some islands and rocks in the South China Sea violated the rule of no change in current status by the use of force and eroded mutual trust and stability, which is indispensable in the management of international relations resulting from internationalism. China is often depicted as the “challenger” to or “revisionist power” against the existing United States–led international liberal order. The escalation of the Sino-U.S. confrontation reflects changes in the aforementioned power balance between the two countries, rather than the “uniqueness” of the current Trump administration’s foreign policy.

However, interestingly, efforts to promote regionalism were more active in 2010 as a result of the period’s turbulent global and regional circumstances. First, the Obama administration actively attempted to include their country as an actor in several regional groupings, such as the EAS and the ADMM+, and this United States-centered regional multilateralism approach in the context of its “rebalance policy” helped advance Asian regionalism. Furthermore, while maintaining the former Bush administration’s interest in the Trans-Pacific Partnership (TPP), Obama formally started expanded TPP negotiations in 2010. Both the administrations expected the TPP to be instrumental in revitalizing the U.S. economy, which was damaged by the preceding World Economic Crisis.

The decline of U.S. hegemonic power created an eagerness among nations to adopt a regional multilateral approach. To clarify this point, in the early 1990s, Donald Crone examined the reason why the APEC was established in 1989. He argued that it was difficult to establish a government-level regional institution in the Asia-Pacific until U.S. hegemony became so dominant that the regional power structure was vertical, because the United States did not have any interest in building any regional framework that may bind the country’s behavior in a region. The relative decline of U.S. hegemonic power caused the transformation of the regional power structure from a vertical to a horizontal structure; subsequently, the United States became amenable to establishing a regional grouping to supplement its insufficient leverage. This argument can explain the regional multilateral approach adopted by the Obama administration.

In general, the Trump administration’s foreign policy is strongly driven by the bilateral approach. Further, President Trump strongly criticizes multilateralism and denies the importance of regional trade agreements (RTAs), such as the North America Free Trade Agreement (NAFTA) and TPP. The Trump administration renegotiated the contents of the NAFTA and transformed it to a new agreement following its “American First” principle and withdrew from the TPP, as mentioned earlier. However, the Free and Open Indo-Pacific (FOIP) proposed by the Trump administration (which is argued in detail later in this paper) seems to promote its “decoupling” toward China by calling on followers and collectively putting the proposal forward with the followers in the Indo-Pacific region.

Further, China started taking a strong initiative to promote its own regional approach. In the 2000s, China was already an active player in Asian regionalism, as evidenced by the upgrading of the Shaghai-5 to the SCO, and started its involvement in the ASEAN-led

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17 Crone, “Does Hegemony Matter?” 501–525.
18 Ibid.
regional architecture by actively promoting the China-ASEAN free trade agreement (FTA), its efforts to increase its role in the CMI and other regional cooperation schemes, and its attempts to establish the EAS as a tool to create an East Asian community. After Xi Jinping became the “paramount leader” in 2012, China’s regionalism initiative underwent further enhancement. In addition to expanding its role in the existing regional architecture, including the ASEAN-led institutional architecture, China started demonstrating its unified regional and global vision by proposing the One Belt One Road/Belt and Road Initiative (BRI), Asian Infrastructure Investment Bank (AIIB), and New Asian Security concept. In the 2010s, China’s initiative was supported by its strong economy, since the country was the second largest economic power in the world, and the increase in its political leverage. Hence, China’s initiatives, such as the BRI and AIIB, have a significant impact on and strongly influence the perceptions of political and business elites in Asian countries. Furthermore, China’s active initiatives have affected regional circumstances, including the structure of the regional architecture in Asia.

Further, the BRI does not aim to build any formal institution. However, the Xi administration proposes a vision for a desirable international and regional order in the BRI and encourages its followers to extend their cooperation to realize this vision. Today, Japan is adopting a multilayered regional multilateral approach by engaging both the TPP/CPTPP and RCEP and by promoting the FOIP. Further, ASEAN member countries are attempting to advance Southeast Asian regional integration by establishing the ASEAN Community (AC), and they reiterate the importance of “ASEAN centrality” and ASEAN-led initiatives in various occasions.

