

An Approach to Promote Regional Economic Cooperation in Asia: Asymmetric Functionality (AF) Model

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Abstract

This paper inquires into ‘Asia as a region’. While doing this, the ‘Asymmetric Functionality Model-AF Model’ is proposed as the framework of economic cooperation along with functional mechanisms of political, economic and societal interactions of the asymmetrically divergent units of Asia. For this inquiry, established approaches to regionalism are elaborated in the first part to be followed by an analysis of recent regional cooperation patterns in Asia. The third part introduces the framework of the AF Model in addition to early mentioned approaches and patterns. The paper concludes with a discussion of the applicability of the model, which can also be applied as an umbrella scheme for smooth functioning of the current patterns and approaches covering Asia as a whole.

Keywords: Asia, Regionalism, Regional Economic Cooperation, Asymmetric Functionality (AF) Model.

Introduction¹

One of the core assumptions of regional cooperation is to describe common regional goals with a defined identity and commitment. However, Asia, having the largest population with divergent state structures and the world’s fastest growing economies, is difficult to define and discuss as a region. Being comprised of various types of economies, government structures, social formations and historical experiences as well as divergent commitments of its sub-regions, there has never been a commitment to create a common cooperation platform, covering all Asia.

This indecisive regional identity and lack of consensus in Asia makes it difficult to think about an overall regional cooperation, be it political, security or economy related, given the geographical extents of the region. Hence, questions of ‘regional cooperation in Asia’ would be formed as such: Should Asia be defined as a huge, complex mass or a more inspired and clear-cut platform for a well-established regional cooperation? How could the divergent distinctiveness of Asia be conveyed into a common regional juncture? What kind of structure can sustain regional cooperation in

¹ This work is developed from the paper, which was awarded the first prize in the essay contest on “What Should be Done to Promote Regional Economic Cooperation in Asia?”, organized by the Institute for International Monetary Affairs and presented at the workshop on “Regional Economic Cooperation in Asia” organized by the same institute (Uyar 2005).

Asia? The answers to these questions necessitate an innovative definition of regional cooperation based not only on a single type of interaction but other types as well.

To search for the answer to these questions is the main objective of this paper. Recent definitions of 'region' and 'regionalism' as well as 'regional cooperation' are mainly concentrated around economic means of formal/informal cooperation. Furthermore, most of the theoretical and empirical studies have focused on sub-regional cooperation covering only South Asia, Northeast Asia or Southeast Asia. Nevertheless, it is argued in this paper that, current definitions of 'region' and approaches of 'regionalism' are very well established but do not focus on the needs of regional cooperation in Asia as a whole. Therefore, a distinctive, transparent framework is to be proposed by which *regional identity in Asia would be developed around economic cooperation, which would be improved with political, societal and other functional linkages*. Taking ground from this target, a comprehensive model for regional cooperation, that is the 'Asymmetric Functionality Model-AF Model', is discussed and proposed as a framework for the current patterns of regional cooperation in Asia.

To further elaborate this model, theoretical definitions of regionalism from different approaches is given in the first part of this article. The second part deals with the question of how Asia has experienced regional cooperation by comparing recent regional cooperation patterns at sub-regional levels. The third part discusses the potential re-definition of regional cooperation in Asia on the functionalist basis of the AF Model. The paper concludes by discussing the applicability of the *AF model, which takes economy at its core and equip that economic cooperation with loose political and societal cross-border interactions in Asia*. The methodology of the paper is an argumentative one while theoretical patterns are drawn from the international relations and international political economy literature. Main actors include states, inter-state groups and transnational, regional and international organizations as non-state actors in order to emphasize the asymmetric nature of functional regional cooperation in Asia.

Different Approaches to Regionalism

Major theoretical approaches to regionalism have emerged from different inclinations of realism and neo-liberal institutionalism. Realist tradition foresees a limited possibility of cooperation and potential outcome of regional institutions. But it accepts different levels of cooperation like hegemonic leadership, economic cooperation and military alliances (Grieco, Powell and Snidal 1993). Neo-liberal institutionalism, on the other hand, enhances the reasoning behind institutions as forerunners of regional and international cooperation by focusing on the relative gains of each unit, which is entangled around the institutions for common targets. Although the main premises of these approaches are different, it has also become difficult to make a clear distinction between them with the emergence of the 'first' and 'second' waves of regionalism.

Before going into details of different approaches, it is important to make a conceptual clarification between 'regionalization' and 'regionalism', the latter of which is the concern of this paper. Albert Fishlow and Stephan Haggard defined 'regionalization' as the concentration of economic interactions in one region and 'regionalism' as "political process characterized by economic policy cooperation and coordination among countries" (Mansfield and Milner 1999: 591). Although it is mainly accentuated with 'regionalization', 'regionness' as "the process whereby a geographical

area is transformed from a passive object to an active subject capable of articulating the transnational interests of the emerging region” is also essential to mention (Hettne and Soederbaum 2000: 461). While regionalization can be understood either in natural ways or as policy approaches by the units of interaction, regionalism is an intentional process led by state and non-state actors based upon their individual and collective interests. *Regional cooperation, hence, is a form of regionalism whereby units commit to clearly defined objectives via formal and/or informal instruments of interactions.*

Though there are many facets of regional cooperation, international relations theories mainly elaborate regional interactions according to pluralist and transnationalist perspectives. Pluralism emerged against the state-centric realist evaluation of the international relations of the Cold War. Declining Cold War rivalry and development of regional cooperative tendencies have given rise to the emergence of new interactions formed by both state and non-state actors.² Pluralism as a critic of the realist approach has been developed around four concepts (Brown 1997: 42-45). First of all, there is an emphasis on the emergence of a structure that can go far beyond the border and authority of the state. Secondly, the rising trade and transnational linkages through socio-economic relations are also means of interactions alongside the national security concerns. Increasing social, economic, political and cultural transactions created an atmosphere in which the state is not a unitary actor, according to the third feature. Also as a crucial element of the AF Model, states are composed of individuals, interest groups, bureaucratic units, civil society entities and non-governmental organizations (NGOs). The last focus of pluralism is the unit level: i.e. that international relations is not a state centric field of research. Non-state actors from different levels of analysis - individuals, societal groups, firms, markets, bureaucracies, interstate organizations, non-governmental groups, multinational corporations (MNCs) and supra-national bodies but most importantly transnational organizations - are significant units of interactions.

