

## THE EMERGING ASIA PACIFIC COMMUNITY

Speech by Senator the Hon Gareth Evans QC, Minister for Foreign Affairs of Australia, to the Council for Foreign Relations, New York, 5 October 1994

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The year isn't over yet, and history always has the capacity to surprise us, but 1994 looks like being a watershed year - marking the transition, from theory to reality, of the idea of an Asia Pacific community.

In Bangkok in July there was held the first meeting of a new multilateral regional security dialogue forum - the ASEAN Regional Forum - which has brought together all eighteen major security players in the region: the six ASEAN countries; ASEAN's dialogue partners (Australia, Canada, Japan, New Zealand, the ROK and the US), as well as China, Russia, Vietnam, and Laos and PNG as well. Of the significant players only the DPRK is, for the moment, excluded.

And in Bogor next month will occur the second APEC Leaders' Summit, bringing together the heads of all eighteen major economies in the region - with a good chance of that meeting producing a declared commitment to free trade in the Asia Pacific region by an identified date not too many years into the 21st century.

These two meetings should be seen as putting in place and consolidating, respectively, the key elements of a new regional architecture: two institutional structures, dealing with economic relations and security issues, within the overarching concept of an Asia Pacific community.

As historical developments go, this one has not been very long in the making: quite apart from institutional structures, even the *terminology* 'Asia Pacific' does not seem to have any currency prior to the establishment of APEC in 1989: before then, the talk, if at all, was simply of 'Pacific Basin', 'Pacific Rim' or simply 'Pacific'.

But whether or not the 'Asia Pacific' terminology was there, the idea of some cooperative arrangements straddling the Pacific involving, in particular the major countries of East Asia and North America, and particularly in economic matters - has been around for some time.

In the 1960s, American technocratic optimists, such as Herman Kahn, foresaw a century of Pacific prosperity marked by ever tighter integration between the US and the Western Pacific region's economies. Similar ideas were held by others in the region. Professor Kojima in Japan, as early as 1965, was proposing a Pacific Free Trade Area (PAFTA) involving in the first instance Japan, the United States, Canada, Australia and New Zealand. Ideas for an OECD-style body for the Pacific region were being quite actively discussed by the late '60s, and the formation in 1967 of ASEAN, with a commitment to sub-regional cooperation and development, and the Pacific Basin Economic Council (PBEC) to bring business representatives in the region together, gave concrete form to some of these ideas.

The process gathered further momentum with the formation, at Japanese and Australian initiative, of the Pacific Economic Cooperation Conference (PECC) in 1980, with its tripartite structure - bringing together government, business and academics - becoming an important vehicle for informal regional dialogue. The establishment of the ASEAN dialogue process in 1984, in which Australia was the first external dialogue partner, substantially strengthened inter-governmental consultations in the region.

The pace then quickened considerably, with the Nakasone proposal in May 1988 for a Pacific forum for economic and cultural cooperation; Bill Bradley's proposal in December 1988 for a Pacific Coalition on Trade and Development; and Alan Cranston's resolution in the US Congress in January 1989 calling for a permanent Pacific Basin Forum with an annual summit of leaders.

The specific initiative to establish what is now known as the Asia Pacific Economic Cooperation (APEC) process was launched by Australian Prime Minister Bob Hawke in a speech in Seoul in January 1989. The evolution from prime ministerial speech in Seoul to ministerial-level meeting - which I chaired in Canberra in November 1989 - was neither automatic nor painless. It required a fair degree of juggling to balance, on the one hand, the interest of Japan and the United States in being major players in the process and, on the other hand, the concerns of ASEAN not to be subsumed, and institutionally overwhelmed, in a wider regional process. (One of the reasons for the rather odd nonenclature adopted at that meeting - which I described in Seattle last year as 'four adjectives

in search of a noun' - is that we could only get APEC off the ground in 1989 by emphasising that what we were doing at that stage was not creating a new institution, but simply a process.)