Moreover, Japan has become a more active player in the advance of regionalism. During the 2000s, China and Japan started competing over the leadership position, which acted as the impetus to accelerate efforts to promote regionalism and regional cooperation during this era.\(^\text{19}\) In 2010, Japan’s multilateral regional approach became a critical aspect of its foreign policy. Since Japan proposed the idea of Comprehensive Economic Partnership (CEPEA), ASEAN+6, in 2005, Japan and China, which supported the idea of East Asia Free Trade Agreement (EAFTA), ASEAN+3, had competed for the membership of the regional economic integration framework in East Asia.\(^\text{20}\) By compromising with China on the membership issue, Japan supported the initialization of new RTAs and the RCEP, for which negotiations had actually started in early 2013. In addition, Japan decided to join the United States-led TPP negotiation and attempted to direct it toward the realization of high-standard and high-quality RTAs.

ASEAN member countries proposed the Association’s commitment to regional integration and cooperation, as well. In other words, the RCEP negotiation is a venture to integrate each ASEAN+1 FTA signed during the 2000s with mainly six powers out of Southeast Asia into a mega-RTA in East Asia as a part of the ASEAN-centered regional architecture. Hence, despite having economic sizes lower than those of China and Japan, ASEAN member countries attempted to maintain their leverage to determine the trajectory of the RCEP negotiation. Moreover, the ASEAN leaders declared the establishment of the AC, comprising the following three pillars: the ASEAN Political-Security Community, ASEAN Economic Community (AEC), and ASEAN Socio-Cultural

\(^{19}\)For details, see Oba, “Sino-Japanese Competition,” 53–70.

\(^{20}\)See, Oba, “Sino-Japanese Competition.”
Community. At the same time of declaring the establishment of the AC, they revealed a new blueprint, the ASEAN Blueprint 2025, listing the objectives to be realized over the next one decade and the concrete actions to be taken.²¹

The regional concept of the Indo-Pacific emerged during the early 2010s, following which its importance as a term depicting a strategic arena in the area extending from the Indian Ocean to the Pacific Ocean has been widely recognized. The advocates of this concept in the United States, Australia, Japan, and India considered it a viable measure to balance the rise of China as a world power. Since the mid-2010s, Japan’s political leaders have been promoting the “Free and Open Indo-Pacific” in their speeches, for example, Foreign Minister Kishida’s statement in 2016 and Prime Minister Shinzo Abe’s statement in the TICAD IV in Nairobi in August 2016.²² Japan’s FOIP aims to “improve ‘connectivity’ between Asia and Africa, and Indian and Pacific Ocean, and then promote stability and prosperity of the region as a whole” by developing “free and open maritime order in the Indo-Pacific region as ‘international public good’.”²³

Besides Japan, some other actors, such as the United States, Australia, India, and recently the ASEAN, have mentioned their own visions under the regional concept of the Indo-Pacific. None of the visions on FOIP or Indo-Pacific aim to establish formal regional institutions. However, the actors provide a regional vision, declare their will to provide necessary assistance to supporting countries in realizing the common vision, and encourage these countries to cooperate in relevant efforts. The Abe administration clarifies three pillars of cooperation under the FOIP: the promotion and establishment of the rule of law, freedom of navigation, free trade, and so on; the pursuit of economic prosperity by means of quality infrastructure development and cooperation in education and training; and commitment to peace and stability by promoting capacity-building efforts and humanitarian assistance and disaster relief (HA/DR). Further, the Trump administration intends to support Indo-Pacific nations by implementing infrastructure projects “by reforming our development finance institution” and build stronger partnerships to ensure common security goals among Indo-Pacific nations.²⁴

