

## **THE ASIA PACIFIC REGION AFTER THE COLD WAR**

Address by Senator the Hon Gareth Evans QC, Australian Minister for Foreign Affairs, to the 1994 Pacific Rim Forum, Beijing, 27 October 1994.

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The assumptions which support our view of the world and how it works are really very frail. The end of the Cold War saw all the familiar scenery of a world which seemed both changeless and inevitable - its institutions, relationships, attitudes, fears, and hopes - turned on its head within the space of just a couple of years. Cast into question were nearly forty-five years of theorising about the nature of superpower relations, the management of a balance of nuclear terror and the maintenance of a pattern of alliances. Ideas about international behaviour which had faithfully served a generation of political scientists as explanatory models now failed to reflect the surrounding reality very accurately. The usefulness of whole areas of study was suddenly no longer self-evident, or immune from new tests of relevance. The forty-five or so years of superpower confrontation, which appeared for most of us to move with glacial slowness, seem already little more than a passing eddy in the river of history.

Looking back on the Cold War as it affected our own Asia Pacific region, a striking feature is not just how fleeting, but also how much of an aberration, it was. This was because for at least a couple of decades, and with escalating intensity in the 1980s, it was running so obviously against the tide of events in the region. That tide was characterised by real economic growth; by an increase of security, both for individuals and states; and, most importantly, by the emergence of a sense of shared interests, values and perceptions. Most fundamentally of all, and most recently, there has been growing acceptance of the view that the proper role for government is to encourage prosperity and peace through cooperation with other members of the region.

These developments in turn have produced the beginnings of a sense of common identity and purpose throughout the Pacific Rim - or as we now tend to prefer to say, 'Asia Pacific' - region, even though these have never been historically very visible before. That common identity and purpose has been

evident before in particular regional sub-groups like ASEAN, but not in the region as a whole.

Now this year isn't over yet, and history always has the capacity to surprise us, but 1994 looks like being the biggest watershed year of them all, 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 (or ARF). This Forum has brought together for the first time - to discuss matters like trust and confidence building, preventive diplomacy and non-proliferation - 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 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.

The journey to this point has been a long one. Developments of this kind would have been unimaginable when East Asia was taking its present shape in the years following the end of World War II - and indeed through until around the mid-1960s. The tide of circumstance for a long time ran comprehensively against such an outcome. Economically, most new countries of the region fared very badly indeed. The economies they inherited from their former colonial masters were generally ill-equipped to meet the demands independence placed on them. All the economic ills of what was to become known as the Third World were familiar to them - stagnant growth rates; low productivity; low export earnings concentrating on agricultural commodities

which were all too vulnerable to international price movements; high population growth; and a lack of any but the most rudimentary infrastructure and services. They were societies dependent, to varying degrees, on foreign aid flows. Their economic policy-making was, quite understandably, taken up with the immediate problems of survival, and there was little time for thinking about strategic linkages with their neighbours.

Politically, too, many of the new states were in serious trouble. Governments - and systems of government - were under threat from many quarters. Regional rebellions challenged the authority of central governments in some cases, echoing the divisions of culture and ethnicity which artificial colonial boundaries had often only thinly disguised. In other regional states, insurgencies and military coups were a major threat to fledgling democracies, and the effort to meet them produced its own distortions in the form of curtailment of freedoms and human rights. Administrations were unstable and often short-lived, posing huge difficulties for the task of planning and efficient management.

Security itself was a fragile thing for the people of East Asia in those years. Internal conflicts were accompanied by conflicts between states, ranging from the horrors of the Korean War with its four million casualties, to smaller-scale disputes and tensions over national boundaries. It would be an exaggeration to describe the region of the 1940s to the 1960s as one where every man's hand was against his neighbour's. But it was certainly a part of the world distinguished by lack of confidence in the possibility of a peaceful future, and one whose leaders had little confidence about each others' intentions or military capabilities.

Looking back to the mid-1960s, it is easy to see how substantial the changes have been for the peoples of East Asia in the past three decades. From being an area of economic depression, East Asia has become one of the powerhouses of global economic growth, rivalling the traditional economic centres of North America and Europe. Everyone knows about the extraordinary performance of the Japanese economy, which was the first to take off and remains the strongest in East Asia. But the others have been catching up with a vengeance. The ASEAN economies, for example, grew at almost 7 per cent over the past five years, with their output almost doubling in

the last decade, while the strongest individual performer over recent years in the region has been China, with annual growth rates of 12-13 per cent since 1990.