Thus, pluralism, as can be understood from the term itself, comprises various actors and their interactions by claiming that the current international environment necessitates a certain level of complexity. Regional cooperation gains importance when complexity leads to regional integrationist interactions, according to the AF Model as well. On a parallel track with pluralism, transnationalism also claims the importance of trans-boundary interactions mainly in communication, finance, transportation and travel. It is claimed that since the states are not the determining, unitary actors who can pursue rational decisions for their interests, they cannot control vertical and horizontal interactions among the actors. Such issues can only be solved by interaction of non-governmental and governmental transnational organizations. Hence, the transnational level of analysis is a structure in which at least one side of the interaction is not a state.

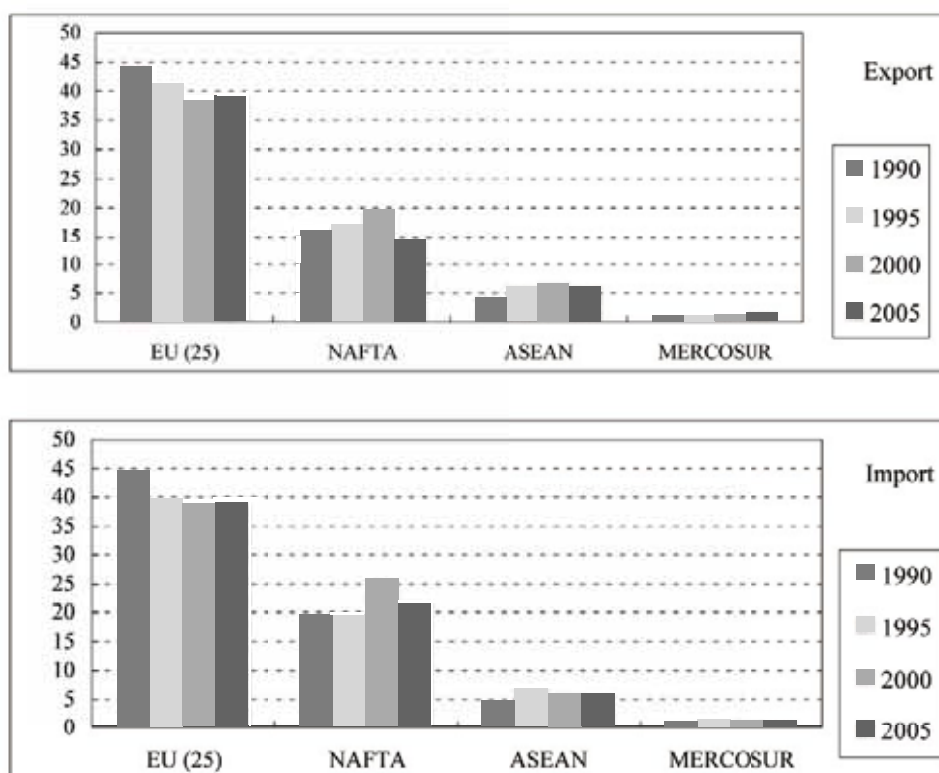
In addition to the above explanations, there are more Asian concepts of regional cooperation as well. According to neo-functionalism, regional integration shifts certain functions of the nation-state to a supranational organization (Feng and Gaspare 2002: 280-282). That inter-governmentalism formulates regional integration as cooperative agreements for further integration, and supranationalism stresses supranational institutions and transnational actors on the way to regional integration, are different theoretical terms according to the same reference. Altogether, regionalism discussions

² One of the spectacular discussions was made by Keohane and Nye in the 1970s. See Keohane and Nye (1977).

have regained popularity when states recognize that there are issues that cannot be solved by individual initiatives, but states could further realize their economic, security and political interests through cooperative formulations. In other words, the discontent with the current multilateral system has given rise to regional tendencies (Haggard 1997).³

Although there are divergent examples of transnational interactions, stretching from state, inter-state to non-state levels, the discussion of regional cooperation in Asia is still too incomplete to draw a clear-cut scheme of an Asian regionalism. Nevertheless, more significant examples of regionalism, on which above-mentioned regional cooperation approaches can be applied, have evolved in other parts of the world. Figure 1 presents the most notable examples of regional cooperation, the European Union (EU), North American Free Trade Area (NAFTA), ASEAN (Association of Southeast Asian Nations) and Southern Common Market (MERCOSUR) in terms of their world merchandise trade in the world economy. It can clearly be seen from the data that regional groupings carry on the main export and import shares of the world trade vis-à-vis multilateral trade since the 1990s.

Figure 1 World Merchandise Exports and Imports by Region, 2005 (%)



Note: 1990 and 1995 figures of the EU are for EU-15 countries.

Source: WTO (2006).

³ Multilateral system, here, means the GATT and WTO systems of the world economy. Recent discussions on free trade agreements and their compatibility with the WTO principals of liberal economy are also related with the issue of rising regionally defined groups.