However, the countries who propose the Indo-Pacific vision have diverse interests. In particular, they differ in their perspectives regarding their interactions with China. Although the Abe administration put the tone of balancing against China at the first stage of proposing the FOIP, Japan’s FOIP currently considers a more inclusive approach toward China and implies the possibility of collaborating with China’s BRI. The reason is that Japan is improving its relationship with China. So Japan cannot maintain an exclusive attitude toward China. In addition, the ASEAN’s vision on the Indo-Pacific explicitly includes China as a part of the Indo-Pacific partnership that it aims to establish.²⁵ On the other hand, the United States’ FOIP adopts a tougher approach toward China, whereby China is considered “a revisionist power” against the existing regional and liberal

²¹ASEAN, “Forging Ahead Together.”
²²Kishida, “Special Partnership for the Era”; and Abe, “Address at the opening session of the Sixth Tokyo International Conference.”
²³The Ministry of Foreign Affairs of Japan, “Towards Free and Open Indo-Pacific”; and The Ministry of Foreign Affairs of Japan “Free and Open Indo-Pacific.” They clarify the FOIP’s specific contents and have been updated several times from 2017 to 2019.
²⁴Remarks by Vice President Pence at the 2018 APEC CEO Summit, Port Moresby, Papua New Guinea, on November 16 2018.
²⁵ASEAN’s Outlook on Indo-Pacific, June 2019.
international order. Although the specific contents of the vision are diverse, many countries are currently mentioning the Indo-Pacific vision, which can be considered an aspect of the activation of orientation of the regional multilateral approach in Asia.

4. Activation of regionalism and the institutional hedging strategy

As mentioned in the previous section, regionalism has been becoming increasingly active since the end of the 2000s, which marked the beginning of the decline of the liberal international order. The main reason for the activation of regionalism is that Asian countries, including China, Japan, ASEAN member countries, and the United States are now actively using regionalism as a political measure to ensure the realization of their own interests in the uncertain circumstances caused by the decline of the existing international order.

Such a political orientation for regionalism attributed by the main players in Asia caused the overlapping of regionalism in this area. Many scholars have already argued about these complex situations. For example, Kai He calls them “contested multilateralism 2.0” in relation to developing the “institutional balancing” concept, which was also proposed by him. According to his definition, institutional balancing is a state’s balancing behavior manifested through multilateral institutions contrary to “soft balancing.” In other words, it is “a new type of balance of power strategy through which states can use multilateral institutions instead of traditional military means to compete for power and influence in world politics.” He argues that the development of ASEAN-centered regional institutions in the 1990s and 2000s is “multilateralism 1.0,” and the World Economic Crisis triggered the beginning of the new phase of Asian regionalism, contested multilateralism 2.0, in which major world powers, such as China, Japan, the United States, Australia, and other nations in Southeast Asia, rather than ASEAN member countries, drive the development of Asian regionalism by using regional multilateralism as a tool to pursue their interests.

While criticizing some points of Kai He’s argument on contested multilateralism 2.0, Nick Bisley points out the increasing competitive characteristics of Asian regionalism and uses the term contested multilateralism to describe the recent status of Asian regionalism. He observed that Asia’s multilateralism has entailed only a single expansion since the 1990s and categorized various regional institutions that were established until now in Asia into three groups: (1) ASEAN-led regional institutions, such as the ARF, APT, the set of ASEAN+1 groups, ADMM, and ADMM+; (2) regional institutions