Together with this, as both a necessary precondition and as a result, has come a vast improvement in the region's stability and security. The threat of war between the region's states has receded into the background. And steadily, country by country over the last thirty years, the threat from internal conflict or disorder has, in most places, similarly diminished, and respect overall for human rights has improved significantly, despite the concerns which obviously continue in a number of countries.

The sense of common regional identity - transcending sub-regional identities like 'South East Asia' or 'South Pacific' - is a very recent phenomenon. While the concept of the 'Pacific Basin' or 'Pacific Rim' has been around in academic and business circles for some years, the currently preferred terminology of 'Asia Pacific' - to describe the region embraced by East Asia, Oceania, and North America (and, on most perceptions, Pacific South America as well) - has really only been in widespread currency since around the time APEC was established in 1989. And the idea of that common regional identity being so strong as to constitute an Asia Pacific 'community' is even more recent still. But if it started late, the concept **has** taken hold, and it is spreading with accelerating speed.

The idea of such a community - straddling at least the major economies of East Asia and North America - can nevertheless be traced back to the 1960s, when 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 economies. By 1965, Professor Kyoshi Kojima in Japan was proposing a Pacific Free Trade Area 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 1960s; and they were given concrete form with the formation in 1967 of both ASEAN itself, with a commitment to sub-regional cooperation and development, and the Pacific Basin Economic Council (PBEC) to bring business representatives in the region together.

The process gathered further momentum with the formation, at Japanese and Australian initiative, of the Pacific Economic Cooperation Conference (PECC) in 1980, and the likelihood that its tripartite structure - bringing together government, business and academics - would make it 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. In the late 1980s the pace quickened considerably, with a number of new suggestions being made by regional statesmen. These included then Japanese Prime Minister Yasuhiro Nakasone's proposal in May 1988 for a Pacific Forum for economic and cultural cooperation; US Senator 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) forum was launched by Australian Prime Minister Bob Hawke in a speech in Seoul in January 1989. It was brought to fruition at the meeting of foreign and trade ministers from the twelve major economies around the region - the numbers have since been expanded to eighteen - which I chaired in Canberra in November that year. It has to be said that the evolution from prime ministerial speech in Seoul to ministerial-level inauguration was neither automatic nor painless: it required a fair degree of juggling to balance, on the one hand, the interests 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 nomenclature 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 consultative '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. Let me try to tell you, using, for the purpose, the rather crude metaphor of a three-tier wedding cake.

The first layer of the APEC cake, about which there has been agreement more or less from the outset in 1989 (and which is now reasonably baked, if not yet fully iced), 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 no more than consultative activity - not the negotiation of formal agreements.

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 (in other words, has just started cooling) 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. The value of this kind of activity should not be underestimated. Some business estimates suggest that differing standards and testing arrangements among APEC members can add between 5 and 10 per cent to exporters' costs on entering the market for the first time; others have put these costs as high as 15 per cent of total sales. The significance of trade and investment facilitation activity in institutional terms is that it involves, if results are to be actually delivered, not merely 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 as to whether such liberalisation, 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, as distinct from 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 report by the Eminent Persons Group, which APEC Ministers established to 'think big thoughts' about the future, has proposed a three-speed time frame (for developed, intermediate and developing economies respectively) for achieving trade liberalisation by the year 2020. I am very encouraged to see that the basic EPG vision is fully shared in the private sector, as reflected in the conclusions of the Pacific Business Forum, established by last year's Leaders' Summit, which has set an even more ambitious time frame for achieving free trade and investment liberalisation within APEC: by 2002 in the case of the developed economies, and no later than 2010 for the others.

A satisfactory eventual outcome on trade liberalisation, however long it takes, has extraordinary importance for all APEC's members. The economic benefits which would flow would be immense. Economic modelling carried out recently by Australia's Bureau of Agricultural and Resource Economics, for example, suggests that a 50 per cent cut in existing protection levels would increase the real income of the ASEAN states by as much as 5 per cent.

The basic rationale of APEC has always been 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. But APEC's most important contribution to the world trading economy is probably as an economic organisation building a bridge across the Pacific, counteracting in the process the notoriously divisive tendencies between the United States and Japan. The successful conclusion of the Uruguay Round seems for the moment to have significantly reduced the danger of a 'nightmare scenario' being realised, which would see the division of the world into three closed and warring trade blocs, based on the Dollar, Yen and Deutschmark respectively. But APEC is one of the best guarantees that that danger will not resurface.

In security matters, as in economics, the notion of a community of Asia Pacific states based on a recognition of real commonality of interest, has also been quietly taking root, with rapidly accelerating momentum since the end of the Cold War. Certainly the barren years of Cold War confrontation have left their mark here, and the habits of cooperation and consultation so necessary for the formation of any joint undertaking will take longer to develop in security than in economic matters. But those habits have begun, with their developing momentum demonstrated most clearly in last July's inaugural meeting of the new ASEAN Regional Forum (ARF).