As shown in Figure 1, the EU and NAFTA have been the largest economic cooperation patterns in terms of their members' trade and GDP capacities in the world economy. Hence, economic success of the existing patterns encourages development of other regional mechanisms around economic merits. Having been the most institutionalized regional mechanism along the neo-functionalism discussions, the EU has always had a special attention within the regionalism literature. The EU has emerged as an all-encompassing regional integrative bloc, having its own common external policy, free movement of labor and capital, common courts, military affiliation and there is a harmonization of spending, central banks, production and monetary affairs. Hence, the EU has the most integrated form of regional cooperation to which some of the sovereignty rights of the member states are also conveyed to make it almost the 'United States of Europe', as it is sometimes called. NAFTA, which was put into force as a free trade agreement among the US, Canada and Mexico is another close economic formation. However, it is more of a regional gathering around trade and investment matters while the EU has its own identity, which leads to a Europe-wide body of union at regional terms. Be it an overall regional union or a trade-related economic bloc, both examples present a rather clear definition of regional existence. But as regionalism is a region-specific term to define, the essence of their regional cooperation is totally different from that of Asia. Hence, Asian regionalism, which should be treated uniquely depending on its own needs and commitments, is separately analyzed in the section below.

Patterns of Regional Cooperation in Asia

Keeping in mind above mentioned approaches to regionalism and regional cooperation, specific terms like open regionalism, economic regionalism and sub-regionalism have been formed in order to examine varieties of Asian regionalism. The following paragraphs examine these experiences and reveal the fact that there is a need for a more transparent approach of regional interaction to be able to cover all Asia under the scheme of a cooperative umbrella, i.e. the AF Model.

Open regionalism is generally applied to define the characteristics of ASEAN (Segal and Wanandi 1998: 136). It mainly aims at avoiding institutionalization of military and security issues, any discriminatory trading bloc and any kind of strict institutionalization for the non-member actors (be it a state or a non-governmental organization). Economic regionalism focuses on economic interactions but it is a wider concept including open regionalism and sub-regionalism as well. By the same token, May Yueng has elaborated different stages of regional economic regionalism as free trade area (FTA), customs unions, common market and economic union.⁴ When one considers current Asian experiences of regional cooperation, it is obvious that regionalism has developed through different mechanisms as some are mere economic gatherings while others are gatherings with political or security concerns.

ASEAN is a regional economic cooperation platform with an FTA assumption and a political consultation mechanism for the ten nations of Southeast Asia. After the

⁴ Though these levels are called regional trade blocs, the most substantial one is the economic union under which all organizational structure is constructive. It is a constant trade bloc since it harmonizes government spending, central banks and monetary differences. ASEAN is much more of a loose trading bloc, which eliminates internal barriers in an FTA system. See Yeung (1999: 17-25).

colonial period in Southeast Asia, the main ambition of the countries was establishment of their national governments and economic growth for further development and stability (Euaruksul 1998: 249).⁵ Today ASEAN has a population of about 567 million with a 5.8% annual GDP growth rate, a total export value of US\$766 billion and a total foreign direct investment inflow of US\$38 billion (ASEAN Secretariat 2007). Between 1991 and 1996, this growth became so remarkable that some of the original ASEAN members were named as contenders of the so-called 'East Asian Miracle'.⁶ With the impact of this growth, ASEAN has become a multilateral channel with transnational and inter-governmental linkages while discussing mainly the economic issues.

APEC (Asia-Pacific Economic Cooperation) is another economic cooperation bloc, launched in 1989. Since the Asia-Pacific region has become economically and geographically attractive with its growing market capacity, the idea of creating a broader regional platform emerged from the regional economic powers.⁷ The forum is quite sizeable in the world economy since more than 50% of global GDP and more than 40% of world trade is conducted by this almost 'inter-regional' mechanism. Though, it was declared that "APEC has been more concerned with the health of global trade than the creation of an East Asian trade bloc," its emphasis and recent evolution in the region is evident (Yeung 1999:60). Nonetheless, APEC, as the largest regional group, thanks to its geography, membership and commercial capacity, has obstacles to achieve further regional cooperation. These are mainly a lack of a strong institutional framework, national domestic constraints and hesitations of ASEAN members in case of direct access of big powers to their realms, further enlargement needs and adjustment costs of each member for wide-ranging membership agendas (Aggarwal and Morrison 2000: 309; Yeung 1999: 63-67).

The ASEAN+3 Forum (ASEAN, China, Japan and South Korea), a more extended but a more loosened form of regional formulation, was established in 1997 through the initiatives of Japan, China and South Korea. Since the ASEAN market has become a lucrative one during the mid-1990s, all actors in the region aimed at having a direct access to ASEAN. Although, a region-wide multilateral dialogue became necessary for further intra-regional economic cooperation, Japan, China and South Korea still have their own linkages with the ASEAN countries.⁸ For these reasons, there is no institutional framework for ASEAN+ 3 yet, albeit the East Asia Study Group

⁵ Founding members are Malaysia, Thailand, Singapore, Indonesia and the Philippines. After which Brunei Darussalam joined ASEAN in 1984, Vietnam in 1995, Laos and Myanmar in 1997 and Cambodia became the last member in 1999.

⁶ The 'East Asian Miracle' contenders are highly performing Asian economies of Japan, South Korea, Singapore, Taiwan, China, Hong Kong, China, Indonesia, Malaysia and Thailand according to the World Bank report on 'East Asian Miracle'. See World Bank (1993). Thailand averaged 7.9% growth, Malaysia 8.7%, Indonesia 7.8% and Singapore 8.5% growth during the late 1980s and early 1990s. Even the Philippines, being in domestic crisis during that time, grew by 5.9% on the eve of the 1997 Asian financial crisis. See Henderson (1999: 40).

⁷ APEC was established with original membership of ASEAN countries, Canada, US, Australia, New Zealand, Japan and South Korea. Later on, China, Taiwan, Mexico, Papua New Guinea and Chile joined.