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26 Department of Defense, “Indo-Pacific Strategy Report,” 7.
27 He, “Contested Multilateralism 2.0.”
28 The term contested multilateralism was originally proposed by Morse and Keohane. According to the authors, it refers to “the situation that results from pursuit of strategies by states, multilateral organizations, and non-state actors to use multilateral institutions” to describe competitive regime creation. For more details, see Morse and Keohane, “Contested Multilateralism,” 385–412. Based on his admission, He’s “Contested Multilateralism 2.0” was inspired by their argument, although there are critical differences between the concepts proposed by the authors. First, He considers nation-states to be dominant actors superseding other actors, such as sub-state and non-state actors, in contested multilateralism 2.0. Second, He’s argument focuses on the competition between nation-states at intra- and inter-institutional levels. For details, see He, “Contested Multilateralism 2.0,” 211.
29 He, Institutional Balancing, 10.
30 He, “Contested Multilateralism 2.0,” 211.
31 Bisley, “Contested Asia’s ‘New’ Multilateralism.”
led by China’s desire to reshape the regional order, such as the AIIB, SCO, CICA, and BRI; and (3) regional frameworks organized around American regional primacy and its economic and strategic interests, including the APEC, Trilateral Security Dialogue, Proliferation Security Initiative, Shangri-La Dialogue, and ADB.  

Further, Ellen Frost advanced the concept of “rival regionalism.” “Rival regionalism” refers to the regionalism led by countries that are indifferent or even hostile toward the United States, and it provides an alternative to U.S. and Western leadership by creating or revitalizing non-Western organizations. The leading advocates of rival regionalism are China and Russia and organizations such as the SCO, New Development Bank, China-ASEAN free trade agreement, BRI, CICA, and the Network of East Asian Think-Tank (NEAT). According to this argument, the recent activation of regionalism in Asia has strong confrontational characteristics.

Moreover, it cannot be denied that the recent strengthening of regionalism in Asia has been contested. However, the development of various regional institutions and proposals on regional visions to encourage cooperation and collaboration expresses more complex realities than a simple explanation of only the contested orientations of Asian players. All the arguments based on contested regionalism, contested multilateralism 2.0, and rival regionalism both implicitly and explicitly suppose that the world or regional players can be divided into the following two groups: one group that is attempting to preserve the existing international and regional order, and the second group that is attempting to revise the existing order and replace it with a new one. Further, the arguments assume that the former group is led by the United States and the latter group by China and Russia. Although such a dichotomy reflects a part of the reality, it oversimplifies the complex situations, as described here.

First, there are many countries that have joined several regional institutions that can be considered “contesting” institutions. A typical case is that Japan, Australia, New Zealand, Singapore, Brunei, Malaysia, and Vietnam have joined both the RCEP and TPP/CPTPP. Further, four Southeast Asian countries among them have joined the AEC. In other words, small countries in Asia seem to hedge the risk by undertaking a “diversification” approach toward trials to promote regional integration.

In addition, China and Japan began to demonstrate the improvement of Sino-Japan relationship, and actually try to promote a collaboration between them to conduct assistance of infrastructure development in Asia. Prime Minister Abe stated in his policy speech to the 196th Session of the Diet in January 2018 that “we will also work with China to meet the growing infrastructure development in Asia.” Abe and Chinese Premier Li Keqiang met in Tokyo in May 2018 and agreed to promote a Japan-China business cooperation toward the third countries. The 1st Japan-China third Country Market Cooperation Forum was held in Beijing in October 2018. 1500 peoples from both countries including Prime Minister Abe, Premier Li, China’s Commerce Minister

32Bisley, “Contested Asia’s ‘New’ Multilateralism,” 226. The third group in Bisley’s categorization is “less coherent and is more of residual,” as he said. And, Shangrila-Dialogue is organized by British think tank and is indirectly related to the U.S. primacy.
33Frost, Rival Regionalisms.
34Abe, “Policy Speech to the 196th Session of the Diet.”
35Ministry of Foreign Affairs of Japan, “Premier of the State Council.”
Shong Shan and Japan’s Economic Minister Hiroshige Seko joined it, and 52 memorandums of joint cooperation to the third countries were actually signed.\(^{36}\)

