

From Crisis to Regional Cooperation: ASEAN's Agency in Managing Rivalry

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Abstract

The 1997 Asian Financial Crisis marked a turning point in East Asian regionalism by exposing the limits of existing global and Asia-Pacific crisis-management mechanisms. This paper examines ASEAN Plus Three as a case of ASEAN's agency in transforming crisis and rivalry into regional cooperation. It asks how ASEAN managed pressures from external power influence, represented by dissatisfaction with U.S. and IMF-centred crisis responses, while also navigating competition among regional powers, especially China and Japan. The paper argues that ASEAN's role was not based on material dominance, but on institutional brokerage. By bringing together China, Japan, and South Korea within the ASEAN Plus Three framework, ASEAN created a flexible and informal platform that allowed regional powers to participate without resolving questions of hierarchy or leadership. The framework also helped channel China–Japan competition into dialogue, participation, and regional public-goods provision. Through agenda-setting, convening power, and the diffusion of consensus-based practices, ASEAN transformed a moment of regional vulnerability into a durable mechanism for East Asian collaboration. The study contributes to debates on Asian regionalism by showing that informality can function as a practical tool of crisis management and rivalry mediation, and that ASEAN's agency lies in its ability to manage political ambiguity while sustaining incremental cooperation.

Keywords: ASEAN, ASEAN Plus Three, informal institution

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Introduction

East Asian regionalism has developed under the pressure of crisis. The 1997 Asian Financial Crisis illustrates how a regional cooperation initiative, ASEAN Plus Three, successfully emerged from financial crisis, external pressure from the United States, and unresolved regional power rivalry between China and Japan. ASEAN, as a representative of middle power, demonstrates its capability in managing power rivalry and regional crisis. How did ASEAN exercise agency in the formation of ASEAN Plus Three while managing pressure from the United States and rivalry between China and Japan?

This paper argues that ASEAN exercised agency in managing competition through informality and institutional brokerage. It utilized the post-crisis moment to bring together China, Japan, and South Korea within a flexible East Asian setting that avoided formal hierarchy and binding institutional design. This setting allowed ASEAN to handle two layers of pressure, dissatisfaction with U.S.-centred crisis governance and competition between China and Japan for regional leadership. By relying on ASEAN way of setting agendas, convening actors, and practicing informal consensus-based rules, ASEAN helped transform crisis and rivalry into a process of regularized regional cooperation. The paper contributes to debates on Asian regionalism and ASEAN centrality by showing how informality and institutional brokerage can serve as practical mechanisms for mediating strategic competition.

Informality and Institutional Brokerage in ASEAN Amid Power Rivalry

Regional cooperation, or the formation of regional initiatives, can be driven by crisis as well as economic motivation. Studies of Asian regionalism summarize several reasons why Asian countries show willingness for regional cooperation. They include economic demands to foster economic exchanges, security considerations that strengthen security alliances with a common perceived target (Choong, 2019), norms that are widely accepted and have appealing power (Yoshimatsu, 2023), and domestic needs that transfer domestic issues to regional solutions (Teo & Soh, 2025). Crisis, institutional dissatisfaction, and the search for regional autonomy can also motivate regional cooperation by creating a common focus for otherwise fragmented regional actors (Ravenhill, 2009).

ASEAN is one of the leaders in Asian regionalism. ASEAN centrality and the ASEAN Way are exercised as tools for driving regional cooperation. ASEAN centrality refers to the central status of ASEAN in guiding regional agreements. Tan (2017) argues that ASEAN has multiple roles as a driver and facilitator of regionalism in Asia. Mueller (2019) also describes ASEAN as convenience and necessity. The ASEAN Way refers to ASEAN's distinctive style of promoting informality, consensus, non-interference, and strong respect for state sovereignty (Padmakumara, 2021). ASEAN exerts its influence through informal institutions (Jetschke, 2017). It encourages participation and flexibility. Instead of pushing for a uniform standard for all regional actors, it customizes requirements for different participating countries and promotes agendas that set aside potential controversies (Hsieh, 2023).