⁸ Japan has pursued the Initiative for Development in East Asia (IDEA), the Republic of Korea has initiated the East Asia Vision Group and East Asia Study Group to set up policy proposals for the meetings and China has initiated the Framework Agreement on ASEAN-China Economic Cooperation. See ASEAN Secretariat (2002b).

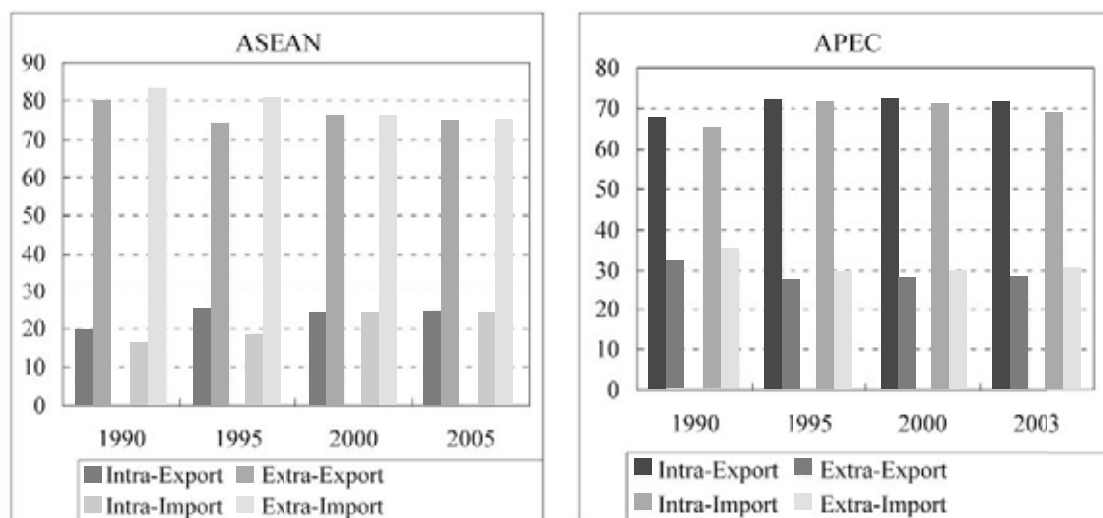
(EASG) put forward the common target of conveying the ASEAN+3 mechanism into an 'East Asian Summit' framework (ASEAN Secretariat 2002a). Nonetheless, it is the closest form to the AF Model since not only economic but also political and socio-cultural aspects of cooperation are targeted within the forum.

Since both of the above experiences are mainly economy-driven and focused on East Asian or Pacific part of Asia, it is valuable to look at the other sub-regional and politically driven cooperation attempts in Asia. The ASEAN Regional Forum (ARF) is one of the rare political and security based forums in Asia. It was established in 1994 after the ASEAN Heads of State and Government declared that ASEAN should intensify its external cooperative dialogue on political and security issues with the other actors in the Asia-Pacific region⁹. The forum aims to promote and implement confidence-building measurements, preventive diplomacy and conflict resolution (ASEAN Secretariat 1995). The ARF seems to be successful in promoting its goal of being a dialogue forum as no tension has escalated into an armed conflict amongst the members since its establishment. However, this goal was only a pacifist one and the ARF still cannot take a common stance on Asia-Pacific security issues, which might have regional repercussions.

Shanghai Cooperation Organization (SCO) is another security dialogue initiated by China in 1996. The main target of the Shanghai-six was further political, economic and technological development of the region by the member countries, China, Russia, Kazakhstan, Tajikistan, Kyrgyz Republic and Uzbekistan. Russia welcomed this initiative keeping in mind that it is better to be in a multilateral link with China for the power-balance of the area. Indeed, SCO is an example of how pluralist necessities force states to take common actions in order to solve regional problems instead of sitting at the other side of the table. Other important regional cooperation examples are SAARC (South Asian Association for Regional Cooperation) in South Asia and the recently discussed idea of Northeast Asian Economic Cooperation. Though there are limitations by the potential members to these formulations, shifts towards regional cooperation in order to deal with the intractable political issues in Asia is in progress with these sub-regionalist attempts. However, Asian economic integration has the most likelihood due to rising trade interdependency and collaboration among the communities. This 'natural integration' originates from trade and investment networks in the region (Naya 2002: 114). Figure 2 shows intra and inter-trade performances of these economic groupings and how they constitute a considerable part of the world trade with their sound intra-trade.

⁹ The current ARF Member States are Australia, Brunei Darussalam, Cambodia, Canada, China, the European Union, India, Indonesia, Japan, Republic of Korea, Laos, Malaysia, Burma, Mongolia, New Zealand, Papua New Guinea (with observer status), the Philippines, the Russian Federation, Singapore, Thailand, the United States, Vietnam and the Democratic Peoples' Republic of Korea.

Figure 2 Merchandise Trade of Selected Regional Groups (%)



Note: 1990 and 1995 figures of the EU are for EU-15 countries.

Source: WTO (2006).

The Asymmetric Functionality (AF) Model

As can be seen in real GDP growth rates of Asian countries in Appendix II and other indicators like demographic, social and economic figures of the Asian countries, there is no average level to ascertain potentials of Asian regionalism. Most of the countries are developing ones, while there are some members, like Japan and Singapore with higher per capita income levels. There are ethnic and linguistic differences as well. Political heterogeneity is another feature of the region. There are monarchies, republics, parliamentary systems and authoritarian regimes. Thus, it is difficult to draw a general picture of an economic, social and political framework of the region. Nevertheless, this asymmetric nature of the region inclines one commonality while defining Asian regionalism is that: *There is no need to create or imply a clear definition of region or the so-called Asian identity while describing regionalism in Asia.* On the contrary, lack of those commonalities enhances the asymmetric nature of the region, by which each unit can gain different benefits depending on the issue and time of interaction beside their divergent merits and interests.