Second, whether China is attempting to revise or recreate the international or regional order remains uncertain. However, it cannot be denied that the rise of China as a global power is both politically and economically remarkable, and the country’s efforts to modernize its military and build naval power are affecting the strategic balance in Asia. Nevertheless, the norms and values that China is attempting to realize remain unclear, and there is no information on whether China has a will to build or replace the existing world and regional order. The BRI seems to be part of China’s grandiose project to realize this aim. However, various stakeholders including both state and non-state actors are engaged in the BRI; they include the central government and state-owned enterprises, the local government and local enterprises, and private enterprises. Hence, the BRI is driven by different interests of various stakeholders, rather than by the single and consistent ambition of Beijing to expand China’s sphere of influence.

In addition, China is emphasizing only a win-win situation and is not proposing any new norms and values that obviously differ from those of Western countries. At the discourse level, Xi advocated the introduction of open economy in the Asia-Pacific.\(^{37}\) This is partly an attempt to counter the “American First” policy and protectionism of the Trump administration. Simultaneously, the Chinese economy actually was/is able to develop in the context of deepening economic globalization led by liberal economy. The collapse of the free and open market economy is not conducive to China’s long-term interests; hence, it does not consider a choice of being a revisionist power, at least economically, relevant.

China can be considered a challenger to the liberal international order, since it not only catches up with the economic predominance of the United States but also provides a “China model” for governance and economic development, which refers to the economic development that is accomplished by “state capitalism” or “Beijing consensus.”\(^{38}\) The China model reveals that economic development, at least automatically, does not result in democratization; rather, it sustains the state-led authoritarian regime. This model seems to have an influence on several countries, including some Asian countries like Cambodia, and the provision of such an alternative to the liberal democracy model is a challenge to the liberal international order. However, it is not clear whether China or the Chinese government will intentionally use this model as a political tool to expand its leverage. In October 2015, Obama stated in Congress that “we can’t let countries like China write the rules of the global economy.”\(^{39}\) However, it is noted that Obama gave this speech to a domestic audience, particularly the members of Congress, to obtain their support for the TPP.

Third, arguments pertaining to contested multilateralism focus on the wills and behaviors of great powers, such as China and the United States, alone and consider the creation and fostering of regional institutions a political tool used by these countries to maintain or expand their leverage. However, today, international and regional circumstances are shifting from a unipolar to a multipolar structure; in such a multipolar world,
the behaviors of middle and small powers are critical in determining the direction of the international and regional order, since any great power requires a large number of followers and their strong support. Accordingly, they cannot ignore the demands, requests, and interests of middle and small powers. From this perspective, the creation and revitalization of a regional institution cannot be considered the result of a single country’s strategy. Rather, both great powers and middle and small powers are involved in the negotiation process of creating or revitalizing regional institutions, and their diverse interests, which are sometimes strongly confronted and contested by others, finally lead to either the creation or revitalization of a regional institution or the collapse of the negotiation.

To understand the complex situation involving the enhancement of Asian regionalism and avoidance of the oversimplification caused by the adoption of only the contested regionalism model, we consider three points: First, we clarify that both the balancing of power and institutional hedging of state actors as a response to the increasing strategic and political uncertainty, as well as their strengthening economic interdependence, caused the complex situations pertaining to regionalism in Asia. On partly applying He’s definition of institutional balancing, institutional hedging is a state’s hedging behavior that manifests through multilateral institutions and a type of hedging effort performed by states that use multilateral institutions, instead of traditional military measures, to compete for power and influence in international politics.40 In a world where increasing strategic uncertainty is being caused by the disrupted liberal international order, any state, including great powers, must hedge any risk and make various institutional choices, rather than focusing on a single choice. Such behaviors by any power in Asia may cause the activation of regionalism under the unclear and uncertain situations caused by the decline of the international liberal order.