Informality inherited in ASEAN-led regionalism allows ASEAN to manage strategic competition by lowering the cost of participation and by serving as an institutional broker for regional cooperation. Formal and highly legalized institutions often require clear commitments, fixed rules, and explicit recognition of leadership, which can intensify disagreement among states with competing strategic interests. In contrast, informal and consensus-based arrangements allow regional actors to join a cooperative process without immediately resolving

sensitive questions of hierarchy, sovereignty, or leadership. This flexibility enables ASEAN to keep stronger powers inside an ASEAN-led setting, encourage participation over confrontation, and prevent competition from turning into direct institutional blockage. Therefore, ASEAN maintains its agency in leading regionalism even under the pressure of geopolitical competition (Caballero-Anthony, 2022).

This paper understands ASEAN agency as institutional brokerage. In this framework, ASEAN exercises agency through three linked mechanisms. First, it captures moments of crisis to create demand for regional consultation. Second, it brings regional powers together within an ASEAN-led setting that avoids formal hierarchy. Third, it uses informality and consensus-based practices to contain strategic competition without requiring its resolution.

ASEAN Plus Three and East Asian Regionalism

ASEAN Plus Three (APT), together with related ASEAN-led regionalism projects, shows how regional cooperation evolves under multiple regional interactions. The case is especially useful for examining how ASEAN exercised agency while facing pressure from an external power and competition among regional powers. The external power in this case was the United States, while the regional powers were mainly China and Japan. The formation of APT was shaped by dissatisfaction with U.S.- and IMF-centred crisis responses after the 1997 Asian Financial Crisis, but its consolidation depended on ASEAN's ability to bring together China, Japan, and South Korea within a flexible East Asian setting.

The Asian Financial Crisis in 1997 catalysed the formation process and determination of the APT. At that time, the United States openly opposed and pressured its allies such as Australia to hinder efforts toward an Asian regionalism bloc. However, the APT was able to gradually consolidate and demonstrate long-term stability due to the lack of openly declared U.S. opposition (Nair, 2009). On the one hand, the United States, together with the International Monetary Fund (IMF), imposed solutions that worsened the situation in Asian countries. On the other hand, U.S. opposition to a proposed Asian Monetary Fund disillusioned regional leaders and made them realize that the United States did not share their perspectives and prioritized further openness based on its own domestic interests (Stubbs, 2002). In this sense, external pressure did not simply block regionalism. It created dissatisfaction with existing crisis-management mechanisms and strengthened the perceived need for a more regionally anchored framework.

Therefore, governments in Asia felt an urgent need to build formal regional frameworks to prevent future crises. ASEAN member states initiated meetings with Japan, China, and South Korea during late 1996. Both Japan and China were enthusiastic about frequent summits with ASEAN members. When ASEAN brought the idea of the APT, China accepted willingly with an expectation to build economic ties with ASEAN members and expand its regional influence. Japan was initially reluctant to join. However, it accepted the initiative after seeing China's acceptance, because Japan could not risk a dominant leadership role of China in the region (Stubbs, 2002). In December 1997, the first APT summit was held to build a regional institution on economic, financial, and monetary cooperation, as well as foreign affairs exchanges. ASEAN performed its role in agenda-setting by turning post-crisis dissatisfaction into a regularized framework for East Asian consultation.

Regional powers that have received the most scholarly attention are China and Japan, which compete for regional leadership in regionalism projects. As summarized by Chung (2013),

China–Japan rivalry has three stages. The first stage involves attempts to cooperate under ASEAN-led initiatives as seen in the APT from 1997 to 2004. The second is to acknowledge each other's strategic manoeuvres while simultaneously implementing countermeasures to limit the rival's influence, such as contribution-share competition in the Chiang Mai Initiative Multilateralization scheme. The third is to intensify diplomatic engagement in ASEAN-led frameworks to advance their regional influence. This pattern shows that ASEAN Plus Three did not remove China–Japan rivalry. Rather, it embedded that rivalry within an ASEAN-led process of consultation and participation.