There is no doubt that APEC has now become the region's preeminent economic forum, with a growing list of aspirants for membership. But that said, there is still a great deal of ignorance and uncertainty - both within the region and outside it, and particularly in the business sector - as to what APEC is actually about. For those still uncertain, I think APEC can most simply and succinctly be described as involving, in its present and future activity, essentially three bands, or tiers, of activity.

The first tier, which has been in place more or less from the outset in 1989, is OECD style economic cooperation - in data compilation, policy dialogue and in the development of cooperative strategies in particular sectors like minerals and energy, transport and communications infrastructure, and in areas such as human resource development, and small and medium enterprise development. All this involves consultation rather than formal negotiation and agreement.

The second tier of activity - which has only recently begun to gather real momentum following decisions at last year's Seattle Leaders' Conference and Ministerial meeting - involves trade and investment facilitation: a series of strategies designed to facilitate trade and investment flows, and reduce costs to business, in areas such as technical standards, certification, mutual recognition of qualifications, customs harmonisation, investment guidelines and the like. To produce results, trade facilitation activity involves not only consultation, but the negotiation of agreed outcomes.

The top tier of the APEC cake, for which the ingredients are only now being assembled, would involve actual negotiated trade liberalisation in the traditional tariff reduction sense. There is a lively debate now proceeding, led by the so-named 'Eminent Persons Group' under the distinguished chairmanship of Fred Bergsten, as to whether such trade liberalisation in the region, going beyond what is achievable under GATT processes, necessarily involves the creation of a formal Free Trade Area. - and if so whether it is possible to construct this on a strictly non-discriminatory 'open regionalism' basis, or whether rather, to advance its purposes, it would need to be put together on a more familiar preferential basis. Thinking on this issue is still very much in its infancy (as it is on all the associated issues that arise about the role of bilateral free trade arrangements, and

regional sub-arrangements like NAFTA, AFTA and CER, and the relationship between them.) But the important thing at this stage is not the precise details of the emerging trade liberalisation agenda. It is simply that that agenda be given some momentum, and there is every reason to believe it will be at the Leaders' Summit next month.

The basic rationale of APEC - then, as now - is the mutual benefit involved in greater cooperation, particularly on trade and investment facilitation, and trade liberalisation, among the most dynamic set of regional economies in the world, over 60 per cent of whose combined trade is already within the region. APEC's most important contribution to the world trading economy, however, is probably as an economic organisation building a bridge across the Pacific, counteracting in the process what might otherwise be seriously divisive tendencies in the ongoing trade policy minuet being danced by the United States and Japan.

In a similar way, on the security side, the basic rationale for creating the ASEAN Regional Forum has been to generate a new atmosphere of multilateral cooperation in a security environment that was dominated throughout the Cold War years by the division of the region into major competing blocs, supported in each case by a bilateral alliance relationships. When the world changed with the end of the Cold War, so too did the Asia Pacific region, and the momentum has been growing ever since for a new approach to regional security: one which would see not the abandonment of traditional alliance relationships, but their supplementation by multilateral dialogue processes, and the evolution of a real network of new bilateral and multilateral cooperative arrangements.

The development of the ARF is generally acknowledged to have begun with a proposal made at the ASEAN PMC in Jakarta in July 1990 by Australia (to some extent echoed by Canada) that systematic efforts be made to develop a security dialogue between states in the region: the suggestion was made that if such processes of dialogue were to get under way, and if they were to be successful in enhancing confidence and developing new patterns of cooperation among various groups of countries in the region, then at some stage there might evolve a more formal structure, perhaps an Asia Pacific version of the Conference on Security and Cooperation in Europe (CSCE).

Obviously, as was acknowledged at the time, there are no simple comparisons to be drawn between the Europe-North Atlantic theatre and the much more heterogeneous Asia Pacific region, and the initial reaction of the US, in

particular, was to say that multilateralism in the Asia Pacific was an idea whose time had not yet come. But since then a more relaxed view has come to be accepted, the turning point being the appearance of an article in *Foreign Affairs* by James Baker in early 1992 acknowledging the contribution to enhanced stability that multilateral security dialogue might usefully make in an Asia Pacific context, although emphasising (as we in Australia would certainly accept) the important role that the traditional bilateral alliances would continue to play. The Clinton Administration enthusiastically embraced this approach from the outset.