When one considers definitions of 'region' and 'regional cooperation', it becomes clear why the AF Model is a suitable framework for Asia. In order to identify a group of units as a region, first of all, there should be a sense of identity of that particular group. The group members should have not all but most of the following conditions according to the classical definition of regional identity: Geographic proximity is one of the first conditions on which most of the regional groupings focus. Sense of commonality via common element(s) like culture, language, religion and ethnic and/or historical background is another feature of the recent regional groupings. Another element is existence of a joint objective around which the units can compromise. Further enhancement of this objective can be achieved by a certain degree of commitment from the member units. Last but not least, formal and/or informal levels of interaction around geographical territory, commonalities, joint objectives or commitments are omnipotent

in order to call a group as region¹⁰. When one considers all Asia, it is difficult to see most of those elements recently. Hence, common definitions of region and regional identity do not fit Asia today. Keeping in mind this and other approaches examined in the first part, regionalism can be defined as:

The disproportionate concentration of economic flows and the coordination of foreign economic policies among a group of countries in close geographic proximity to one another. It also refers to the concentration of political-military relations among geographically proximate states (Mansfield and Milner 1997: 3).

Upon this definition, which separates economic and political needs of regional groupings alongside geographical proximity, different incentives of previously mentioned regional patterns can be classified as in Table 1. With interdependency and transnational linkages, economic and political, security and even societal evolution of those regional patterns is noticeable since the late 1990s. However, due to coordinated economic policies and disproportionate concentrations of power (that is the asymmetric nature of the AF Model), none of the above patterns can yet be built on a clearly defined ‘Asian regionalism’ perspective that covers all Asia. This leads to inquiry into the possibility of a new framework which could combine a unique definition of ‘Asia as a region’ and current patterns of regional cooperation in the sub-regions in a common transparent framework.

Table 1 Regional Co-operation in Asia

<i>Region</i> <i>Pattern</i>	Asia-Pacific	East Asia	Southeast Asia	Central Asia	South Asia	ASIA
APEC	<i>E</i>					
ASEAN+3		<i>B</i>				
ASEAN			<i>PS→E</i>			
ARF						<i>PS</i>
SCO				<i>PS</i>		
SAARC					<i>E</i>	
Regional Economic Co-operation						B→AF Model
Others: East Asian Summit, Northeast Asian Economic Co-operation, East Asian Economic Caucus, Asian Monetary Fund, Northeast Asian Development Bank, etc.						
E: Economic, PS: Political and Security, B: Both, AF Model: Asymmetric Functionality Model						

Note: APEC - Asia-Pacific Economic Co-operation; ASEAN+3 - Association of Southeast Asian Nations, Japan, China and South Korea; ARF - ASEAN Regional Forum; SCO - Shanghai Co-operation Organization; and SAARC - South Asian Association for Regional Co-operation.

Source: Created by author.

¹⁰ Meanwhile, the term ‘Asian values’, which covered almost all East Asia and Pacific partially through ASEAN+3 and APEC was improved. But the concept itself was only beneficial to explain East Asian economic development in late 1980s and early 1990s and it was not sufficient to elaborate Asian regionalism at large (Lincoln 2004: 143-144).

The AF Model is, therefore, defined to be a framework of economic cooperation along with functional mechanisms of political and societal interactions of the asymmetrically divergent units of Asia. To begin with asymmetry, the above analysis of ‘Asian regionalism’ according to classical definitions of region and regionalism reveals the asymmetric nature of the units in Asia. This characteristic is further complemented with functional interactions at the interaction level. Detailed elaboration of these two main features of the framework reveals the two significances of this approach, which are to be a transparent framework for the other patterns and to cover all Asia.

Asymmetry is the diversity of power, capability, interest and commitment of each unit, which ranges from states to non-state and inter-state actors. Different capabilities and defined interests of each unit lead to variable units of analysis along functional level of interactions. Units of analysis of a possible regional gathering are re-defined by asymmetry of the units towards each other in this model. The main feature of this asymmetry is *asymmetric diversity*, which brings benefits to the units depending on the content of the issue and time extent of each interaction. *Complementary gain*, which turns relative gains into complementary ones in a given time and different functional levels of analysis, is another feature of this model. Thus, one’s relative gain would be a complementary one for the other in a different level of interaction (Milner 1992: 468). *Relative leadership* is another characteristic by which there is no need for only one leader but complementary, limited leadership advantages within each functional grouping at different levels of interactions in the region.¹¹ There would be more than one leading platform depending on the level of analysis and issue of the interaction according to its relative time consideration. *Scope* of the framework, which covers any unit that is in interaction in Asia, is another distinctive feature of the model.

While focusing on the units of analysis as state, inter-state and non-state actors, it is crucial to mention the undeniable contribution of NGOs to the development of the concepts of region and governance in Asia recently. According to their classical definition, “NGOs are groups of persons, societies, freely created by private initiative that pursue an interest in matters that cross or transcend national borders and are non profit seeking” (Union of International Associations 2006)¹². Whether the incentive is an interest seeking, critical stance or a collaborative, supportive one for the established norms of the system, legal status, scope and definition of NGOs are still too complex to reveal a clear definition of an NGO. Different indications like ‘civil society group/ organizations’, ‘non-state actors’ and ‘international non-governmental organizations (INGOs)’ have also been produced as a response to the complicated position of NGOs in international relations. Hence, NGOs might be national or international depending on their scope and organizational structure. Caballero-Anthony mentions that there are 19,878 registered NGOs in Thailand, 14,000 in Malaysia and 200,000 in China, which are actively involved with domestic and transnational issues (2004: 573). Most of the NGOs, which operate in Asia, have agendas on the issues of social justice, humanitarian

¹¹ Imbalances in power capabilities in order to lead to a ‘conductive cooperation’ are also emphasized by Milner (1992: 480).