ASEAN, in the process, strengthened its influence over Japan and China and benefited from their strategic rivalry to expand its regional leverage (Hund, 2003). Informality, diffused by ASEAN, played an important role in fostering regionalism projects under rivalry between the two regional great powers. During 1998, China and Japan had strained relations due to sour historical memories of invasion interpretation. It was during informal meetings on the sidelines of the APT summit, when Chinese Premier Zhu Rongji and Japanese Prime Minister Obuchi had an informal breakfast together, that China decided to join a summit proposed by the Japanese government (Yoshimatsu, 2005). With the diffusion of ASEAN norms, competition for regional leadership between China and Japan could produce regional public goods and foster regionalism projects. This illustrates how ASEAN's informal brokerage helped channel rivalry into participation rather than confrontation.

The creation of the East Asia Summit (EAS), which was related to the APT, further shows the limits and importance of ASEAN's institutional brokerage. The EAS displayed rivalries between regional powers in a more negative way. China initially supported the conceptualization of community building in the EAS, expecting the transition from the APT to the EAS to strengthen its ability to take on a bigger regional role, compete with Japan for regional leadership, and limit U.S. dominance (Kim, 2010). Japan targeted counterbalancing the development of China by introducing non-Asian countries and sought to lead the process after the membership expanded beyond the APT. Later, China withdrew its support due to competition from Japan and wariness from some ASEAN countries and shifted policies back to the APT (Teo & Soh, 2025). The competition seen in the establishment of the EAS impeded regional community-building in East Asia (Kim, 2010). Compared with the EAS, the APT was more effective because ASEAN's informal and narrower framework made rivalry more manageable.

The APT case therefore demonstrates the three mechanisms of ASEAN agency identified in this paper. First, ASEAN captured the moment of crisis created by the 1997 Asian Financial Crisis and dissatisfaction with external crisis management. Second, ASEAN brought together China, Japan, and South Korea within an institutional setting that avoided binding design. Third, ASEAN used informality and consensus-based practices to provide rival countries with opportunities for communication and collaboration without requiring formal resolution. APT was not a case in which ASEAN dominated stronger powers. It was a case in which ASEAN designed a cooperative setting that allowed stronger powers to work together despite unresolved competition.

Conclusion

The APT case shows that ASEAN-led regionalism manages power politics less by resolving rivalry than by organizing it into a consultative process. The formation of APT emerged from a difficult regional environment shaped by financial crisis, dissatisfaction with external crisis

management, and competition between China and Japan. Rather than eliminating these tensions, ASEAN provided an institutional setting in which they could be contained and redirected toward regular dialogue.

This finding highlights informality and institutional brokerage as the central mechanism of ASEAN agency. By relying on agenda-setting, flexible participation, and consensus-based practices, ASEAN helped keep China, Japan, and South Korea within an ASEAN-led framework after the 1997 Asian Financial Crisis. Informality was therefore not simply a sign of weak institutionalization. Under conditions of uncertainty and strategic competition, it became a practical mechanism for sustaining cooperation.

At the same time, ASEAN's agency remains conditional. APT demonstrates the value of ASEAN-led brokerage when major powers continue to see benefits in participation, but it does not eliminate underlying rivalry. The significance of APT lies in showing how ASEAN-led regionalism can manage power politics by creating institutional conditions for continued dialogue and cooperation.

Declaration of Generative AI and AI-Assisted Technologies in the Writing Process

The author declares that ChatGPT 5.2 was used solely for grammar checking, proofreading, and language editing, including the correction of spelling and grammatical errors and the improvement of clarity. The author independently conceived the arguments and wrote the manuscript, carefully reviewed all AI-assisted edits, and confirms that no other AI or AI-assisted technologies were used in generating the content.

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