There is no disposition that I can see in the region to use this new machinery - and any new processes and institutional structures that might flow from it - to in any way diminish the role and influence in the region of the United States. Indeed I recently heard Singapore's Information Minister, George Yeo, going so far as to describe the ARF as 'cunningly constructed architecture to keep the US engaged' in the region, reflecting in these remarks the widespread acceptance of the United States presence as, in Dick Cheney's terminology, a 'balancing wheel'. I am not suggesting that there is any rush to embrace Henry Kissinger's preoccupation with power balancing to the exclusion of just about all other forms of prophylactic diplomacy. But there is certainly a consciousness by all of us in this region that this is an area where four major powers, and a number of other significant ones as well, do intersect and inter-react, and that something more than merely cooperative and consultative processes may be helpful in keeping them all on the straight and narrow.

The developments I have mentioned, for all their substance, complexity and momentum, have not yet created a capital-C 'Community' in the Asia Pacific in the sense of the European Community (before it styled itself, after Maastricht, as a 'Union'). But we are not very far away from the point when that terminology will be more appropriate, and accepted as appropriately descriptive.

'Community' is not so much a technical description as a state of mind. Whether those of us in Australia of Anglo-Saxon origins, for example, think of ourselves as 'European', 'Western', 'Caucasian', 'East Asian', or 'Asian' - or as part of the 'Asia Pacific' - depends not so much on objectively ascertainable facts as the particular intellectual, emotional or ideological baggage we are carrying. And the same is true for residents in any other part of the region. But right around this geographical region (embracing the countries of East Asia, Oceania, North America and to some extent Pacific Latin America as well), I sense a growing perception, at least among decision-making elites, that the identity which matters

as much, if not more, than any other when we are considering our place in the world is our identity as members in common of an *Asia Pacific community*, with shared interests and aspirations and a commitment to achieving them through cooperative machinery.

There will always be some who will see as wildly implausible the idea of a real sense of community emerging in a region as culturally heterogeneous as the Asia Pacific. The most recent advocate of Kipling's 19th century prognosis that 'East is East and West is West, and ne'er the twain shall meet' is of course, though he dressed it up in more portentous prose, is Samuel Huntington. But coming, as I do, from a country living right on what Huntington would describe as one of the potentially bloody 'fault-lines' between Western and Islamic-Confucian civilisations, I have to say that I regard that kind of analysis as cartoon caricature. While there are different value systems giving different weights, and flavours, and speeds, to the kinds of market-economy democracies existing or emerging in the region, the most overriding sense one has, is of convergence: the way in which, in the current political, economic and technological environment, countries with hitherto very different backgrounds are seeing issues more the same way, doing things more the same way, and developing institutions and processes that are ever more alike.

Certainly there are competing identities around - in particular the idea which is emerging, among the nations of East Asia, of an 'Asianised' identity composed of various allegedly Confucian strands like commitment to the family, group, education, hard work and the like. But it is instructive to note that one of the main commentators on this subject, Yoichi Funabashi, the Washington Bureau Chief of the *Asahi Shimbun* who highlighted the growth of the 'Asianisation' phenomenon in his article 'The Asianisation of Asia' in *Foreign Affairs* of November/December 1993, concluded his piece by arguing that 'Asia's growth into a cohesive community depends on whether or not Japan, the United States and China can cooperate on an equal footing' - and saying that if in fact this logic is accepted, the most likely outcome is, rather than an 'Asianised' or 'East Asian' identify prevailing, there will emerge a new *Asia Pacific* 'cross-fertilised' civilisation.

I think Funabashi is on the right track here, with or without the qualification he posits . I certainly know that Australia's interests will be best served by maintaining and strengthening the trans-Pacific architecture which APEC and the ARF have already put in place. I believe, in fact, that the interests of all the

nations of the region will best be served not only through the further evolution of these institutions, but by the emergence of a confident, articulate sense of membership of a common Asia Pacific community. And I believe that, with the events of this year, we are well on the way to achieving that.

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