¹² Initial mention about NGOs can be found in Hegel’s work from the 18th century. See Caballero-Anthony (2004: 571).

aid, human rights, environment, education and minorities, operating as development assistance and relief organizations, collaborative networks, labor organizations, forums and business-oriented associations. Among those, some of the peculiar ones for the asymmetric level of interaction in Asia are those business-government-academia oriented INGOs of PAFTAD (Pacific Trade and Development Conference), PBEC (Pacific Basin Economic Council) and PECC (Pacific Economic Cooperation Council). Today, most of the ad-hoc committees of inter-state organizations like those of ASEAN and APEC also have NGO counterparts while working on their expertise.

Functionality of the interactions through formal and informal institutions is one of the main features of regionalism patterns in the literature. The AF Model also emphasizes the feasibility of *informal forms of functionality*, keeping in mind that ‘relative disparity shifts’ might damage the commitment of less capable units to their regional grouping (Grieco 1997: 176)¹³. Hence, enhancing the *commitment* of units around the core economic functions via confidence building of political, security mechanisms and societal communications, i.e. informal institutions, is the motto of the model. The model also has a *transparency* aspect through which it can be implemented even as an umbrella framework for the other approaches such as open regionalism and sub-regionalism.

As a driving force of the AF Model, it is also important to mention briefly the conceptual linkage between functionality and functionalism. Functionalism was developed as a criticism against state-centric international governance of the realist tradition with the emphasis of international agencies to achieve regional commitments. Since the political interactions were intractable due to clashing interest and low probability of consensus among nation-states, more non-political issues to be governed by agencies were proposed as the main premise of functionalism (Haas 1956; Wolf 1973). Thus, spillover impact of the ‘functional neutrality’ of the non-political agencies could enhance effective coordination among the nation-states (Mitrany 1948; Luard 1983). Functionality is also based on functionalism by utilizing the term ‘function’ as manageable and neutral issues to overcome the differences of interests and perceptions of divergent units. Nevertheless, discussions on functionalism have improved around the agency of international organizations like the UN and later more supra-national emphasis of neo-functionalism based on the example of the EU.

Meanwhile, functionality is a loose framework, whereby dealings among the asymmetric units are again centered on the economic, societal, environmental, energy and other related functional issues depending on the competence of both formal regional, international institutions and informal platforms. Hence, the agency concept of functionalism is extended beyond international organizations. Another significance of functionality is that it does not mainly focus on the agency, which is developed from the criticism of nation-state in classical functionalism, but the manner of functional interaction among different units. Thus, functionalism is rather an approach, which concentrates on the reasoning of agency, i.e. regional and/or international institutions as forms of cooperation. Meanwhile, functionality combines the other approaches with practicality of functionalism and focuses on the level of interaction in a broader scope by

¹³ Institutional structures might be different depending on the degree of cooperation. Jervis classifies institutions as binding ones working like statecraft instruments, innovative ones for further state collaboration in the region for certain aims and challenging ones that might bring changes to the region in its natural evolution (1999:55-57).

encompassing not only international institutions but other non-state informal interactions as well. Hence, regional economic cooperation of the current patterns and approaches are transformed into various applicable agencies of interaction as summarized in Table 2.

Table 2 Asymmetric Functionality (AF) Model

ASYMMETRIC FUNCTIONALITY MODEL					
Functional Level of Interaction	Regional Economic Co-operation				
	Political, security, societal, environmental, energy levels...				
Asymmetric Units	State, non-state, individual, transnational, regional actors...				
Level of Analysis	Asymmetric interaction	Covering all Asia	Complementary gains	Complementary commitment	Various leadership
	(Varying on issue and time)				
Functionality					
Unit of Analysis	Various actors	Large number of actors	Divergent merits, interests	Asymmetric commitments	Relative leadership
	Asymmetric Nature				
Regional Economic Co-operation	Nature of actors	Number of actors	Interests	Commitment	Leadership

Source: Created by author.

Table 2 indicates the characteristics and application of the AF model by emphasizing the relationship between asymmetric nature and functionality components. The bottom part explains the asymmetric nature of the actors and how the common tenets of classical regional cooperation turn into the AF Model of asymmetric elements. The above part adds a functionality perspective to the asymmetric nature of the units. The top part indicates the practical application of the model by indicating the core position of economic cooperation among the other functional interactions of political, societal, and security as well as environmental levels. Appendix I presents a simplified simulation of the AF Model, detailed in Table 2.

Feasibility of the AF Model as a Transparent Framework of Asian Regional Cooperation