Second, an awareness of the behaviors and reactions of middle and small powers is indispensable to understanding the complexity involved in the development of regionalism in Asia.41 Such an awareness can be created by examining the process of creation of the ASEAN-led regional architecture in the 1990s and 2000s and evaluating the ASEAN’s reactions toward the efforts made by world powers, such as China, the United States, and Japan, to determine the trajectory of development of regionalism and the form of the regional order. The reason is that the power of any great power to determine the nature of international situations and international order will be limited in a multipolar world. In such a world, the choices of small powers play a critical role in determining the characteristics of an international and regional order.

5. Prospects

Langenhove’s original argument on multilateralism 2.0, which explains how a new type of multilateralism emerged in early 2010, put across the premise that the world order was shifting from a United States–centered unipolarity to a network-formed multipolarity.42 The argument focused on Europe; hence, we should be careful about adapting it to Asian

40 About the definition of “institutional balancing”, see He, “Contested multilateralism 2.0,” 211.
41 For the important role of middle and small powers in regionalism in Asia, see Flemes ed., Regional Leadership.
42 Van Langenhove, “Transformation of Multilateralism,” 263.
experiences. However, even though the rise of China is remarkable and U.S. hegemonic power continues to exist, the regional circumstances in Asia are certainly shifting toward a multipolar structure. This paper highlighted that regionalism and regional institutions in Asia are currently developing as a result of the shift from unipolarity to multipolarity caused by the weakening of the United States-led liberal international order, which had previously provided the foundation for the development of Asian regionalism. While facing such a high-level strategic uncertainty in the international arena, both great powers and middle and small powers started pursuing their own institutional hedging strategies, and their efforts caused the activation of regionalism, as well as the development of a complex and multilayered regional institutional structure.

Many important topics are outside the scope of this paper. Among them, the most important topic is clarifying the role of non-state actors in the development of regionalism in Asia. Langenhove pointed out the growing importance of non-state actors, such as supranational regional organizations and sub-state regions, in the international arena and the growing space of citizen involvement. In the Asian context, the behaviors of non-state actors, such as regional institutions, global enterprises, local companies, local governments, nongovernmental organizations, civil movement groups, interest groups, and citizens and individuals, significantly influence the negotiations on regional multilateralism among state actors. Today, ordinarily people from all countries in Asia are increasingly expressing their opinions on topics ranging an increase in the participation of civilians in politics to the emergence of extreme nationalism and religious identity politics. Economic interdependence, or regionalization, in Asia has been driven by private enterprises, and it has affected the trajectory of development of regionalism. The importance of non-state actors in promoting Asian regionalism is increasing, although nation-states continue to be the prominent actors in international politics.

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**Notes on contributor**

**Dr. Mie Oba** is Professor at Tokyo University of Science. She obtained her M.A and Ph.D at Advanced Social and International Studies, Graduate School of Arts and Sciences, the University of Tokyo. Her major is International Relations and the politics in East Asia and Asia-Pacific. She is the specialist of the development of regionalism in this region as well as theories of regional integration and regionalism. She has a lot of articles on these topics both in Japanese and English, including “Japan’s Contribution to Fostering multilateralism in Asia” Christian Echle, Patrick Ruep�, Megha Sarmah, and Yeo Lay Hwee, eds., *Multilateralism in a changing world order*, Konrad Adenauer Stiftung, 2018, “Sino-Japanese Competition over regional institutions in Asia” in Jeffrey Reeves, Jeffrey Hornung, and Kerry Lynn Nankivell eds., *Vying for Influence: How Competition between China and Japan is shaping the Asia-Pacific’s regional security*, 2017, “TPP, RCEP, and FTAAP: Multilayered Regional Economic Integration and International Relations” *Asia-Pacific Review*, Vol.23, Issue 1, 2016, *Jusoteki-Chiiki toshiteno Ajia: Tairitsu to Kyozon no Kozu (Asia as a Multi-layered Region: Co-existence in Conflicts)*, Yuhikaku, 2014.
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