Despite its name, the ASEAN Regional Forum is not confined in its deliberations to the South East Asian area. The basic rationale for creating it has been to generate a new atmosphere of multilateral cooperation in the wider Asia Pacific area, 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 bilateral alliance relationships. When the world changed with the end of the Cold War, so too did the Asia Pacific region. There are many voices now calling 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 Post Ministerial Conference 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 countries, and groups of countries, in the region, then at some stage there might evolve a more formal structure. One possibility was an Asia Pacific version of the Conference on Security and Cooperation in Europe (CSCE), part of the Helsinki process which contributed so much to the ending of the Cold War.

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. In fact, 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. In it, Baker acknowledged the contribution to enhanced stability that multilateral security dialogue might usefully make in an Asia Pacific context. At the same time, however, he emphasised (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.

I should make it clear that there is no lack of enthusiasm for a continuing United States presence in East Asia. On the contrary: there is very widespread acceptance of the utility and desirability of the United States continuing to act, in Dick Cheney's phrase, as a "balancing wheel". In saying that, 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'). Perhaps they never will. But we are not very far from the point when 'community' terminology - at least in the small-c sense - will be seen as the most appropriately descriptive to portray the character of the region in which we live. Community, after all, is not so much a technical description as a state of mind.

The idea of an Asia Pacific community so far, at least, has been driven mostly by governments. But its further development and its ultimate success will depend on a more subtle and difficult achievement - the growth of an underlying **spirit** of Asia Pacific community among the region's peoples. The big test ahead will be how widely that spirit spreads in popular idiom, and

whether it will support the momentum of the past few years toward regional integration.

Of course 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 Professor Samuel Huntington, who argues that with the Cold War over we now have to face, as the major threat to global and regional security, 'the clash of civilisations'. Australia is suggested to be a particular risk in this respect, living as we do on the potentially bloody 'fault line' between Western and Islamic-Confucian civilisations. I have to say that, from my own perspective as an Australian, I simply cannot see the future taking this alarming form. The region I know simply doesn't look or feel like that.

While there are different value systems giving different weights, and flavours, and speeds of development, 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 above all 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 the proliferation of modern communications, technology - including the widening of the information highway to become a new superhighway - is forcing the pace, engaging cultures with one another in new and unexpected ways. And the proliferation of satellite broadcasting is steadily opening up national borders to the free flow of information, to an extent which will be almost impossible to prevent. However much governments might wish to believe they are calling the tune here, the fact is that the growth and reshaping of cultures is proceeding at a faster rate than they can readily control, or perhaps even apprehend.

Of course 'Asia Pacific' self-identification is not the only possible development. Some have suggested that a more compelling rival image is that of a more narrowly defined "Asian", or "East Asian" culture. They speak about the birth of a new Asian civilisation which (as with all civilisations)

combines elements of a number of different cultures - in this case Confucianism, Taoism, Buddhism and, in some versions, a dash of Islam as well. The basic elements of this 'civilisation' are said to involve the family, the group, education, hard work and discipline - all argued to be less emphasised in the West.

But others again are convinced that this kind of perception is too narrowly based to match the reality. One of the most prominent of the 'Asianisation' theorists is Yoichi Funabashi, who spelt it all out in a recent article in *Foreign Affairs* entitled 'The Asianisation of Asia'. But then he spoiled the effect by arguing that the most likely outcome of current developments is not an 'Asian' or an 'East Asianised' identity, but rather a new "Asia Pacific 'cross fertilised' civilisation". I think he may be right.

Our region is going through one of history's most formative periods, where new ideas and new economic forces are opening up exciting possibilities for new prosperity and security for all of us. We can best achieve this through the further institutional development of the idea of Asia Pacific community - a community which shares the same values, interests and perceptions; which has strongly ingrained habits of dialogue and cooperation; and which seeks mutual prosperity and security, in ways which also contribute to the prosperity and security of the rest of world.

While the momentum is gaining for the emergence of such an Asia Pacific community - in which, for example, APEC would at last find its noun by becoming the 'Asia Pacific Economic Community'! - we certainly must not imagine that this course is guaranteed. And certainly we must ensure that the development of a regional community, in both its economic and security dimensions, continues to be based on the principle of inclusivity rather than exclusivity, and that it continues to be very sensitive to the different levels of development which presently exist around the region.

But I am confident that the imagination, talents and goodwill of the region's peoples, now fully released by the end of the Cold War, will combine sooner rather than later to build an Asia Pacific community that really will best serve all our interests.

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