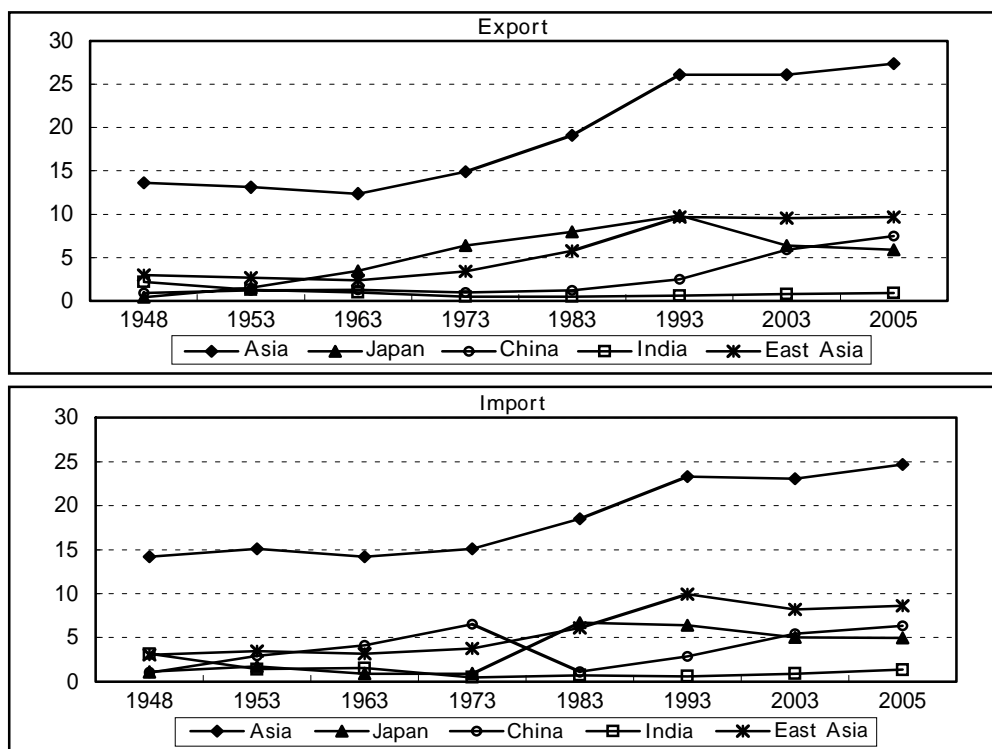
Towards the end of the 1970s, emerging issues like environmental degradation, the emergence of Japan and European integration movement against the American economic as well as security hegemony and the declining US premises in the world financial system with the end of the Bretton Woods system had resulted in intensification and differentiation in regionalist claims. Regionalism and interdependency complement each other in order to create a more collaborated framework to deal with the targeted issues. Hence, a rather abstract definition of regionalism can be stated as:

An attempt by a group of states to order their relations amongst each other in such a way as to advance commonly agreed aims, to avoid local conflicts and to manage it, if it does break out, as much as possible, on a regional basis (Roy 1997: 20).

Nevertheless, both of the formations have a feature of ‘commonly agreed aims’. In the meantime, the question, one step ahead, would be like: What should be the degree of commitment to these ‘commonly agreed aims’ to form a well-functioning regional cooperation? The answer to this question varies depending on the region under consideration. When the EU and ASEAN cases are taken, they look similar and the EU has always been taken as a model for the ASEAN regional integration. Nevertheless, these two formulations are drastically different. ASEAN is in a free trade area level with a loose integration while the EU has already entered into economic, political, social and cultural integration by enhancing its institutional and functional linkages. Even before this commitment difference, the establishment premises of the two are basically different, depending on the asymmetry level of their units.

Indeed, that is the common feature of all Asian regional organizations in that, the Asian formulations are the most diverse gatherings in terms of their extensive membership profile as explained above. This feature, of course, can be evaluated as an obstacle to achieving a more formal regionalism. However, the main concern is that there is no need for a solid form of regional integration for better functioning of regional organizations in Asia. Nevertheless, what is proposed in this paper is that this heterogeneous structure of Asia is the power behind Asian regional cooperation. Figure 3 shows the percentage shares of major Asian countries in the world merchandise exports and imports. In spite of their different economic capacities and development paths indicated in Figure 3, increasing contribution of the main Asian countries is crucial enough to focus on the complementary nature of their asymmetric merits.

Figure 3 World Merchandise Trade Shares of Major Asian Economies (%)



Note: East Asia covers Taiwan, Hong Kong, South Korea, Singapore, Thailand and Malaysia.
Source: WTO (2006).

Undoubtedly, this asymmetric nature of Asian regionalism has evolved with significant changes since the mid-1990s. Initially, the Asian financial crisis added a new dimension to Asian regionalism: i.e. pragmatism with regional premises. A new form of regionalism has also been discussed after the crisis by questioning the definition of East Asia as a region and painstakingly examining the weaknesses of East Asian regionalism (Breslin and Higgot 2000; Katzenstein 2000: 365). Hence, not only regionalism but also bilateralism alongside multilateralism has been introduced to the regional cooperation endeavors. Declining impact of the Japanese-led regional development model in East Asia has also precipitated bilateralism along the multilateral tracks. Another main change was the increasing emphasis on political and security dimension of the economic cooperation after the September 11 terrorist attacks in 2001. Societal as well as environmental interdependency and the need to collaborate on non-traditional security issues have also been re-emphasized after the epidemic diseases like SARS and Tsunami disaster of 2004 in Southeast Asia alongside the increasing importance of non-state actors. As Noda reinstates “nongovernmental institutions played an important role in sponsoring a variety of forums for policy consultations among political and intellectual leaders, immensely contributing to mutual confidence among leaders” to create a sense of community, understanding and regional identity among the countries (1999: 6).

Hence, Asia has its own merits vis-à-vis other regional groups. Table 3 indicates that 3.2 % of the annual world GDP growth rate was from Asia in 2000-2001 and 16.5 % of the world merchandise exports and 14.6 % (the second biggest figure after that of Europe) of the FDI inflows allocated in Asia in 2002. Hence, this economic capacity of the region stipulates further regional cooperation and encourages the inquiry of defining Asian regionalism since the late 1990s. Recent deliberations like the East Asian Summit, Northeast Asian Economic Cooperation, East Asian Economic Caucus and Asia-wide institutions like the Asian Monetary Fund or Northeast Asian Development Bank are ongoing outcomes of this rising entrepreneurial and intellectual momentum in Asia.

Table 3 Asia in the Developing World

	Asia	North America	Europe	South America	Africa
Annual Real GDP Growth Rate, 2000-2001 (%)	3.2	0.4	1.5	0.4	3.2
Share of World Population, 2000 (%)	58.6	5.2	6.5	8.6	13.2
Share of World FDI Inflows, 2002 (%)	14.6	7.7	59.0	8.6	1.7
Share of World Merchandise Export, 2002 (%)	16.5	14.7	40.5	5.4	2.1
Merchandise Trade Balance, 2002 (as % of Imports)	9.5	-33.8	5.4	-0.3	2.2

Source: UNCTAD (2004).

Among the already discussed patterns of cooperation in Asia, one movement is significant for the feasibility analysis of the AF Model. The Asian Cooperation Dialogue (ACD), which is conceptually similar to the AF Model, was developed in 2002 in order to manage economic and political interaction needs through continent-wide regional

cooperation links. It is the biggest ministerial gathering of 28 Asian countries, albeit mainly the East Asian countries have participated.¹⁴ Although the ACD is a brand new movement, it is promising, aiming to cover issues from economy to social dialogue. However, the dialogue can be more successful with functional organization since it is only a ministerial meeting level now. The proposed model of this paper is also inspired from the basic ideas of the ACD and APEC patterns. What is general in ACD and APEC mechanisms is their openness to all Asian (even Pacific in the APEC case) countries. This is a widened regional cooperation with a broad membership possibility in order to include as many units as possible. Another common feature of these models is their transparent way of communication. Ad-hoc committees and cross-border gatherings on issue-specific meetings are the most efficient means to deal with the divergent member countries and non-state actors as well as different issues.

In addition to above-mentioned patterns, 'open regionalism' among the approaches to Asian regionalism is noteworthy to be further clarified by being in proximity with the AF Model. First of all, 'open regionalism' is an approach to be applied at different levels of regionalism while the AF Model is a more comprehensive framework that can even be a base for 'open regionalism'. Whether it creates trade diversion within its range or further benefits to the international economic system by providing wider access to free trade, the basic sense of 'open regionalism' is trade liberalization (Jayasuriya 2003: 341). But the AF Model complements trade with other sorts of interactions. Indeed, lack of formal institutionalization was the core point of 'open regionalism' (similar to the AF Model), nevertheless, it has also been argued, especially after the Asian financial crisis, that the nature of 'open regionalism' has changed into a more government-initiated project scheme and an inter-governmental mechanism and this would weaken the basic attainment, i.e. trade liberalization, of the approach (Jayasuriya 2003; Phillips 2003). This changing nature of 'open regionalism' opens a way for more transparent and pragmatic forms of regional cooperation but it is still the closest approach to the framework of the AF Model.

These changing features of 'open regionalism' as an approach and current patterns of regional cooperation reveal the necessity for an Asian regional economic cooperation, which is improved along economically driven but politically, security and socially backed loose functional and asymmetric institutional cooperation. According to the AF Model, two characteristics of informal functional interaction and asymmetric nature of the units can be focused and transformed into a regional economic cooperation framework, which covers all Asia. The motor force of Asian economic cooperation can be enhanced at the center while transnational and cross-border interactions can be detailed along political, security as well as societal levels of broad communication around that core. Hence, this model can also be applied as an umbrella scheme for smooth functioning of the current patterns like APEC and approaches like 'open regionalism'.

¹⁴ Currently participating countries are Bahrain, Bangladesh, Brunei, Cambodia, China, India, Indonesia, Japan, South Korea, Laos, Malaysia, Myanmar, Pakistan, Philippines, Qatar, Singapore, Thailand, Vietnam, Kazakhstan, Kuwait, Oman, Sri Lanka, Iran, Mongolia, United Arab Emirates, Bhutan, Russia and Saudi Arabia.

Conclusion

Diversity has always been a natural characteristic of Asia.¹⁵ Hence, classical definitions of region and regionalism cannot be effectively used for the asymmetric nature of the Asian units of any regional interaction. Naturally, functional integration along economic or political or even societal lines of different units is plausible with rising interdependency. Improving economic contribution of the main Asian countries is one crucial driving force behind further regional economic cooperation premises. However, there is also a need to combine those functional mechanisms with the pluralist understanding of the state as a non-unitary actor and acceptance of other non-state actors regarding their merits and capabilities for the governance necessities of today's international relations. Keeping in mind this subjectivity and non-unitary nature of the state, any kind of regional membership is better to be open not only to states but also transnational groupings, unions, MNCs and NGOs in order to bring the societal level to the governance agenda. Then, these complex web of unit of analysis require an asymmetric interaction to keep the consensus of each actor at relatively different but complementary levels.

This paper aims to elaborate the ideas of region and regional cooperation by looking at the current regionalism approaches and cooperation patterns in Asia. Result of the analysis leads to the proposition of the AF Model to further deliberate Asian regionalism at large. Of course, the model is quite complex with different levels of interaction and units of analysis. As for the functional aspect of the model, it combines both economic, political, security as well as societal issues as instruments of regional economic cooperation. Meanwhile, the asymmetric aspect of the model invites all state and non-state actors to be represented as the units of regional cooperation. To repeat the obvious, the AF Model is not a counter-argument against the already established approaches like regional institutionalism or open regionalism, nor is it declining the contributions of the regional cooperation patterns like APEC, ASEAN+3 or a rather informal track of ACD. Nevertheless, the AF Model is only a framework to understand the better attainment of regional differences in one common platform by either proposing new approaches and/or patterns or re-focusing on the existing ones. To conclude, this sort of asymmetric functional regional cooperation can respond to the divergent nature of the region whilst bringing more progress to ongoing economic development and stability in Asia.

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¹⁵ This diversity had already created the basic mode of regional interaction, the Sino-centric tributary system, in East Asia. According to this system, there was a crucial difference among the size and interest of states; leadership was strictly centered in China. See Hamashita (1997).

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